

Annual Report 2023

www.admdenim.com

Contents

02	Company information		
03	Vision and Mission Statement		
04	Notice of Annual General Meeting		
10	Chairman's Review		
11	Directors' Report to the Members		
33	Year wise statistical summary		
34	Pattern of shareholdings		
37	Performance at a glance		
38	Statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019		
41	Independent Auditors' Review Report to the Members on the Statemen of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019		
42	Independent Auditors' Report to the Members on the Audit of the Financial Statements		
48	Statement of Financial Position		
49	Statement of Profit or Loss		
50	Statement of Comprehensive Income		
51	Statement of changes in Equity		
52	Statement of Cash Flows		
53	Notes to the financial statements		
	Form of Proxy		

Company Information

Board of Directors

Chief Executive Mr. Muhammad Faisal Ahmed
Chairman Mr. Muhammad Iqbal Ahmed
Directors Mr. Muhammad Yousuf Ahmed

Mr. Muhammad Ali Ahmed Ms. Zahra Faisal Ahmed

Mr. Yazdani Zia Mr. Muneer Ahmed

♦ Audit Committee

Chairman Mr. Yazdani Zia

Members Mr. Muhammad Iqbal Ahmed Mr. Muhammad Ali Ahmed

 Human Resource and Remuneration Committee

Chairman Mr. Yazdani Zia

Members 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.





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 is hereby given that the 31st 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

Notes:

1. Closure of Shares Transfer Books:

Karachi: October 04, 2023

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.

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.
- 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.

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).

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.

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 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) 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 (Mandatary 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).

(i)	Shareholders details:	
	Name of the Shareholder(s)	
	Folio # / CDS Account No(s)	
	CNIC No. (Copy attached)	
	Mobile / Landline No.	
(ii)	Shareholders' Bank details:	
	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.

Take		Total	Principal Shareholder		Joint Shareholder	
Company Name	Folio/CDS Account No.	No. of	Name & 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.

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.

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

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.

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

ANNUAL REPORT 2023

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:

Name of Director	No. of Meetings Attended
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:

Name of Director	No. of Meetings Attended
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.

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)

(Business Social Compliance Initiative) BSCI

 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

ڈائر کیٹرزر پورٹ برائے ممبران

آرٹسٹک ڈینم ملزلمیٹڈ (سمینی) کے ڈائر مکٹران انتہائی مسرت کے ساتھ 30 جون 2023 کوشتم ہونے والے مالیاتی سال کے لئے اپنی سالاندر پورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کررہے ہیں۔

كاروبارى مالياتى نتائج

30 جون 2023 کوختم ہونے والے مالی سال کے لئے آپ کی کمپٹی کے کاروباری نتائج کا خلاصہ درج ذیل ہے:

روپے"ہزاروں"میں	
1,308,666	قبل ازئیس سالانه منافع
(248,036)	ئىي <u>ن</u>
1,060,630	خالص سالانه منافع
6,399,749	غیر مختص شده منافع آ کے لایا گیا
(39,068)	دیگرجامع آمدن
7,421,311	شخصیص کے لئے دستیاب منافع

مختص فنار:

	30 جون 2022 كوختم ہونے والے سال كے لئے حتى منا فع منقسمہ
(168,000)	تقا
7,253,311	غیر مختص منافع کوآ گے بڑھایا گیا

كاركردگى كاجائزه

نمایاں میکروا کنا مک چیلتجز کا سامنا کرتے ہوئے،آپ کی کمپٹی نے مجموعی طور پر17,073 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 بڑھر 2,920 ملین روپے (17.10 فیصد) تک پینچ گیا۔ مجموعی مار جن میں اضافے کی بنیادی وجو ہات میں یا کتانی روپے کی قدر میں کمی اور لاگت پر قابویانے کے اقدامات پڑھمل درآ مدشامل میں۔

مالیاتی اخراجات بڑھ کر 982 ملین روپے ہوگئے جبکہ گزشتہ سال 413 ملین روپے صرف ہوئے تھے۔ بیقابل ذکراضافہ شرح سود میں تیزی سے اضافے اور ورکنگ کیپیٹل کی ضروریات میں اضافے اور قرضوں میں اضافے کی وجہ ہے ہوا۔

ANNUAL REPORT 2023

مندرجہ بالاعوامل کے نتیج میں، آپ کی کمپنی نے اس سال 1,061 ملین روپے کے خالص منافع کے ساتھ اختتام کیا، جیکہ پچھلے سال 654 ملین روپے کا خالص منافع میں منافع سے سان 654 ملین روپے کا خالص منافع میں منافع میں نمایاں اضافے کی نمائندگی کرتا ہے، جو 62.11 فیصد کی قابل ذکر نمو کی عکائی کرتا ہے۔ اس کار کردگی کے نتیجے میں 12.63 روپے فی حصص آمدنی (EPS) ہوئی جبکہ پچھلے سال 7.70 روپے فی حصص آمدنی ریکارڈ کی گئی تھی۔

اقتصادي حائزه

جغرافیائی سیاسی صورتحال، پیچیده مالیاتی پس منظراور مسلسل افراط زر کے دباونے عالمی ترقی کے امکانات پرنمایاں اثر ڈالا ہے۔ ترقی یافتہ معیشتوں میں کمزور کارکردگی اور افراط زر کے مسئلے سے نمٹنت 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 اضافے ہوا۔ بین الاقوامی سطح پر اجناس کی قیمتوں میں اضافے کی عکاسی کرنی کی قدر میں کمی اور پیداواری لاگت میں اضافے سے ہوتی ہے۔

مالیاتی سال 2023 پاکتان کی معیشت کے لئے ایک چینج رہا ہے، کیونکہ ملک کو ہیرونی و داخلی دونوں عوامل سے متعدد مشکلات کا سامنا ہے۔ اس کے نتیج میں LSM کی کارکردگی ست رہی کیونکہ ضعتی پیداوار بنیادی طور پر عالمی امکانات، کیپٹل گڈز کی درآ ہداور سبسڈ ائزڈ فائنا نسنگ پر مخصر ہے۔ فہ کورہ عوامل نے پاکستان کی معیشت کے لئے اہم معاثی خطرات پیدا کیے ہیں۔ چیلنجز کے اس سنگم میں اضافہ کرتے ہوئے، پاکستان کو تباہ کن سیلاب اور سیاسی عدم استحکام کا سامنا کرنا پڑا ہے جس نے صورتحال کو مزید خراب کردیا ہے۔ لہذا مالی سال 2023 پاکستان کی معیشت کے لیے ایک چیلنجنگ سال رہا ہے۔ عالمی افراط زراوراجناس 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 الاقوا می ذخائر کے ساتھ تجارتی تو ازن خراب ہوا ہے۔ کرنی کی قدر میں کی نے داخلی افراط زر کومز پد بڑھا دیا ہے۔

مالیاتی سال 2023 میں حقیقی جی ڈی پی میں 0.29 فیصداضا فدر ریکارڈ کیا گیا۔ جی ڈی پی کے مقابلے میں سرمایہ کاری کا تناسب مالیاتی سال 2023 میں 13.6 فیصدرہا جو مالیاتی سال 2022 میں 15.6 فیصد تھا جس کی بنیادی وجہ عالمی اور داخلی معاشی سرگرمیوں میں ست روی اور سکڑتی ہوئی میکروا کنا مک پالیسیاں ہیں۔ صنعتی شعبے نے مالیاتی سال 2023 میں 2.94 فیصد کی منفی نمودرج کی صنعتی شعبے کی کارکردگی میٹوفین کچرنگ سیکٹر پرزیادہ مخصر ہے جس کا صنعت میں 65 فیصد حصہ ہے۔

اس کے باوجود پاکستان کی معیشت کواب بھی غیر بیٹی عالمی سلامتی کی صورتحال،خوراک کی قیمتوں میں اضافے کی وجہ سے افراط زر میں اضافے، بڑے پیانے پر مینونیکچرنگ میں نمایاں ست روی، توقع ہے کم غیر ملکی سرماییکاری اور تیزی سے بڑھتی ہوئی مالیاتی ضروریات کی وجہ سے دباو کا سامنا ہے۔ بیرونی عدم توازن، مالیاتی خسارے اور بلندشرح سودسمیت بیعوال مالیاتی سال 2024 میں یا کستان کی معاشی ترقی کے امکانات کے لیے خطرہ ہیں۔

ٹیکسٹائل سیٹر کا جائزہ

پاکستان کی مینوفیکچرنگ انڈسٹری بنیا دی طور پر ٹیکٹائل پر مخصر ہے اوراس کی پیداواری فراہمی کا سلسلہ سب سے زیادہ وسیع ہے۔ یہ شعبہ پروسینگ کے ہر مرحلے میں ویلیو ایڈیشن کی بے پناہ صلاحت رکھتا ہے، جس میں کپاس سے لے کر جننگ، اسپینگ، کپڑا، رنگائی، فنشنگ، میک اپ اور گارمنٹس شامل ہیں۔ قابل ذکر طور پر صنعتی ویلیوایڈڈ کا 25 فیصد حصہ اسی صنعت سے فراہم کیا جاتا ہے۔ موسی اور گرد ثی تبدیلیوں کے باوجود ٹیکٹائل مصنوعات پاکستان کی مجموعی اشیا کی برآ مدات میں تقریبا 59.50 فیصد کا اوسط حصہ برقر اررکھے ہوئے ہے جوگزشتہ مالیاتی سال کے دوران 7.734 ارب ڈالرتھا۔

مالیاتی سال23-2022 کے دوران پاکستان کے ٹیکسٹائل سیکٹر کی برآمدات میں 14.6 فیصد کی واقع ہوئی اور یہ 16.5ارب ڈالر رہی جو گزشتہ مالیاتی سال 22-2021 میں حاصل کی ٹئی19.33رب ڈالر کی ریکارڈ ہلندترین سطحتی۔ حکومت نے اس عرصے کے دوران 25 ارب ڈالر مالیت کی ٹیکسٹائل برآ مدات حاصل کرنے کا ہدف مقرر کیا تھا۔ تا ہم ، داخلی اور عالمی چیلنجوں کے امتزاج نے نقط نظر کو متاثر کیا ہے۔ ٹیکسٹائل برآ مدات میں سست روی کی وجہ مغر بی خطوں بالخضوص امریکہ اور پورپ میں کساد کے خدشات کی وجہ سے پیدا ہونے والی طلب میں کمی ہے۔ مزید برآں ، گیس کی قلت ، ورکنگ کمپیٹل کی بڑھتی ہوئی لاگت ، کیاس کی آ مدی قلت اور سیاسی بے چینی جیسے عوامل نے مندی میں مزید کردارادا کیا ہے۔

