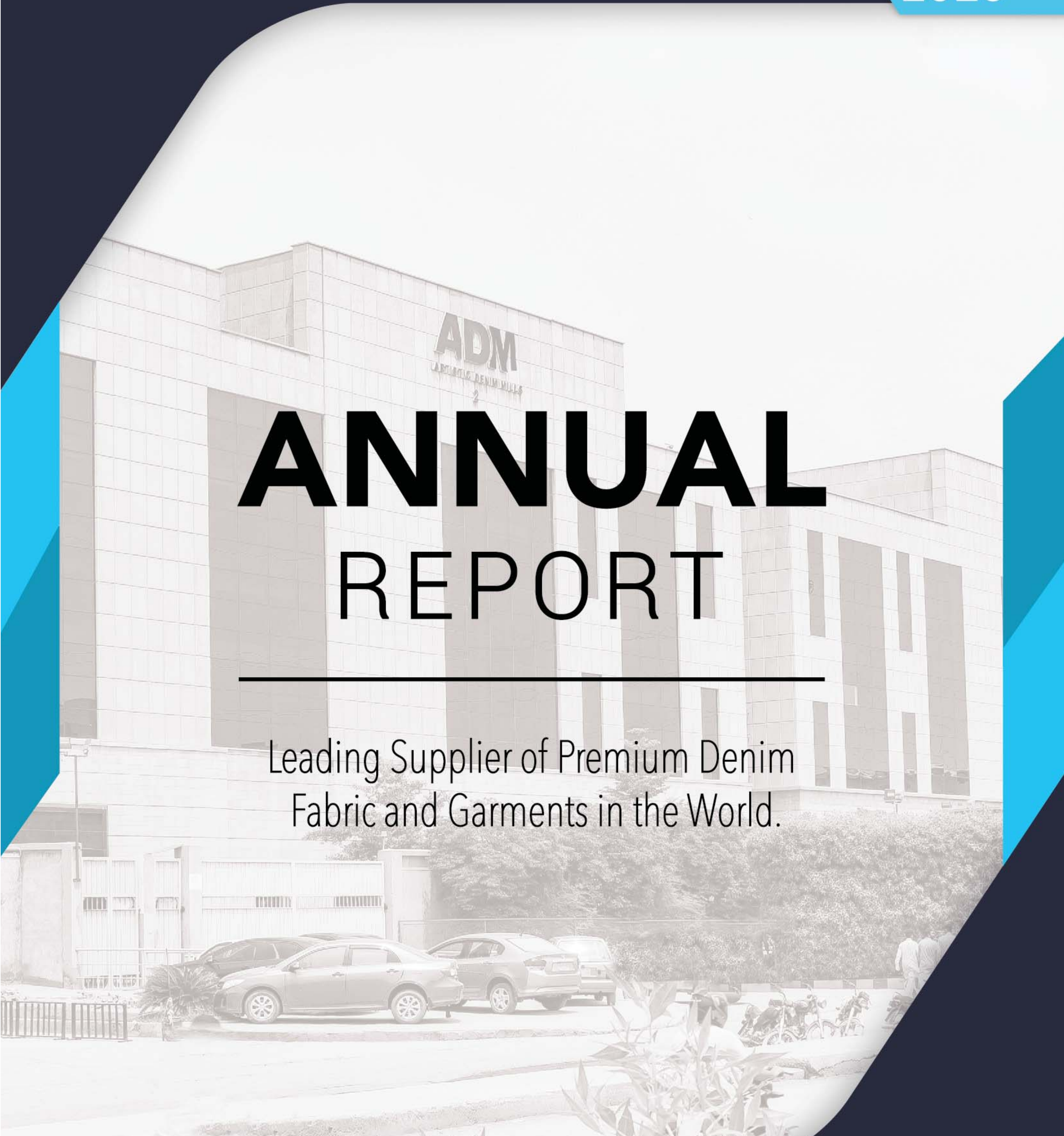
ADM
ARTISTIC DENIM MILLS

2020



ANNUAL
REPORT

Leading Supplier of Premium Denim
Fabric and Garments in the World.

Contents

Company Information

Board of Directors	
Chief Executive	Mr. Faisal Ahmed
Chairman	Mr. Muhammad Iqbal Ahmed
Directors	Mr. Muhammad Yousuf Ahmed Mr. Muhammad Ali Ahmed Ms. Zahra Faisal Ahmed Mr. Muhammad Iqbal-ur-Rahim Mr. Zafar-ul-Mukhtar Ahmed Khan
Audit Committee	
Chairman	Mr. Zafar-ul-Mukhtar Ahmed Khan
Members	Mr. Muhammad Ali Ahmed Mr. Muhammad Iqbal-ur-Rahim
Human Resource and Remuneration Committee	
Chairman	Mr. Zafar-ul-Mukhtar Ahmed Khan
Members	Mr. Muhammad Ali Ahmed Mr. Muhammad Iqbal-ur-Rahim
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 Faysal 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 and Factory	Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi. UAN: 111 236 236, Fax No. 3505 4652 www.admdenim.com

VISION

- DYNAMIC, QUALITY CONSCIOUS AND EVER PROGRESSIVE

MISSION

ARTISTIC DENIM MILLS LIMITED IS COMMITTED TO:

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Members of **Artistic Denim Mills Limited** (the Company) will be held on Saturday, October 24, 2020 at 4:00 p.m. at the premises of the Sindh Institute of Management & Technology, LS-37/10, Sector 15, Main Korangi Industrial Area, Karachi to transact the following business.

Ordinary Business

1. To confirm the Minutes of the Annual General Meeting held on October 19, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Directors' and the Auditors' Reports thereon.
3. To consider and approve the payment of final cash dividend @ Rs. 3.00 per share (30%) for the financial year ended June 30, 2020 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending June 30, 2021. The present auditors M/s Reanda Haroon Zakaria & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
5. To transact any other business of the Company with the permission of the Chair.

Special Business

6. To consider and approve increase in the Company's Authorized Share Capital from Rs. 1,000,000,000/- to Rs.5,000,000,000/- by creation of 400,000,000 Ordinary Shares of Rs. 10 each. It is, therefore, proposed that the following resolutions be passed with or without modification(s) by way of a Special Resolutions:

   "***RESOLVED*** that the Authorized Share Capital of the Company be and is hereby increased from Rs.1,000,000,000/- divided into 100,000,000 Ordinary Shares of Rs. 10/- each, to Rs.5,000,000,000/- divided into 500,000,000 Ordinary Shares of Rs. 10/- each, by creation of 400,000,000 new Ordinary shares; that the new shares shall rank pari passu in all respects with the existing ordinary shares in the Capital of the Company".

   "***FURTHER RELOLVED*** that the Memorandum and Articles of Association of the Company be and is hereby amended by substituting "Rs.1,000,000,000/-" with "Rs.5,000,000,000/-" in Clause no. V of the Memorandum of Association and "Rs.1,000,000,000/-" with "Rs.5,000,000,000/-" in Clause no. 4 of the Articles of Association".

By Order of the Board of Directors

Muhammad Ozair Qureshi
Company Secretary

Karachi: October 02, 2020

Notes:

1. Closure of Shares Transfer Books:

The share transfer books of the Company will remain closed from October 16, 2020 to October 24, 2020 (both days inclusive). The transfers received in order at the office of the Company's Share Registrar M/s. 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 15, 2020 will be treated in time for the entitlement of final cash dividend and to attend and vote at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

2. Participation in Annual General Meeting:

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

Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

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 authenticate identity by showing his / her original CNIC or original passport at the time of attending the Meeting.

ii) Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS

iii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies:

i) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.

v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. Payment of Cash Dividend Electronically (Mandatory Requirement):

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.

NOTICE OF ANNUAL GENERAL MEETING

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.

4. Withholding Tax on Dividend:

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

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

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

The required information must reach the Share Registrar of the Company before the close of the business on October 15, 2020 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to the Company's Share Registrar M/s. F. D. Registrar Services (SMC-Pvt.) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

NOTICE OF ANNUAL GENERAL MEETING

5. 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.

6. Video Conference Facility:

Members can avail video conference facility, in this regard, please fill the following and submit to head office of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, ___________ of __________, being a member of Artistic Denim Mills Limited, holder of _________ ordinary shares(s) as per Registered Folio/CDC Account No._______ hereby opt for video conference facility at ___________".

7. Zakat Declaration:

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.

8. 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 form 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.

NOTICE OF ANNUAL GENERAL MEETING

9. 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.