منافع منقسمه

بورڈ آف ڈائر کیٹرز نے 30 جون 2023 کوختم ہونے والے مالیاتی سال کے لئے 30.50روپے فی حصص (30 جون 2022 کو 20.00روپے فی حصص کے مقابلے میں) کے حتی نقد ڈیویڈنڈ کی تجویز پیش کی ہے، جوآ کندہ سالانہ جزل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہے ۔شیئر ہولڈرز کو مجموعی ڈیویڈنڈ کی ادائیگی 294 ملین رویے متوقع ہے۔

نفذی کے بہاؤ کا گوشوارہ

کمپنی نے آنے اور جانے والی کیش نقل وحرکت دونوں کی پیش گوئی کرنے کے لئے ایک مضبوط کیش فلومیٹن نسٹم قائم کیا ہے۔ پینقط نظر کیش فلواور قلیل مدتی قرضوں کا استعال کرتے ہوئے ورکنگ کیپیٹل کی ضروریات کو پورا کرنے کے لئے حکمت عملی تیار کرنے میں مدد کرتا ہے۔ سال 2023 میں کمپنی نے آپریٹنگ سرگرمیوں سے ماصل ہونے 2,401 ملین روپے کی نقدر قم حاصل کی ۔ نقد آمدنی میں اس اضافے نے بنیادی طور پر آپریٹنگ سرگرمیوں سے آمدن میں حصد لیا۔ آپریٹنگ سرگرمیوں سے حاصل ہونے والی نقدر قم کوسر مائے کے اخراجات ، قرضوں کی ادائیگی اور منافع کی تقسیم کے لئے مختص کیا گیا تھا۔

سرمابياخراجات

دوران سال کمپنی نے سرمائے کے کثیر اخراجات کیے ہیں، جو بنیادی طور پر بیلننگ ماڈرنائزیشنا بیٹر ریکیسمنٹ (BMR)، صلاحیت میں توسیع ، بہتر حفاظت اور پائیداری کی طرف ہدایت کی گئے ہے تا کہ اعلی معیار کی مصنوعات کی جاری پیداوار کویقنی 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 ہندطریقہ کارر کھتے ہیں۔سال کے دوران کمپنی نے 2,843 ملین روپے کے سرمایہ اخراجات کو کا میابی کے ساتھ انجام دیا۔ کمپنی اسٹر ینجگ 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 مار کیٹنگ

31 سال سے زائد کے تجربے کے ٹریک ریکارڈ کے ساتھ ADM اپنے معز زصارفین کو بہترین مکندڈ نیم برانڈ زفراہم کرنے کے لئے اپنی ممتاز ساکھ پر بے حد فخر محسوں کرتا ہے ۔ کمپنی صارفین کو اہم طل فراہم کرنے کے ساتھ ساتھ معیاری مصنوعات کے معروف پروڈ ایوس قابل اعتماد سپلائراور فراہم کنندہ ہے۔مصنوعات کے بہترین معیار اور کمپنی کی جدید ترقی کی تکنیک کے منتیج میں دئیا بھر میں ایک پراعتماد کسٹمر میں پیدا ہوا ہے جس سے ایک پائیداراور مضبوط کاروباری ماڈل کی تخلیق ہوئی ہے۔ ADM کے پائید مورث پائے ہیں۔ میوز ما پنے میں دیوز ما پنے میں۔ بیوز ما پنے صارفین کی ضروریات کو فوقیت دینے اور ADM کے بنیادی عزم کو اجاگر کرنے کے لئے ہماری پڑتنگن کا ثبوت ہے۔

ہمارے اسٹر یجُّل وژن کے ایک جز کے طور پر ADM امریکہ، پورپ اورایشیا میں اپنی موجودگی کو بڑھا کراپنے صارفین کی بنیاد کو وسیع کرنے پر مستقل طور پر توجہ مرکوز کررہا ہے۔ یہ شار کر دہ توسیع ہماری مصنوعات اور خدمات کی رسائی کو نئے افتی تک بڑھانے کے لئے ہماری لگن کی عکاسی کرتی ہے، جس سے صنعت کے رجحان ساز کے طور پر ہماری پوزیش مشخکم ہوتی ہے۔

ہماری پائیدارتر قیاتی کاوشوں کے فریم ورک کے تحت ADM پنی کوششوں کو چھ بنیادی دائرہ اقتدار کی جانب وقف کر رہا ہے جو ہمارے پائیدار مقاصد کوآگے بڑھانے میں اہم میں، جو ہماری اقد اراور ہمارے قابل قدرصار فین کی ترجیجات دونوں کے ساتھ گہری وابستگی رکھتے میں :

- یانی کاانظام
- توانائی کاتحفظ
- کیمیکلز) رنگ اور پروسیسنگ کیمیکلز
 - کاڻن/فائبرز
 - افراد
 - پیکنگ

ہماری قیادت پہترعمل کی استعداد کو اپناتے ہوئے پائیدار لاگت کی بچت کی کوششوں کو فعال طور پرآ گے بڑھارہی ہے۔ ADMکے پاس منفر دواخلی تحقیق اور ترقی کا شعبہ ہے جوئی مصنوعات کی ترقی خطر ازی اور صارفین کو کمل 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 کررہے ہیں۔ ADM بیداوار، معیار کی یقین دہائی، اور تحقیق اور ترقی میں ابجرتی ہوئی ٹیکنا لوجیز کو اپنانے میں سبقت لیے ہوئے ہے۔ یہ حکمت عملی اپنانے سے تبادلے کے اخراجات اور نقائص میں کی میں مدد ملتی ہے۔ اس کے علاوہ ، یہ پیداوار کی لچک، اعلی معیار، کارکردگی میں اضافہ، اور بہتر صلاحیت کے استعمال کوفروغ دیتا ہے۔ اس طرح کی لچک ہمیں صارفین کے متنوع مطالبات کوفوری طور پر حل کرنے کے لئے بااختیار بناتی ہے۔

ا نتہائی پائیدارادارہ بننے کی طرف ہمارے جاری سفر میں ، کمپنی نے دو کہاس کی ری سائیکلنگ مثینیں شامل کیں۔ یہ شینیں صنعت کے بیخے والے فضلے کو موثر طریقے سے ری سائیکل کرتی ہیں، جن میں سے کچھ ہماری اپنی تنصیبات سے نکلتے ہیں،اور کچھ صارفین کا استعمال شدہ۔

ایک کثیرالجہتی اور متحرک مارکیٹ کی تلاش میں ہم صارفین کی بڑھتی ہوئی تو قعات کے ساتھ اپنی مصنوعات کوہم آ ہنگ کرنے میں ثابت قدم رہتے ہیں۔ ہماری کمپٹی کے پاس ایک جدیدترین اختراعی مرکز ہے، جو معیار کی جاخی اور ترقی کے لیے جدیدترین آلات کے ساتھ کممل ہے۔ ان وسائل کی نگرانی تجربہ کار ماہرین کی ایک ماہر ٹیم کرتی ہے ، جو ریاستہائے ، جو ہموار آپریشنز کویفینی بناتی ہے۔ ہمارے پروڈ کٹ ڈیزائن فلنفے میں صارفین کی بدلتی ہوئی ترجیحات اور متنوع طرز زندگی کو متنقل طور پر شامل کیا گیا ہے، جو ریاستہائے متحدہ امریکہ، پورپ اور ایشیا میں معزز ڈینم برانڈز کو پورا کرتا ہے۔

جدت طرازیADM کے بنیادی ڈھانچے کو چلانے والی ایک داخلی قوت ہے، جو کمپینی کو ADM کے جنیادی ڈھانچے کو چلانے والی ایک داخلی قوت ہے، جو کمپینی کو Denim Series, LYCRAdualFX, TOUGH MAXLYCRA, Pure Dark Indigo Series (PDI), Medallion Series, Flor Series, Tined Series, Flat Series, Recycled Cotton and LYCRAT400 جیسی مصنوعات کی وسیع رہنے تیار کرنے کہا تھا۔ بناقتیار بناتی ہے۔ جدت طرازی ہمار بے صارفین کی شروریات سے چلتی ہے جو انجر تے ہوئے دبچانات اور بدلتے ہوئے صارفین کی ترجیحات کا جواب دینے کے لئے محقوعات کا مطالبہ کرتے ہیں۔

ADM جدت طرازی کے ذریعے مسابقتی فوائد کو پائیدار بنانا جاری رکھے ہوئے ہے اور آپریشنل کارکردگی کو بہتر بنا تا ہے۔ ADM کے ذریعے متعارف کرائی جانے والی ہر نئی اختراع کی سخت جانچ پڑتال کی جاتی ہے، جس پڑمل در آمد سے پہلے اس کی درشگی اورافا دیت کوئیٹی بنایا جاتا ہے۔ ہم مارکیٹ کے متحرک مطالبات اور صارفین کی رائے کی بنیاد پرجد میرطن تیار کرتے ہیں۔ ہاری جد میرترین ہولیات میں جد پرترین ٹیکنالوجی ، پائیدار ملل ، اور جامع پالیسیوں کی بنیاد پر، بیسب الی مصنوعات بنانے کے لئے مل کرکام کرتے ہیں جو ہمارے معز زصارفین کے لئے غیر معمولی قدر پیدا کرتی ہیں۔