10. Change of Address:

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

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 no. 6 of the Notice to be transacted at the 28th Annual General Meeting of the Company.

ITEM NO. 6: INCREASE IN AUTHORIZED SHARE CAPITAL:

Artistic Denim Mills Limited currently has an authorized share capital of Rs. 1,000,000,000/- divided into 100,000,000 ordinary shares of Rs. 10/- each. In order to facilitate future increase in the paid-up share capital of the company, the Board of Directors has recommended that the authorized share capital of the Company be increased from Rs. 1,000,000,000/- to Rs. 5,000,000,000/- by creation of 400,000,000 ordinary shares of Rs.10/- each. For this purpose, the Board of Directors has also recommended that the resolution be passed as a Special Resolutions. The Resolutions increases the Authorized Share Capital of the Company in the manner state makes the required consequential changes to the Memorandum and Articles of Association of the Company.

Comparative Clauses are as under:

Memorandum of Association	
Existing Clause V	**Proposed Clause V**
The Capital of the company is Rs.1,000,000,000/= (Rupees one billion) divided into 100,000,000 Ordinary shares of Rs.10/ = each with the power to increase or reduce the said capital and to divide the shares in the capital for the time being into several classes in such manner as may for the time being be provided by the Articles of Association of the Company.	The Authorized Capital of the Company is Rs. 5,000,000,000/- (Rupees Five Billion Only) divided into 500,000,000 Ordinary Shares of Rs. 10/- each with the power to increase or reduce the said capital and to divide the shares in the capital for the time being into several classes in such manner as may for the time being be provided by the Articles of Association of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Articles of Association	
Existing Clause 4	**Proposed Clause 4**
The Capital of the Company is Rs.1,000,000,000 (Rupees one billion only) divided into 100,000,000 ordinary shares of Rs.10/- each with the power to increase or reduce the said capital and to divide the shares in the capital for the time being into several classes in such manner as may from time to time being be provided by the Articles of Association of the Company.	The Authorized Capital of the Company is Rs.5,000,000,000 (Rupees Five Billion only) divided into 500,000,000 Ordinary Shares of Rs.10/- each with the power to increase or reduce the said capital and to divide the shares in the capital for the time being into several classes in such manner as may from time to time being be provided by the Articles of Association of the Company.

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

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, 2020. 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, 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 25, 2020

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report of the Company along with the Audited Financial statements for the financial year ended June 30, 2020.

OPERATING FINANCIAL RESULTS

The financial performance of your Company for the year under review is as under:

	Rs. in ('000')
Profit for the year before taxation	222,352
Taxation	(108,662)
Net Profit for the year	113,690
Un-appropriated profit brought forward	5,914,159
Other comprehensive income	(4,229)
Profit available for appropriation	6,023,620
Appropriations:	
Final Dividend for year ended June 30, 2019	
Cash	(252,000)
Un-appropriated profit carried forward	5,771,620

PERFORMANCE REVIEW

Despite challenging business environment filled with potential adverse implications of COVID-19 pandemic on the economy, during the year under review, your Company managed to achieve net turnover of Rs. 7,941 million, up 2.23% compared to last financial year. As a result of lockdown due to Covid -19, the volume of last four months of financial year has been impacted.

Gross profit decreased from Rs. 888.100 million to Rs. 626.542 million in absolute terms. The decrease in gross profit was primarily due to plant shutdown. Therefore, cost of production increased owing to impact of fixed costs and payment of full salaries & wages to workers during lockdown period.

Other income decreased from Rs. 582 million to Rs. 199 million as compared to last year due to lower realized and unrealized exchange gain on exports in current year.

Finance costs recorded an increase of Rs. 54.903 million due to increase in working capital requirements and mark-up rate benefit not received in the current period from State Bank of Pakistan.

On account of reasons outlined in the preceding paragraphs, top line and profitability impacted, net profit decreased to Rs. 113.690 million as against Rs. 866.820 million in the previous year. This translates into earnings per share of Rs. 1.35 as against Rs. 10.32 of last year.