مستقبل کی پیش بینی

پاکستان میں ٹیکٹائل کے شعبے کو مالیاتی سال 2024 میں مختلف چیلنجز کا سامنا کرنا پڑسکتا ہے جن میں بلندشر حسود، بیلی کے نرخوں میں اضافہ، خام مال کی بڑھتی ہوئی قیمتیں شامل ہیں۔ پاکستان میں پالیسی سازوں کواپنی توجہ صرف برآ مدات میں اضافے سے معاشی پیداواری صلاحیت بڑھانے پر مرکوز کرنے کی ضرورت ہے۔ ایک کامیاب برآ مدی حکمت عملی کو درآ مدی پالیسیوں کے ساتھ ہم آ ہنگ ہونا چاہئے ، مسابقت اور پیداواری صلاحیت کوفر وغ دینے کے لئے درمیانی ان بیٹ پر درآ مدی ڈیوٹی کو کم رکھنا چاہئے۔ ان چیلنجز سے نمٹنے اور ٹیکنالو بی کی جدت طرازی اور مصوعات کے تنوع پر قوجہ مرکوز کرنے سے برآ مدات میں نمایاں اضافہ ہوسکتا ہے، روزگار کے مواقع پیدا ہوسکتے ہیں اور معیشت کی ترق کے لئے ٹیکس ریو نیوحاصل ہوسکتا ہے۔ توقع ہے کہ مستقبل قریب میں قرضوں کی لاگت زیادہ رہے گی اور مرکزی بینک کی پالیسی ریٹ کو فیصدر ہے گی۔ ٹیکٹ ٹیکٹ کی پالیسی سے کہ معتقبل تو ہے۔

نہ کورہ بالاعوامل کے باوجود، پورڈ کی قیادت میں، کمپنی کی انتظامیہ موجودہ چیلنجز ہے آگاہ ہے اوراس بات کویقینی بنانے کے لئے تمام ترکوشٹیں جاری رکھے گی کہ آپریشنز پر منفی اثر ات کو کم کرنے کے لئے مناسب اقدامات اٹھائے جائیں۔ ہمار بے نوکل پوئنٹس دوطر فہر ہتے ہیں: اخراجات کا دانشمندانہ انتظام اوراعلی معیار کی مصنوعات کی غیر متزلز لرتر بیل ۔ بیرماننا ضروری ہے کہ جیسے جیسے لاگت کا دیا وبڑھتا ہے، مارکیٹ شیئر کو برقر اررکھنا اور مناسب مارجن کو برقر اررکھنا زبر دست چیلنجز پیش کرتا ہے۔

ہمیں پڑنتہ یقین ہے کہ ہم نے مستقبل کے لئے ایک مضبوط بنیا در کھی ہے۔ یہ بنیا دنہ صرف پائیدارتر قی کویقینی بناتی ہے بلکہ طویل مدت میں منافع کوہھی محقوظ بناتی ہے۔

کار پوریٹ اور مالیاتی رپورٹنگ فریم ورک

سمپنی بغیر کسی استثنا کے کار پوریٹ گورننس کے اعلی معیار کو برقر ارر کھنے کے لئے پرعزم ہے۔ ڈائر یکٹران اس بات کی تصدیق کرتے ہوئے خوثی محسوں کرتے ہیں کہ مپنی نے سیکو رٹیز اینڈ ایک چینئے کمیشن آف پاکستان کی جانب سے کار پوریٹ گورننس کوڈ میں طے شدہ شقوں پرختی سے عمل درآ مدکیا ہے اور یہ پاکستان اسٹاک ایک چینئے کی جانب سے قائم کردہ اسٹنگ ریگولیشنز کالازمی جزوہے۔

- کمپنی کی انتظامیہ کی جانب ہے 30 جون 2023 کوختم ہونے والے مالیاتی گوشوارے منصفانہ طور پرپیش کیے گئے ہیں، جس میں اس کے معاملات، اس کے آپریشنز کے نتائج، کیش فلوز اورا یکو پٹی میں تبدیلیاں شامل ہیں۔
 - کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقر اررکھا گیاہے؟
- 30 جون 2023 کوختم ہونے والے سال کے لئے مالیاتی بیانات کی تیاری میں مناسب اکا وہنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور مالیاتی بیانات میں اکا وہنگ پالیسیوں میں کسی بھی تبدیلی کا انکشاف کیا گیا ہے۔ اکا وہنگ کے تخمیعے معقول اور دانشمندانہ فیصلوں پرمنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ اسٹینڈ رڈز، جیسا کہ پاکستان میں لاگوہوتا ہے اوکرپینیز ایکٹ، 2017 کے نقاضوں پر مالیاتی گوشواروں کی تیاری میں مناسب طریقے ہے مل کیا گیا ہے اوراس ہے کسی بھی انحراف کومناسب طور پر ظاہراوروضاحت کی گئی ہے۔

- اندرونی کنٹرول کا نظام ڈیزائن میں پائیدار ہے اور موثر طریقے سے نافذ کیا گیا ہے، با قاعد گی سے جائزہ لیا گیا اور نگرانی کا گئی ہے۔اندرونی کنٹرول کی نگرانی کا عمل، کنٹرول نظام کومزید مضبوط بنانے کے مقصد کے ساتھ جاری عمل کے طوریررواں رہے گا۔
 - کمپنی کے کام جاری رکھنے کی اہلیت برکسی شک وشیہ کی گنجائش نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیاہے، جبیبا کہ پاکستان اسٹاک ایکھینج کی رول بک کے ریگولیشنز میں تفصیل سے بیان کیا گیاہے۔
 - گزشته جیرسالوں کے کلیدی آبریٹنگ اور مالی اعدا دوشار خلاصة کل میں آ ڈٹ شدہ مالیاتی گوشواروں کے ساتھ منسلک ہیں ؛
 - واجب الا دا ڈیوٹیز، قانونی چار جز اورٹیکسز کو،اگرکوئی ہو،آ ڈٹشدہ مالیاتی گوشواروں میں باضابطہ طور بیرظا ہر کیا گیاہے؛

بورڈ کے چارڈائز کیٹرز پہلے ہی ڈائز کیٹرزٹریننگ کورس میں شرکت کر چکے ہیں جبکہ دوڈائز کیٹران کوتجر بےاور قابلیت کی بنیاد پراس کورس سے مشتنی قرار دیا گیا ہے۔ یورڈ کے تمام ڈائز کیٹرز کاریوریٹ باڈیز کے ڈائز کیٹرز کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔

اہم تیریلیاں

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

شيئر ہولڈنگ کی ساخت

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

سميتي كشيئرز مين تجارت

مالیاتی سال کےدوران نہتو نمپنی کے ڈائر کیٹرز، چیفا گیز کیٹو، چیف فائنانشل آفیسر، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ اور نہ ہی کوئی دیگرا گیز کیٹوزبشمول ان کےمتعلقہ شریک حیات یا نابالغ بچے کمپنی کے قصص سےمتعلق کسی بھی تجارتی سرگرمی میں ملوث رہے۔

ادارتی نظم وضبط کے ضابطہ کی تمیل کا بیان

سمیتی نے لعد کمپنیوں (کوڈ آف کارپوریٹ گورننس)ر گولیشنز ، 2019 کے تقاضوں کی مکمل گفیل کی ہے۔اس سلسلے میں ایک بیان آڈٹ شدہ مالی گوشواروں کے ساتھ منسلک ہے۔

بورڈ کے ڈائر یکٹران

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

6 *>/* .a

d. خاتون 1

بورد آف ڈائر یکٹران (بورڈ) کی تشکیل درج ذیل ہے:

نام	تعداد	درجه بندی	
جناب يز داني ضياء	02	آزاد ڈائر یکٹر	(а
جناب <i>منيراحد</i>			
		ديگرنان ايگزيکڻيوڏ ائريکٽران	(b
جناب محمدا قبال احمد	03	- مرد	
جناب محمر بوسف احمر			
جناب محمر على احمر			
من زہرہ فیصل احمد	01	۔ خاتون	
جناب محمد فيصل احمد	01	ا يَكِزِيكِيْوِدُ ارَ يَكِثْرِ	(c

زیر جائزہ سال کے دوران پاکستان میں بورڈ آف ڈائز کیٹران کے جاراجلاس منعقد ہوئے اور ہرڈائز کیٹر کی حاضری درج ذیل تھی:

اجلاسوں میں شرکت کی تعداد	ڈائز یکٹر کانام
4	جناب محمد فيصل احمد
3	جناب محمرا قبال احمر
3	جناب محمد يوسف احمد
3	جناب ثمر على احمر
-	من زہرہ فیصل احمد
4	جناب يز داني ضياء
4	جناب منيراحمد

بور ڈا جلاسوں میں شرکت سے قاصر ڈائر یکٹران کوغیر حاضری کی منظور شدہ رخصت دے دی گئی۔

بورڈ کی کمیٹیاں

کوڈ آف کارپوریٹ گورمنس کی شرائط کے مطابق بورڈ آف ڈائر کیٹرزنے ایک آڈٹ کمیٹی تشکیل دی ہے جس میں تین ارکان شامل ہیں؛ ایک آزاد ڈائر کیٹر اور دونان ایگز کیٹیوڈائر کیٹرز آڈٹ کمیٹی کے چیئر مین ایک آزاد ڈائر کیٹر ہیں۔ قابل ذکر بات سے ہے کہ آڈٹ کمیٹی نے کارپوریٹ گورمنس کوڈ کے مقررہ معیار کے مطابق اپنے فرائض مؤثر انداز میں انجام دیتے ہیں۔

دوران سال آ ڈے کمیٹی کے حیار اجلاس منعقد ہوئے۔ ہرڈ ائز یکٹر کی حاضری کاریکارڈ درج ذیل تھا:

اجلاسول میں شرکت کی تعداد	ڈائر یکٹرکانام
3	جناب محمدا قبال احمد
3	جناب مجمعلی احمر
4	جناب يزوانى ضياء

یورڈ اجلاسوں میں شرکت سے قاصرڈ ائر یکٹران کوغیر حاضری کی منظور شدہ رخصت دے دی گئی۔

کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق کے نقاضوں کے مطابق ہومن انسانی وسائل اور معاوضہ کمیٹی (HR&RC) تشکیل دی ہے۔ کمیٹی تین ارکان ایک نان ایگزیکٹیوڈ ائز کیٹر،ایک ایگزیکٹوڈ ائز کیٹر اورایک آزادڈ ائز کیٹر پرشامل ہے۔ کمیٹی کے چیئر مین ایک ایک آزادڈ ائز کیٹر ہیں۔ کمیٹی پورڈ آف ڈ ائز کیٹرز کے تعین کے تحت شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔ دوران سال کمیٹی کا ایک اجلاس منعقد ہوا۔ ہرڈ ائز کیٹرکی حاضری کاریکارڈ درج ذیل تھا:

اجلاسول میں شرکت کی تعداد	ڈائر یکٹر کانام
1	جناب محمد فيصل احمد
-	مس زہرہ فیصل احمہ
1	جناب يز دانی ضياء

پورڈا جلاسوں میں شرکت سے قاصرڈ ائر یکٹران کوغیر حاضری کی منظور شدہ رخصت دے دی گئی۔

نان الگیزیکٹوڈ ائر یکٹران کی معاوضہ پالیسی

پورڈ / تمین کے اجلاسوں میں شرکت کے لئے نان اکیزیکٹو ڈائز یکٹرز/ آزاد ڈائز یکٹر کے معاوضے کا تعین وقیا فوقیا بورڈ کی طرف سے کیا جائے گا۔ نان اکیزیکٹیو ڈائز یکٹرز/ انڈ بیپڈنٹ ڈائز یکٹرزکو پورڈ اور کمیٹی آف ڈائز یکٹرز کے ہراجلاس کے لیے فیس کے طور پرمعاوضہ اداکیا گیا ہے۔ ڈائز یکٹرزکواضافی طور پراس طرح کے سفر، پورڈ نگ، قیام اور دیگر اخراجات کی ادائیگی کی جائے گی جوان کی طرف سے ان کے فرائض یا کاروبار کی انجام دہی کے لیے مناسب طریقے سے کیے گئے ہیں اگران میں سے کسی کو باہر سے کمپنی کے بورڈ یا جزل میٹنگ میں شرکت کے لیے آنا ہو۔

متعلقه پارٹی لین دین اور قیمت گری

مالیاتی سال2023 کے دوران تمام متعلقہ پارٹی لین دین کوآ ڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیےرکھا گیا تھا۔ ان لین دین کوآ ڈٹ کمیٹی اور یورڈ نے اپنے متعلقہ اجلاسوں میں باضابطہ منظوری دی تھی۔ کمپنی معمول کے کاروبار میں اپنی متعلقہ کمپنیوں کے ساتھ لین دین کرتی ہے۔ قابل ذکر بات سے کہ متعلقہ فریقوں سے متعلق تمام لین دین کوبطور مجاز قیمتوں پڑمل میں لایا گیا تھا، جس کا موازنہ ہے قابوقیمتوں کے طریقہ کارکے ذریعہ احتیاط سے کیا گیا تھا۔

خطرات كاانتظام

کمپنی کے پاس ایک پائیدار سک مینجنٹ فریم ورک ہے جواسے اہم خطرے اور غیر لیتی صور تحال کا تدارک کرنے ، ٹکرانی اور رپورٹ کرنے کے قابل بنا تاہے جواس کے اسٹر سکتے ہیں۔ فریم ورک کے تحت کمپنی نے مناسب جائزہ میکانزم کے ساتھ ساتھ ان خطرات کی فعال نگرانی ، اسٹر 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 کوشام کی اسٹر پرائز، کاروباری انتظام اور انہیں کم کرنے کے لئے طریقہ اور نظام کوشام کی سے اوپر کے تحفظات کے دوہری نقطہ نظر کو پھیلایا جاتا ہے ۔ جس میں انٹر پر ائز، کاروباری اکا ئیوں ، افعال اور منصوبوں کا احاطہ کرتے ہوئے ، اوپر سے نیچے اور نیچے سے اوپر کے تحفظات کے دوہری نقطہ نظر کو پھیلایا جاتا ہے۔

مالياتي گرفت كااندروني نظام

ADM کے پاس ایک جامع اندرونی فائنانش کٹٹرول سٹم ہے جواس کے کاموں کا جم، پیانے اور پیچیدگی کے مطابق ہے۔ یہ نظام کمپنی کے اٹاثوں کی حفاظت کوئٹینی بنانے، مالیاتی لین دین کی مناسب اجازت کی توثیق، متعلقہ قابل اطلاق تو انین اورضوابط کی تئیل اور وسائل کے بہتر استعال کوئٹینی بنانے کے لیے اہم عمل پرمجیط ہے۔ کمپنی کی انتظامیہ قانونی آڈیٹرز اور انٹرل آڈیٹرز دونوں کی سفار شات کا پوری تندہی سے جائزہ لیتی ہے اور ان پر مناسب کارروائی کرتی ہے۔

آ ڈیٹرز

موجودہ آڈیٹرز، رینڈ اہارون زکریا کمپتی، چارٹرڈ اکافٹنٹس 25 اکتوبر 2023 کوہونے والے آئندہ سالانہ عام اجلاس کے اختتام پرریٹائر ہوجائیں گے اوراہل ہونے کے ناطے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ لٹے کہپینز (کوڈ آف کارپوریٹ گورنس)ریگولیشنز، 2019 کے مطابق بورڈ آف ڈائر کیٹرزنے آڈٹ کمپٹی کی اس سفارش کی توثیق کی ہے کہ انہیں 30 جون 2024 کونتم ہونے والے مالی سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پردوبارہ مقرر کیا جائے۔

ادارتی ساجی ذمه داری

أي كاتحفظ

کمپنی اپنا بجلی پیدا کرنے والا پلانٹ چلاتی ہے، جوری سائیکلنگ،اسپننگ، ویونگ اورگارمنٹس کی پیداوارسمیت تمام ڈویژنوں کی توانائی کی ضروریات کوموژ طریقے سے پورا کرتا ہے۔انتہائی ہنرمنداور ہڑے پیانے پرتربت یافتہ اہلکاروں کی ایک ٹیم پلانٹ کے آپریشن اور دیکھ بھال کی نگرانی کرتی ہے۔ قدرتی وسائل کے تحفظ کے لئے کمپنی کے پنتہ عزم کے مطابق، تمام کاروباری اکا ئیاں توانائی کے استعال کی صلاحیت میں مسلسل اضافہ کرتی ہیں۔ گیس اور ایندھن کی بڑھتی ہوئی لاگت کا مقابلہ کرنے کے لئے ، کمپنی نے تشمی توانائی کی ماحول دوست صلاحیت کو بروئے کارلاتے ہوئے تشمی توانائی کا نظام متعارف کرایا ہے۔ توانائی کے قدرتی ذرائع تشمی توانائی کو استعال کرتے ہوئے بجلی کا ایک موثر ذریعہ ہے اور کاربن فٹ پرنٹ کو کم کرنے میں اہم کر دارا داکرتی ہے۔ اس منصوبے کی اقتصادی اہمیت میہ ہے کہ قابل تجدید توانائی کا استعال بیکی کی لاگت کو کم کرتا ہے اور اس طرح بے کارا ورغیر استعال شدہ چھتوں کا بہترین استعال کرتے ہوئے بخلی سطح پراپنا حصہ ڈالتا ہے۔

کمپنی عمل مشیزی میں ترمیم ، تکنیکی ترقی کے نفاذ ، نے طریقوں کی ترقی ، دیکھ بھال ، فضلہ حرارت کی بازیابی وغیرہ کے ذریعے تو انائی کے تحفظ کے مسلسل عمل میں مصروف ہے۔ قدرتی گیس کو بحل کی پیداوار کے لئے سفریقی تنصیب کے ذریعے استعمال کیا جاتا ہے۔ فضلہ گرمی کی بازیابی بوائکر گرمی کی بازیابی کے لئے استعمال کیا جاتا ہے۔ فضلہ گرمی کی بازیابی کے نظام دیگر عملوں کے لئے اضافی تو انائی ابھاپ کے طور پر فضامیں خارج ہونے والی گرمی کی بازیابی کو ممکن بناتے میں ۔ جذب چلر کو چلانے کے لئے جزیر ٹر کا جیکٹ گرمیا فی استعمال کیا جاتا ہے۔

سائنسی اور تکنیکی ترقی صاف اورموژ توانائی کے استعال کی طرف ہماری مہم میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔ پیدانستہ اقدامات نہ صرف توانائی کی خاطرخواہ بچت کاباعث بنتے میں بلکہ پیداواری لاگت میں کمی اور آپریشنل کارکر دگی میں بھی اضافہ کرتے ہیں۔

2. ماحوليات بصحت كي حفاظت

ADM ایک جامع صحت، حفاظت اور ماحولیاتی فریم ورک کو برقر ار رکھتا ہے جو مجموعی احاطے اور آس پاس کی حفاظت کرتے ہوئے اپنی افرادی قوت ، گا ہکوں ، اسٹیک ہولڈرز ،ٹھیکیداروں ، زائرین اور سپلائرز کی فلاح و بہبود کو بقینی بنا تا ہے۔ کمپنی غیر محفوظ اور غیر صحت مند کام کے طریقوں اور حالات کوختم کرنے کے لئے فعال طور پر کوشش کرتی ہے ، جو تعیین مقاصد پر بٹنی ہے ا کام کے ماحول میں حادثات اور صحت سے متعلق واقعات سے بچنے کے لئے سخت احتیاطی تد ابیرا ختیار کی جاتی ہیں۔ وقف انتظامی نمائندگان صحت اور حفاظت کے اعلی ترین معیارات کی ذمہ داری قبول کرتے ہیں ، ان محقاط نفاذ کی گرانی کرتے ہیں۔

شور کی سطح کی نگرانی اورتغیل کو برقرار رکھنے کے لئے بیرونی تجارتی لیبارٹری کے ذریعہ با قاعدگی سے ماحولیاتی شور کی جانچ کی جاتی ہے۔ آگ سے بچاو کے ہمارے مضبوط اقدامات میں این ایف پی اے اسٹینڈرڈ 10 کے مطابق فائرالارم اور سراغ لگانے کے نظام کی تنصیب اور دیکھ بھال شامل ہے۔ مزید برآں، ایک وقف ایمر جنسی رسیانسٹیم آگ سے متعلق کسی بھی واقعے سے فوری طور پر نمٹنے کے لئے تیار ہے، جو چوہیں گھٹے مدد کی پیش کش کرتی ہے۔

ADM انتظامیہ کی تمام سطحوں پر ماحولیات، صحت کی حفاظت کے لئے مکمل عزم کویقینی بنا تا ہے اوران حالات میں مزید بہتری کے تسلسل کویقینی بنانے اوراس سلسلے میں کمپنی کی یالیسی، مقاصد، امداف اور پروگراموں کی تا ثیر کی تصدیق کرنے کے لئے با قاعد گی سے شخیص اور جائزے منعقد کرتا ہے۔