IMPACT OF PANDEMIC COVID - 19

World Health Organization (WHO) declared outbreak of Corona virus disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of Sindh declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all units of the Company in compliance with the lockdown instructions issued by the Government of Sindh. COVID-19 has severely impacted the normal business operations of the Company and performance of our business by way of interruption in production, supply chain disruption, unavailability of personnel, closure /

lock down of production facilities etc. during the lock-down period and to an extent even subsequent to lifting / easing of lockdown restrictions. However, the Company swiftly restarted its operations on April 22, 2020 with all the safety protocols in place at all the manufacturing units of the Company after obtaining permissions from the appropriate government authorities. We viewed lower utilization of our capacities in April and May but it improved in June 2020. This impacted the turnover and profit of the current year. The Company was expecting high sales in the period of April to June 2020. The export shipments were deferred due to retail shutdown in US & European markets. However, at present our plants are running close to full capacities. Many countries in Europe and USA have started easing down on the restrictions, with majority of the stores back in operations.

We have undertaken the following steps to address the unprecedented challenge:

a) With lockdown in place, we immediately formed a team comprising of leadership team supported by business operational teams to set up health and safety measures for our employees and customers. We facilitated work from home for our office employees during the period of lockdown.

b) We initiated active engagement with all stakeholders including our vendors. Steps are being undertaken including extending support to our customers to ensure business continuity.

c) We are focused on enhancing digital capabilities and ramping up our ability to reach out to customers and employees through the digital platforms. We have now moved to digital technology which eliminates any disruptions to our trade channel in booking and ensures seamless supply chain processes.

d) As an organization, we are challenging all costs and are restructuring organization to ensure efficiencies. In line with the prevailing market conditions and unprecedented challenges, the company has undertaken the process of cost rationalization & various cost control measures related to sales & marketing, manpower and others to minimize the impact on business.

e) Last and most important: Conserving cash and managing liquidity: The Company is taking all requisite measures to manage liquidity that includes cost reduction, fund management and focus on collections. The Company has considered the possible effects that may result from outbreak of COVID-19 in the preparation of these financial results including the recoverability of carrying amounts of financial and non-financial assets.

DIVIDEND

The Board of Directors has proposed a final cash dividend of Rs. 3.00/= per share for the financial year ended June 30, 2020 (June 30, 2019: Rs. 3.00/= per share), subject to shareholders' approval at the forthcoming Annual General Meeting. The total amount of dividend to be paid to the shareholders will be Rs. 252.000 million.

CASH FLOW STATEMENT

The Company has an effective Cash Flow Management in place to project inflows and outflows of cash and develop strategies to meet working capital requirements through cash inflows and short term borrowings. In year 2020 the Company generated Rs. 343.137 (2019: Rs. 267.591) million from operating activities. The inflow from operating activities was largely a result of higher cash earnings. Cash generated from operating activities was used for capital expenditure, short-term investments and payment of dividend.

SALES AND MARKETING

With a track record of over 28 years of experience, ADM prides itself at providing its customers the best possible denim brands. ADM continued to participate in exhibitions in Europe and US to achieve better customer connections with denim brands. ADM has strong customer relationships, built up over many years. This is because customers come first at ADM.

As part of sustainable development initiatives, ADM has separate in house research and development department who is involved into new product development & new process development and to provide complete solution to the customers. Sustainability is a commitment to us and we are working very closely with all of our suppliers to make it a reality. ADM is an active adopter of new technology across production, quality assurance and research & development. It helps us reduce conversion costs and defects. It has also resulted higher production flexibility, quality, efficiency and capacity utilization. We are able to work with flexibility in responding to customer demands.

In a highly complex and ever-changing marketplace, we ensure our products meet consumer expectations. Quality control is the prime facilitator of quality assurance. The company has well equipped modern & state-of-art quality testing & development equipment, managed by a team of qualified and experienced professionals. We have latest technological equipment.

Innovation is integral to ADM, the strength that has enabled the company to develop the widest range of products in HyperStretch, Pormodal®, XFIT LYCRA®, Organic Denim Series, LYCRA®dualFX™, TOUGH MAX™LYCRA®, Pure Dark Indigo Series (PDI), Medallion Series, Tined Series, Flat Series and LYCRA®T400® Fiber. Innovation is steered by the needs of the customers who increasingly demand differentiated products to respond to new trends and consumer preferences. Every new innovation at ADM is tested to precision to evaluate and establish effectiveness before implementation. Our belief and commitment to innovation helps us remain the only one stop solutions.