ADM فخر بيطور پرمندرجه ذيل ذيل تصديقات كا حامل ہے:

(Occupational Health and Safety	y Assessment Series)	ISO 45001:2018 OHSAS
(Environmental N	Management System)	ISO 14001:2015 EMS
(Quality N	Management System)	ISO 9001:2015 QMS
(Business Social	Compliance Initiative)	BSCI
(B	etter Cotton Initiative)	BCI
(Worldwide Responsible Acc	reditation Production)	WRAP
(Supplier Et	hical Data Exchange)	SEDEX
(Global Org	anic Textile Standard)	GOTS
(Orgai	nic Content Standard)	OCS
(Recy	cled Claim Standard)	RCS
(Globa	al Recycled Standard)	GRS
(Customs-Trade Partners	nip against Terrorism)	C-TPAT
(Zero Discharge of H	azardous Chemicals)	ZDHC
	Cradle to Cradle	C2C
Facility E	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 سرٹیفکیٹس میں سے ہر شوفکیٹ ایک محفوظ، پائیداراور ساجی طور پر ذمہ دار آپیشنل ماحول کوفر وغ دینے کے لئے اے ڈی ایم کی مستقل کگن کی نشاندہی کرتا ہے۔

3. مضبوط حناظتی اقدام

کمپٹی کی قیادت آپیشنل حفاظت اورسلامتی کی انتہائی اہمیت کوسلیم کرتی ہے۔اہلکاروں اورا ٹاثوں کی حفاظت کویقیتی بنانے کے لئے خاطرخواہ سرماییکاری کی گئی ہے،جس میں وقف سیکورٹی اہلکاروں کی تعیناتی اورجامع سیکیورٹی پالیسیوں اور پروٹو کولڑکا نفاذ شامل ہے۔ان اقد امات کالازمی جزوسی ٹی وی کیمروں کا ایک وسیع نیٹ ورک ہے جومتعدد مقامات پر اسٹر پچگ طور پرنصب ہے،جس سے گرانی کی صلاحیتوں میں اضافہ ہوتا ہے۔ بیمر بوط کوششیں اجتماعی طور پر ہماری افرادی قوت اور وسائل کی حفاظت اور سلمیت کو برقر اررکھتے ہوئے آپریشنز کے ہموار کام میں حصہ ڈالتی میں۔

4. استعال شده یانی کی صفائی کا پلانٹ

پانی ہمارے ملک کے لئے ایک نایاب قدرتی وسائل ہے اوراس کا انتظام بہترین طریقے سے کیا جانا چاہئے۔ کمپنی کے پاس SEPA پاکستان کے قومی ماحولیات کے معیار کو پورا کرنے کے لئے استعال شدہ پانی کیٹریٹنٹ کی سہولت ہے۔ چونکہ پانی ایک نایاب شے ہے، لہذا الی ٹیکنا لوجی اختیار کرنا ضروری ہے جس کے ذریعے اسے موثر انداز میں دوبارہ استعال کیا جا سے۔ ہمارے ویسٹ واٹرٹریٹنٹ کی سہولت میں، گندے پانی کوگر دش میں دوبارہ متعارف کرانے یا بنیادی سیورسٹم میں اس محفوظ اخراج سے پہلے اسے صاف کرنے کے لئے جامع عمل کا استعال کیا جاتا ہے، جو ماحولیاتی تحفظ کے معیار کے ساتھ تحق سے مطابقت رکھتا ہے۔

5. مساوي موقع آجر

ہماری کمپنی کے بنیادی اصولوں کے مطابق جوتمام افراد کی مساوات کو برقر ارر کھتے ہیں، ADM ایک جامع جائے کارکوفروغ دینے کے لئے اپنی والبنتگی میں غیر متزلزل کھڑا ہے۔ہم مختلف نسلی پس منظر سے تعلق رکھنے والے ملاز مین کوفعال طور پر تلاش کرنے اوران کا خیر مقدم کرنے میں فخرمحسوں کرتے ہیں، اپنے ملازمت کے طریقوں میں کسی بھی قتم کے تعصب یا متیاز کو ثابت قدمی سے مستر دکرتے ہیں۔

6. عطيات

ADM معاشرے کے لیے اخلاقی طور پر کام کرنے کے لیے پرعزم ہے اوراس کا مقصد ملک کے ساتھ ساتھ دنیا میں ساجی ترقی میں حصہ ڈالنا ہے۔اس وژن کے مطابق، ہماری کمپنی ساجی ترقی کوفروغ دینے کے لیے وقف ہے۔ہم فخریطور پرعبدالستاراید ھی فاونڈیش اور سیانی ویلفیئرٹرسٹ جیسی معروف تنظیموں کوخاطر خواہ عطیات دیتے ہیں۔

اعتزاف

پورڈ کے ڈائر کیٹران مینکوں، ریگولیٹری باڈیز اور قابل فقد رکاروباری شراکت داروں سمیت ہمارے معزز اسٹیک ہولڈرز کی جانب سے فراہم کردہ مضبوط حمایت اور تعاون پرتہددل سے شکر بیاداکر ناچاہتے ہیں۔ہم آنے والے وقت میں اس مضبوط اتحاد کے قائم رہنے کے شدت سے منتظر ہیں۔

مزید برآں، ہمارے ڈائر کیٹران اپنے سرشار ملاز مین کا تہد دل سے شکر بیادا کرتے ہیں جن کی محنت، ثابت قدمی لگن اور بیخته عزم نے زبر دست کاروباری چیلنجز کا سامنا کرتے ہوئے بھی غیر معمولی کارکردگی کو برقر ارر کھنے میں اہم کر دارا دا کیا ہے۔

منجانب بورڈ کے ڈائر یکٹران

محرفیصل احمر جف ایگزیکٹیو

یزدانی ضیاء ڈائر یکٹر

کراچی۔ 23 ستمبر 2023

KEY OPERATING AND FINANCIAL DATA

	2023	2022	2021	2020	2019	2018
	•••••	•••••••	(Rupees	s in '000)	•••••	•••••
ASSETS EMPLOYED						
Operating fixed assets	8,427,700	6,626,575	5,577,115	5,452,914	5,043,565	5,194,049
Capital work-in-progress	3,341,918	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	32,602	29,864	28,350	14,407	5,482	5,374
Long term deposits	1,957	1,732	1,732	1,572	1,566	1,566
Net current assets/(liabilities)	1,512,252	1,499,959	1,811,299	2,482,967	2,297,183	1,619,245
Total Assets Employed	13,316,429	11,176,519	9,588,773	8,580,427	8,254,940	6,937,359
FINANCED BY						
Shareholders equity	8,093,311	7,239,749	6,727,518	6,611,620	6,754,159	6,100,145
Long term financing	4,954,652	3,763,158	2,722,173	1,866,912	1,444,487	813,274
Deferred liability	268,466	173,612	139,082	101,895	56,294	23,940
	13,316,429	11,176,519	9,588,773	8,580,427	8,254,940	6,937,359
SALES & PROFITS						
Net sales / Turnover	17,072,735	16,352,907	9,813,176	7,940,571	7,767,180	8,239,986
Gross profit	2,919,697	1,271,630	1,111,733	626,542	888,100	791,820
Profit before taxation	1,308,666	883,305	456,356	222,352	955,478	600,077
Net profit after taxation	1,060,630	654,252	353,902	113,690	866,820	516,531
Proposed Dividend %	35	20	20	30	30	25
Un-appropriated profit	7,253,311	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	Share	Hol	ding	Total Shares	
Shareholders	From		То	Held	
	_				
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	
915				84,000,000	

PATTERN OF SHAREHOLDING SHAREHOLDERS STATISTICS AS AT JUNE 30, 2023

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

PATTERN OF SHAREHOLDING SHAREHOLDERS STATISTICS AS AT JUNE 30, 2023

Categories of Shareholders	Shares Held	Percentage
THERS		
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	
Sub - Total:	103,367	0.12
IDIVIDUAL		
LOCAL - INDIVIDUALS	12,585,822	
Sub - Total:	12,585,822	14.98
Grand Total:	84,000,000	100.00
HAREHOLDERS HOLDING FIVE PERCENT OR MORE		
Name of Shareholders	Shares Held	Percentage
Muhammad Faisal Ahmed	68,029,753	
Sadia Zain	9,741,400	

PERFORMANCE AT A GLANCE

FINANCIAL RATIOS	2023	2022
Gross profit - % of net sales	17.10	10.87
Profit before taxation - % of net sales	7.67	5.21
Net Profit after taxation - % of net sales	6.21	3.86
Earnings per share	12.63	7.79
Increase / (decrease) in net sales - %	0.78	66.64
Raw and packing materials - % of net sales	50.18	53.02
Labour - % of net sales	19.24	20.52
Other cost of goods manufactured - % of net sales	13.70	15.73
Distribution costs - % of net sales	2.43	2.09
Administrative expenses - % of net sales	1.34	1.09
Finance costs - % of net sales	5.75	2.44
Taxation - % of net sales	1.45	1.35
Inventory turnover days	136	123
Receivable turnover days	77	76
SHORT TERM SOLVENCY		
Current ratio	1.16	1.17
Acid test ratio	0.56	0.57
OVERALL VALUATION AND ASSESSMENT		
Return on equity (average) %	13.83	9.37
P.E. ratio	4.52	7.19
Book value per share	96.35	86.19
Long term debts : equity	38:62	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: 06b. Female: 01

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

Category	Numbers	Names
a) Independent Directors	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

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;
- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies 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

- 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

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 & Company Chartered Accountants

Engagement Partner Muhammad Iqbal Place: Karachi

Dated: September 26, 2023 **UDIN:** CR202310086pqtmxPezi

Email: info@hzco.com.pk | URL: http://www.hzco.com.pk





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.

Room No. M1-M4, Mezzanine Floor, Progressive Plaza, Civil Lines Quarter, Beaumont Road, Karachi-75530 Pakistan. Phone: +92 21 35674741-44 | Fax: +92 21 35674745

Email: info@hzco.com.pk | URL: http://www.hzco.com.pk



Following are the key audit matters

S. Key audit matters

How the matter was addressed in our audit

1 Capital expenditures and related financing

(Refer note 4 to the accompanying financial statements)

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.

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.

Accordingly, we have identified the capital expenditures and related financing as a key audit matter.

Our audit procedures to address the matter, amongst others, includes the following:

- we obtained understanding of the Company's process with respect to capital expenditure including determination of useful lives;
- 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;
- 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;
- 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;
- we assessed the adequacy of the financial statements disclosures as per the requirements set out in the applicable financial reporting framework.



S. Key audit matters

How the matter was addressed in our audit

2 Stock-in-trade

(Refer note 9 to the accompanying financial statements)

The stock-in-trade balance constitutes 23.89% of total assets of the Company.

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.

Our audit procedures to address the matter, amongst others, includes the following:

- 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;
- 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
- we assessed the adequacy of the related disclosures made in accordance with the applicable financial reporting framework.

3 Revenue from related party transactions and disclosures

(Refer note 37 to the accompanying financial statements)

The Company generates revenue, from sales to related parties, of Rs. 3,947.202 million which comprises of 23.12% of total turnover.

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.

Our audit procedures to address the matter, amongst others, includes the following:

- we have evaluated management's process for identifying and recording related party transactions;
- 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;
- 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;
- we have obtained written representation from management concerning completeness of information provided regarding the identification of related parties; and
- 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.



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 Igbal**.

Rcanda Haroon Zakaria & Company Chartered Accountants Place: Karachi

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

STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

Non-Current Assets	ACCETC	Note	2023	2022 in '000'
Property, plant and equipment	<u>A55E15</u>	14010	Ropees	
Intangible assets	Non-Current Assets			
Long term loans	Property, plant and equipment		11,769,618	9,644,964
Current Assets Stores and spares Stores and spares Stores and spares Stock-in-trade Stock-in-tra	Intangible assets		-	-
11,804,177 9,676,560				
Stores and spares Stores and spares Stores and spares Stock-in-trade 9 5,469,336 5,106,292 17,706 64,548 74,541 74,542 75,710 75,7	Long term deposits	7		1,732
Stores and spares 8 248,281 500k-in-trade 9 5,469,336 5,106,292 17 17 17 17 17 17 17 1			11,804,177	9,676,560
Stores and spares 8 248,281 500k-in-trade 9 5,469,336 5,106,292 17 17 17 17 17 17 17 1	Current Assets			
Stock-in-trade 9 5,469,336 3,7106,292		Q	2/12/221	2/2 8/1
Trade debts	·			
Loans and advances 11 74,541 43,560 Trade deposits 12 67,292 29,289 29,289 20 20 20 20 20 20 20 2		•		
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 22,893,798 20,080,000 EQUITY AND LIABILITIES Share Capital and Reserves Authorised capital 100,000,000 ordinary shares of Rs 10/- each 16 1,000,000 840,000 Issued, subscribed and paid-up 16 840,000 840,000 840,000 Reserves 17 7,253,311 6,399,749 7,239,749 Non-Current Liabilities Long term financing 18 4,954,652 3,763,158 173,612 Deferred liabilities 19 268,466 173,612 3,936,770 Current Liabilities 20 2,793,789 2,314,880 3,135 Accrued mark-up 21				
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 EQUITY AND LIABILITIES 11,089,621 10,403,440 Share Capital and Reserves 22,893,798 20,080,000 Authorised capital 100,000,000 ordinary shares of Rs 10/- each 16 840,000 840,000 Reserves 17 7,253,311 6,399,749 7,239,749 Non-Current Liabilities 8,093,311 7,239,749 7,239,749 Non-Current Liabilities 18 4,954,652 3,763,158 173,612 Deferred liability 19 268,466 173,612 3,936,770 Current Liabilities 20 2,793,789 2,314,880 3,135 Accrued mark-up 21 341,594 75,116 5,213,000 6,223,000 Current maturity of long-term financing 18 465,748 <td></td> <td></td> <td></td> <td></td>				
Short term investments		13		
Taxation - net	Short term investments	14		
Cash and bank balances 15	Sales tax refundable			
Table Trace Table Trace Trac			209,098	
Share Capital and Reserves	Cash and bank balances	15		
Share Capital and Reserves				
Share Capital and Reserves	FALLEY AND LIABILITIES		22,893,798	20,080,000
Authorised capital 100,000,000 ordinary shares of Rs 10/- each 16 1,000,000 1,000,000 Issued, subscribed and paid-up 16 840,000 840,000 Reserves 17 7,253,311 6,399,749 Non-Current Liabilities 8,093,311 7,239,749 Long term financing 18 4,954,652 3,763,158 Deferred liability 19 268,466 173,612 5,223,118 3,936,770 Current Liabilities 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 8,903,481 Contingencies and Commitments 23	EQUITY AND LIABILITIES			
Authorised capital 100,000,000 ordinary shares of Rs 10/- each 16 1,000,000 1,000,000 Issued, subscribed and paid-up 16 840,000 840,000 Reserves 17 7,253,311 6,399,749 Non-Current Liabilities 8,093,311 7,239,749 Long term financing 18 4,954,652 3,763,158 Deferred liability 19 268,466 173,612 5,223,118 3,936,770 Current Liabilities 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 8,903,481 Contingencies and Commitments 23	Share Canital and Reserves			
100,000,000 ordinary shares of Rs 10/- each 16 1,000,000 1				
Issued, subscribed and paid-up 16 840,000 840,000 Reserves 17 7,253,311 6,399,749 7,239,749		16	1.000.000	1.000.000
Reserves 17 7,253,311 8,093,311 6,399,749 Non-Current Liabilities 18 4,954,652 268,466 3,763,158 173,612 Deferred liability 19 268,466 268,466 173,612 Current Liabilities 20 2,793,789 3,338 2,314,880 3,135 Unclaimed dividend 3,238 3,135 3,135 75,116 Accrued mark-up 21 341,594 75,116 75,116 Short term borrowings 22 5,973,000 6,223,000 6,223,000 6,223,000 Current maturity of long-term financing 18 465,748 287,350 8,903,481 Contingencies and Commitments 23	toopooopooo otaman ji shanaa on na top oodin	. •		
Non-Current Liabilities Substitute	Issued, subscribed and paid-up	16	840,000	840,000
Non-Current Liabilities Long term financing 18 4,954,652 3,763,158 Deferred liability 19 268,466 173,612 5,223,118 3,936,770 Current Liabilities 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 75,77,369 8,903,481 Contingencies and Commitments		17	7,253,311	
Long term financing Deferred liability 19 268,466 173,612 3,763,158 173,612 3,936,770 Current Liabilities Trade and other payables Unclaimed dividend Accrued mark-up Short term borrowings Current maturity of long-term financing Contingencies and Commitments 18 4,954,652 268,466 173,612 3,936,770 2,793,789 2,314,880 3,135 3,135 3,135 3,135 2,314,880 3,135 3			8,093,311	7,239,749
Deferred liability				
Current Liabilities 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 Contingencies and Commitments 23				
Current Liabilities 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 Contingencies and Commitments 23	Deterred liability	19		
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 18 287,350 Contingencies and Commitments 23	Correct Linkilities		5,223,118	3,936,770
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 Contingencies and Commitments 23		20	2 703 780	2 314 880
Accrued mark-up 21 341,594 75,116 Short term borrowings 22 5,973,000 Current maturity of long-term financing 18 465,748 287,350 Contingencies and Commitments 23		20		
Short term borrowings 22 5,973,000 6,223,000 Current maturity of long-term financing 18 465,748 287,350 Short term borrowings 287,350 287,350 Short term borrowin		21		
Current maturity of long-term financing 18 465,748 287,350 9,577,369 8,903,481 Contingencies and Commitments 23				
9,577,369 8,903,481 Contingencies and Commitments 23				
Contingencies and Commitments 23	, ,			
22,893,798 20,080,000	Contingencies and Commitments	23		
			22,893,798	20,080,000

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

Faisal AhmedChief Executive Officer

Sagheer Ahmed Chief Financial Officer **Yazdani Zia** Director

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

		2023	2022	
	Note	Rupees in '000'		
Turnover	24	17,072,735	16,940,229	
Cost of sales	25	(14,153,038)	(15,099,031)	
Gross Profit		2,919,697	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)	
Operating Profit		2,290,475	1,295,894	
Finance costs	30	(981,809)	(412,589)	
Profit Before Taxation		1,308,666	883,305	
Taxation	31	(248,036)	(229,053)	
Net Profit For The Year		1,060,630	654,252	
		(Rupees Per share)		
Earnings Per Share	32	12.63	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	2022 in '000'
Net profit for the year	1,060,630	654,252
Other comprehensive (loss) / income		
Items that will not be reclassified subsequently to statement of profit or loss		
Actuarial (loss) / gain on defined benefit plan 19.1	(39,068)	25,979
Total comprehensive income for the year	1,021,562	680,231

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

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

		Revenue Reserve	Capital Reserve		
	Issued, subscribed and paid-up capital	Unappro- priated Profit	Acturial loss on defined benefit plan	Total Reserves	Total
	•••••	Ru	pees in '000	•••••	•••••
Balance as at June 30, 2021	840,000	5,913,382	(25,864)	5,887,518	6,727,518
Net profit for the year Other comprehensive income	-	654,252	- 25,979	654,252 25,979	654,252 25,979
Total comprehensive income for the year	-	654,252	25,979	680,231	680,231
Transactions with owners 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)
Balance as at June 30, 2022	840,000	6,399,634	115	6,399,749	7,239,749
Net profit for the year Other comprehensive loss	-	1,060,630	(39,068)	1,060,630 (39,068)	1,060,630 (39,068)
Total comprehensive income for the year		1,060,630	(39,068)	1,021,562	1,021,562
Transactions with owners 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)
Balance as at June 30, 2023	840,000	7,292,264	(38,953)	7,253,311	8,093,311

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 ZiaDirector

STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

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

Effective for period beginning on or after

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

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'	١:
Amendments regardi	ng the disclosure of accounting policie	S

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.

ANNUAL REPORT 2023

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.

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

4.1 OPERATING FIXED ASSETS

		СО	ST			ACCUMULAT	ED DEPREC	IATION / AMO	RTISATION	WRITTEN DOWN VALUE
Description	As at July 01, 2022	Additions / Transfers*	(Disposals)	As at June 30, 2023	Period / Rate %	As at July 01, 2022	For the Year	(On disposals	As at) June 30, 2023	As at June 30, 2023
	•••••	Rupees	in '000	•••••				Rupees in '0	00	
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
2023	12,393,982	2,519,696	(134,666)	14,779,012		5,767,407	702,667	(118,762)	6,351,312	8,427,700

		cos	T			ACCUMULAT	ED DEPRECI	ATION / AMO	RTISATION	WRITTEN DOWN VALUE
Description	As at July 01, 2021	Additions / Transfers*	Disposals)	As at June 30, 2022	Period / Rate %	As at July 01, 2021	For the Year	(On disposals	As at June 30, 2022	As at June 30, 2022
	•••••	Rupees in	ı '000	••••••				Rupees in '0	00	••••••
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
2022	10,815,315	1,580,866	(2,199)	12,393,982		5,238,200	530,359	(1,152)	5,767,407	6,626,575

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 hallocated as follows:	Note as been	2023 Rupees	2022 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
,		702,667	530,359

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				
Rupees in '000'											
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				
2023	134,666	(118,762)	15,904	27,133	11,230						
2022	2,199	(1,152)	1,047	1,653	606						

4.2 CAPITAL WORK-IN-PROGRESS

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

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

		COST		ACCUM	ULATED AMORTIS	ATION	WRITTEN DOWN VALUE	
Description	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	AMORTISATION RATE
			(F	Rupees in '000)				
Computer software	8,257	-	8,257	8,257	-	8,257		20%
		COST		ACCUM	ULATED AMORTISA	ATION	WRITTEN DOWN VALUE	
Description	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	AMORTISATION RATE
			(F	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.

	2023	2022
No	te Rupees in	'000'

6.3 Reconciliation of carrying amount of loans to executives:

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

7	LONG TERM DEPOSITS		
	Security deposits		
	Utilities	1,279	1,279
	Others	678	453
		1,957	1,732
8	STORES AND SPARES		
	Stores		
	in hand	92,656	102,398
	Spares		
	in hand	155,625	139,403
	in transit	-	1,040
		155,625	140,443
		248,281	242,841

9 STOCK-IN-TRADE

Raw and packing materials			
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 s in '000'
10	TRADE DEDTS	Ropec.	3 111 000
10	TRADE DEBTS		
	- Considered good		
	Secured - against letters of credit Related parties:		
	Casual Sports Wear (SMC-Pvt)		
	Limited - Indirect export		4,840
	Others	738,254	974,103
		738,254	978,943
	Unsecured		
	Related parties:		
	DL1961 Premium Denim Inc Export	327,651	229,364
	Premium Distributors - Export	48,715	31,195
	Regency Brands LLC Export	909,608	1,614,759
	Artistic Fabric Mills (Private) Limited	-	67
		1,285,974	1,875,385
	Others	1,417,305	899,449
		3,441,533	3,753,777
10.1	Trade debt - ageing		
	Related parties		
	Neither past due nor impaired	1,266,981	1,306,789
	Past due but not impaired		
	within 120 days	18,993	573,436
		1,285,974	1,880,225
	Others		
	Neither past due nor impaired	1,877,272	1,515,761
	Past due but not impaired	270 007	057.70
	within 120 days	278,287	357,791
		2,155,559	1,873,552
		3,441,533	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.

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

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

14.1 Mutual Funds

	2023	2022		2023	2022
	Num	ber of units		Rupee	es 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
=	239,676	32,737		4,197	751

14.2 Quoted Shares

2023	2022		2023	2022
Number	of shares		Mark	cet 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
1,080,500	1,080,500		67,305	74,959
		. d.c.d d. d.d.d.		

2023 2022

Note Rupees in '000'

15 CASH AND BANK BALANCES

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

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
Numb	er of shares		Rupees	s in '000'
		Authorised Capital		
100,000,000	100,000,000	Ordinary shares of Rs.10 each	1,000,000	1,000,000

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
Numb	er 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
84,000,000	84,000,000		840,000	840,000

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
17	RESERVES	Note	Rupees i	n '000'
	Unappropriated profit Actuarial (loss) / gain on defined benefit plan	17.1 1	7,292,264 (38,953) 7,253,311	6,399,634 115 6,399,749

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'

18 LONG TERM FINANCING - secured

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)

18.1 18.2	656,334 3.145.343	730,526 2,390,916
18.3	1,618,723	929,066
	5,420,400	4,050,508
	(465,748)	(287,350)
	4,954,652	3,763,158
	18.2	18.2 18.3 1,618,723 5,420,400 (465,748)

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.

ANNUAL REPORT 2023

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.

			2023	2022
		Note	Rupees	in '000'
19	DEFERRED LIABILITY			
	Defined benefit obligation	19.1	268,466	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".

						Grat	uity	
					202	23		2022
					F	Rupees	in '0	00′
(a)	Movement in the prese defined benefit oblig					-		
	Provision at July 01, 2022	2			173,	612		139,082
	Expense for the year		19.1	(b)	-	916		66,453
	,			` '	250,			205,535
	Benefit paid				(21,	130)		(5,944)
	Actuarial loss / (gain) on	defined bene	efit plan		39,	068		(25,979)
	Provision as at June 30, 2	2023			268,	466		173,612
(b)	The amount charged in profit or loss is as fol		ent of					
	Current service cost				55,	160		52,692
	Interest cost				_	756		13,761
	Expense for the year		19.1	(a)	76,	916		66,453
(c)	Principle actuarial assu	umptions						
	Discount rate				16.	25%		13.50%
	Salary increase					00%		12.50%
	Normal retirement age o	f employees				60		60
(d)	Comparison for five ye	ars						
	As at June 30,	2023	2022		2021	202		2019
	Present value of defined	•••••	•••••	Ku	pees in '000	•••••	•••••	•••••
	benefit obligation	268,466	173,612	_1	39,082	101,8	395	56,294
	Experience adjustment Actuarial loss / (gain)							
	on obligation `	39,068	(25,979)		(13,996)	4,22	29	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:

	Impact on defined benefit obligation 1% increase 1% decrease		
		s in '000)	
Assumptions			
Effect of change in discount rate Effect of change in future salary increase	245,666 296,179	295,077 244,375	

- 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.

		2023	2022
20 TRADE AND OTHER PAYABLES	Note	Rupees	in '000'
Creditors Accrued liabilities Advances from customers - unsecured Advance against expenses - unsecured Book overdraft Staff contribution for vehicle Workers' Profits Participation Fund Workers' Welfare Fund Withholding tax	20.1 20.2 20.3 20.4 20.5 20.6	1,056,669 1,558,252 13,550 13,010 10,781 38,566 69,643 14,544 18,776 2,793,789	646,051 1,490,653 49,526 22,642 - 33,301 46,921 13,550 12,236 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 aggreived, 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 unpresented cheques issued as on reporting date which is to be cleared subsequent to the year end.

			2023	2022
		Note	Rupees	in '000'
20.5	Workers' Profits Participation Fund			
	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
			120,276	72,790
	Payments made during the year		(50,633)	(25,869)
			69,643	46,921
00 /	W. L. HW. R P J			
20.6	Workers' Welfare Fund			
	Balance at the beginning of the year		13,550	13,032
	Allocation for the year	28	14,544	8,195
	7 dioculion for the year	20	28,094	21,227
	Payments made during the year		(13,550)	(7,677)
	raymonis made domig me year		14,544	13,550
21	ACCRUED MARK-UP			
	Long term financings		97,191	27,785
	Short term borrowings		244,403	47,331
	onon term borrowings		341,594	75,116
22	SHORT TERM BORROWINGS			
	Short term loans - secured	22.1	5,973,000	5,923,000
	Short term loans - money market	22.2	-	300,000
	,		5,973,000	6,223,000
22.1	Short term loans			
	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
			5,973,000	5,923,000

ANNUAL REPORT 2023

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.

2023 2022 Rupees in '000'

23.3 Outstanding counter guarantees

633,410 550,328

23.4 Commitments

- **23.4.1** Commitments in respect of Building on leasehold land at the end of the period amounted to Rs. 226.913 (2022: Rs. 272.040) million.
- 23.4.2 Outstanding letters of credit at the end of the period amounted to Rs. 1,009.703 (2022: Rs. 798.070) million.
- **23.4.3** 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.

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

Cost Of SALES			Note	2023	2022
Cost of goods manufactured 25.1 14,191,531 15,123,675 15,677,711 Closing stock - finished goods 9 (617,173) (578,680) 14,153,038 15,099,031 16,087,738 16,087,738 16,087,738 16,087,738 16,097,749	25	COST OF SALES	Mole	kopees	
Cost of goods manufactured 25.1 14,191,531 15,123,675 15,677,711 Closing stock - finished goods 9 (617,173) (578,680) 14,153,038 15,099,031					
Closing stock - finished goods 9 (617,173) (578,680) 14,153,038 15,099,031 17,333 3,477,088 16,873 171,021 16,988 17,028 17,028 17,021 17,333 30,016 16,988				_	•
Closing stock - finished goods 9 (617,173) (578,680) 14,153,038 15,099,031 16,008,008 16,008,		Cost of goods manufactured	25.1		
Taylogy Tayl					
25.1 Cost of goods manufactured Raw and packing materials consumed 25.1.1 8,566,618 8,982,301 Stores and spares consumed 25.1.2 458,308 608,773 Salaries, wages and other benefits 25.1.3 3,285,938 3,477,008 Fuel and power 809,164 995,714 Weaving, stitching, finishing and printing charges 37,637 171,021 Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 -		Closing stock - finished goods	9		
Raw and packing materials consumed 25.1.1 8,566,618 8,982,301 Stores and spares consumed 25.1.2 458,308 608,773 Salaries, wages and other benefits 25.1.3 3,285,938 3,477,008 Fuel and power 809,164 995,714 Weaving, stitching, finishing and printing charges 37,637 171,021 Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391				<u>14,153,038</u>	15,099,031
Stores and spares consumed 25.1.2 458,308 608,773 Salaries, wages and other benefits 25.1.3 3,285,938 3,477,008 Fuel and power 809,164 995,714 Weaving, stitching, finishing and printing charges 37,637 171,021 Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 9	25.1	Cost of goods manufactured			
Stores and spares consumed 25.1.2 458,308 608,773 Salaries, wages and other benefits 25.1.3 3,285,938 3,477,008 Fuel and power 809,164 995,714 Weaving, stitching, finishing and printing charges 37,637 171,021 Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 9		Raw and packing materials consumed	25.1.1	8,566,618	8,982,301
Salaries, wages and other benefits 25.1.3 3,285,938 3,477,008 Fuel and power 809,164 995,714 Weaving, stitching, finishing and printing charges 37,637 171,021 Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 15,106,325 Opening work-in-process 9 (1,268,952) (1,148,137)		, •			
Fuel and power 809,164 995,714 Weaving, stitching, finishing and printing charges 37,637 171,021 Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 9 (1,268,952) (1,148,137)		•		-	
Weaving, stitching, finishing and printing charges 37,637 171,021 Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 9 (1,268,952) (1,148,137)					
Repairs and maintenance 60,345 55,555 Printing, stationery and postage 18,255 13,790 Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 9 (1,268,952) (1,148,137)		•	;	_	
Fees and subscription 17,333 30,016 Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)				60,345	55,555
Telephone and telex 7,028 7,495 Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Printing, stationery and postage		18,255	13,790
Rent, rates and taxes 12,127 38,400 Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Fees and subscription		17,333	30,016
Insurance 34,499 27,657 Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Telephone and telex		7,028	7,495
Water charges 263,357 168,329 Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Rent, rates and taxes		12,127	38,400
Transportation 31,886 24,073 Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Insurance		34,499	27,657
Depreciation 4.1.2 648,562 489,521 Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Water charges		263,357	168,329
Amortisation 5.1 - 1,397 Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Transportation		31,886	24,073
Security charges 11,039 8,735 Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Depreciation	4.1.2	648,562	489,521
Travelling, boarding and lodging 6,635 4,149 Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Amortisation	5.1	-	1,397
Royalty 25.1.5 40,260 - Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Security charges		11,039	8,735
Miscellaneous 3,355 2,391 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Travelling, boarding and lodging		6,635	4,149
Opening work-in-process 14,312,346 15,106,325 Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Royalty	25.1.5	40,260	-
Opening work-in-process 1,148,137 1,165,487 Closing work-in-process 9 (1,268,952) (1,148,137)		Miscellaneous		3,355	2,391
Closing work-in-process 9 (1,268,952) (1,148,137)				14,312,346	15,106,325
		Opening work-in-process		1,148,137	1,165,487
14.191.531 15 123 675		Closing work-in-process	9		
19/12/6/1				14,191,531	15,123,675

	2023	2022
Note	Rupees i	n '000'
	3,289,700	2,902,694
25.1.4	8,638,795	9,684,582
tes	(103,037)	(315,275)
	8,535,758	9,369,307
	11,825,458	12,272,001
9	(3,258,840)	(3,289,700)
	8,566,618	8,982,301
	241,801	306,079
	464,788	544,495
	706,589	850,574
8	(248,281)	(241,801)
	458,308	608,773
	25.1.4 tes 9	3,289,700 25.1.4 8,638,795 (103,037) 8,535,758 11,825,458 (3,258,840) 8,566,618 241,801 464,788 706,589 8 (248,281)

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

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

		Note	2023 Rupees i	2022 in '000'
27	ADMINISTRATIVE EXPENSES			
	Salaries, allowances and other benefits	27.1	123,189	98,732
	Depreciation Amortisation	4.1.2 5.1	52,700 -	39,777 116
	Legal and professional charges		19,421	11,674
	Fees and subscription Auditors' remuneration	27.2	11,749 2,159	11,098 1,924
	Donations	27.3	11,956	11,570
	Miscellaneous		7,295	10,313 185,204

27.1 Included herein a sum of Rs. 4.613 (2022: Rs. 2.952) million is respect of staff retirement benefits.

27.2 Auditors Remuneration

Reanda Haroon Zakaria & Company		
Audit fee	1,530	1,361
Fee for half yearly review	300	269
Out-of-pocket expenses	183	164
Related sindh sales tax	146	130
	2,159	1,924

27.3 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.

28 OTHER OPERATING EXPENSES

Workers' Profits Participation Fund (WPPF)	20.5	69,643	46,921
Interest on WPPF	20.5	3,712	1,445
Workers' Welfare Fund	20.6	14,544	8,195
Unrealized loss on remeasurement of investments	14	7,654	20,341
		95,553	76,902

	2023	2022
Note	Rupees in	'000'

29 OTHER INCOME

Income from non financial assets			
Scrap sales - net	29.1	69,438	57,973
Gain on sale of fixed assets	4.1.3	11,230	607
		80,668	58,580
Income from financial assets			
Profit on treasury call account		18,137	8,297
Dividend income		10,899	4,351
		29,036	12,648
		109,704	71,228

29.1 This amount is net of sales tax amounting to Rs 8.991 (2022: 5.085) million.

30 FINANCE COSTS

Mark-up on secured

Long term financing		203,789	99,043
Short term borrowings	38	729,839	271,086
		933,628	370,129
Bank charges		48,181	42,460
		981,809	412,589

31 TAXATION

Current

701/007	112,507
040.007	000.050
248,036	229,053

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 becaushares.	se there are no diluti	ve potential ordinary
		2023	2022
	Note	Rupees	in '000'
33	CASH GENERATED FROM OPERATIONS		
	Profit before tax	1,308,666	883,305
	Adjustments for non cash charges and other items:		
	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 Finance costs 30	(11,230)	(607)
	Provision for Workers' Profit Participation Fund 20.5	981,809 73,355	412,589 48,366
	Provision for Workers' Welfare Fund 20.6	14,544	8,195
	Trovision for Workers Workers Ford	1,834,816	1,082,858
	Profit before working capital changes	3,143,482	1,966,163
	(Increase) / decrease in current assets		
	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 Sales tax refundable	(37,459) (17,252)	(6,981)
	Sules lux reioliduble	(182,673)	(59,171) (456,219)
	Increase in current liabilities	(102,070)	(430,217)
	Trade and other payables	455,193	113,030
	Cash generated from operations	3,416,002	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
	10,273,508	1,119,892	11,393,400
	= 10,270,500		

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

35 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

- **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.

			2023	2022
36	FINANCIAL INSTRUMENTS AND RISK MAN	IAGEMENT	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
			4,807,466	4,533,906
	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
			12,979,269	11,179,224

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;

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

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.

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

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:

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

	Change in US Dollar rate (%)	Effect on profit / (loss) Rupees in '000
June 30, 2023	+10	369,552
	-10	(369,552)
June 30, 2022	+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
June 30, 2023	+10	6,731
	-10	(6,731)
June 30, 2022	+10	7,496
	-10	(7,496)

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:

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

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.

		2023	2022
		Rupees	in '000'
Ageing of trade debts			
Neither past due nor impaired		3,144,253	2,822,550
Past due but not impaired within 12	0 days	297,280	931,226
		3,441,533	3,753,777
Bank Balances			
A1+	PACRA	619,647	558,240
A-1+	VIS	532,177	58,170
F1+	FITCH	6,923	8,762
A1	PACRA	10,983	-
		1,169,730	625,172

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 Trade & other payables Unclaimed dividend Accrued mark-up Short term borrowings	- 3,238 - -	99,593 1,241,037 - 341,594 5,973,000	366,155 - - - -	2,811,714 - - - -	2,142,938 - - - -	5,420,400 1,241,037 3,238 341,594 5,973,000
2023	3,238	7,655,224	366,155	2,811,714	2,142,938	12,979,269
Long term financing Trade & other payables Unclaimed dividend Accrued mark-up Short term borrowings	3,135 - -	66,151 827,465 - 75,116 6,223,000	221,199 - - - -	2,122,138 - - - -	1,641,020 - - - - -	4,050,508 827,465 3,135 75,116 6,223,000
2022	3,135	7,191,732	221,199	2,122,138	1,641,020	11,179,224

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.

ANNUAL REPORT 2023

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.

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

Associated companies / undertakings	2023 Rupees	2022 s in '000'
Sales	3,946,984	5,751,729
Reimbursement of expenses	11,552	135,626
Purchases	174,796	28,934
Services rendered	218	8,300
Services received	<u> 127</u>	60,863
Key management personnel		
Dividend paid to directors	136,266	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'
Other Income	Sales		
Exchange Gain (on export sales)	Export Sales	24	587,322
Other Income	Cost of Sales		
Exchange Loss (on import purchases)	Purchases	25.1.1	17,754
Finance Cost	Finance Cost		
Short Term Running Finances	Short Term Borrowings	30	4,227

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
Assets measured at fair value - 2023	••••••	Rupees in '000.	•••••
Short term investments - at fair value through profit or loss	71,502		
Assets measured at fair value - 2022			
Short term investments - at fair value through profit or loss	75,710		

2023		2022
	Units	

40 PLANT CAPACITY AND ACTUAL PRODUCTION

24,325,000	22,425,000
13,944,495	18,819,808
17,621,900	21,143,150
11,246,000	15,453,953
8,263,200	8,263,200
5,066,309	7,516,011
	13,944,495 17,621,900 11,246,000 8,263,200

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.

		2023	2022
41	NUMBER OF EMPLOYEES		
	Total number of employees	583	667
	Average number of employees	598	657

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	Ordinar	y Shares as	per Share Regi	ster Folio/CDC Account		
No	hereby app	nereby appoint		Folio/C	Folio/CDC Account No		
of	CNIC	CNIC No. or Passport No			or failing whom		
	Fo	Folio/CDC Account No		of	CNIC No.		
or Passport	No	who	is also a me	mber of the Con	npany as my/our proxy to		
attend and v	ote for me/us and on r	ny/our behal	f at the 31st Al	NNUAL GENERAL	. MEETING of the Company		
to be held o	n Wednesday, Octobe	r 25, 2023 d	at 04:00 PM a	nd at any adjour	nment thereof.		
Signed this_	day	of	2023.				
Witnesses:	1.Signature		_				
		dress:			Rs 5/-		
					Revenue		
	CNIC or Passport No		Stamp				
	2. Signature		_ Signature	÷			
	Name:		(Signature should agree with the specimen signature registered with the Company).				
	Address:		_				
	CNIC or Passport N	o	_ CNIC or	Passport No			

IMPORTANT

- This form of proxy, duly completed and singed, 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.
- 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.



AFFIX CORRECT POSTAGE

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

Fold : Here

Fold : Here