The Company has been investing in value additions and for balancing, modernization and replacement (BMR) which is an ongoing process by utilizing SBP's LTFF Scheme. The total capital expenditure incurred during the year was Rs. 668 million. This will result in to stay competitive, improve operational efficiencies and minimize production costs.

FUTURE OUTLOOK

As we look ahead to the new year, we recognise the challenging market conditions and competitive environment which we face. Pakistan's exports are showing signs of recovery due to the efforts of the exporters to diversify their products in the wake of Covid-19 pandemic. Pakistan needs a comprehensive long-term trade and industrial policy with a focus on logistics and energy infrastructure that reduces cost of doing business to promote innovation as well as offers business friendly environment, which will indeed help in capturing new markets and employment generation with value added textile exports.

Whereas COVID-19 lockdowns have created lots of socio-economic problems, we are staying close to our customers, aligning ourselves to their evolving priorities, staying lean and nimble, finding newer ways to create value, and launching newer offerings that address current imperatives. Your Company looks forward to strengthen its operations by strongly focusing on cost control and aggressive export marketing and we have maintained positive momentum in our core markets. This would help the Company to improve its results & profitability and enhance shareholders' value. Our people remain crucial for the continued growth of the business.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the provisions of the listing regulations of the Pakistan Stock Exchange, the Board members are pleased to place the following statements on record:

- The financial statements for the year ended June 30, 2020, 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 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, 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;
- Three 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 and rest of the Directors will be trained within the time specified in the Code of Corporate Governance;

MATERIAL CHANGES

There have been no material changes since June 30, 2020 to date of the Audited Financial Statements and the company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

PATTERN OF SHAREHOLDING

The Company's shares are traded on the Pakistan Stock Exchange Limited. The pattern of shareholding as on June 30, 2020 and its disclosure is annexed to the Audited Financial Statements.

TRADE IN THE SHARES OF THE COMPANY

During the year July 01, 2019 to June 30, 2020 the trading in Company's shares carried out by its Directors, Chief Executive, Chief Financial Officer, Company Secretary, Head of Internal Audit, Other executives and their spouses or minor children is annexed to the Audited Financial Statements.

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 number of Directors are seven as per the following:

a. Male: 6
b. Female: 1

The composition of board is as follows:

Category	Name
a) Independent Director	i. Mr. Zafar-ul-Mukhtar Ahmed Khan
b) Other Non-executive Directors	i. Mr. Muhammad Iqbal Ahmed ii. Mr. Muhammad Yousuf Ahmed iii. Mr. Muhammad Ali Ahmed iv. Ms. Zahra Faisal Ahmed v. Mr. Muhammad Iqbal-ur-Rahim
c) Executive Director	i. 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	4
Mr. Muhammad Ali Ahmed	2
Ms. Zahra Faisal Ahmed *	-
Mr. Muhammad Iqbal-ur-Rahim	4
Mr. Zafar-ul-Mukhtar Ahmed Khan	4

Leave of absence was granted to directors who were unable to attend the Board Meetings
* Appointed on September 25, 2019 to fill the casual vacancy.

BOARD COMMITTEES

The Board of Directors has formed the Audit Committee in line with the requirements of the Code of Corporate Governance. The Audit Committee consists of three members, two non-executives directors and one independent director. The Chairman of the Audit Committee is an independent director. The Audit Committee has performed its functions satisfactorily and in accordance with 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 Ali Ahmed	2
Mr. Muhammad Iqbal-ur-Rahim	4
Mr. Zafar-ul-Mukhtar Ahmed Khan	4

Leave of absence was granted to director who was unable to attend the Board Meetings.

The Board of Directors has formed the Human Resource and Remuneration Committee (HR&RC) in line with the requirements of the Code of Corporate Governance. The Committee consists of three members, two non-executives directors and one independent director. The Chairman of the Committee is an independent director. The Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year, one meeting of the Committee was held. The attendance record of each director was as follows:

Name of Director	No. of Meetings Attended
Mr. Muhammad Ali Ahmed	1
Mr. Muhammad Iqbal-ur-Rahim	1
Mr. Zafar-ul-Mukhtar Ahmed Khan	1

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 2020, 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. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

RISK MANAGEMENT

The Company has a robust Risk Management framework which enables it to manage, 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 appropriate review mechanisms. Risks are assessed and managed at various levels with a top-down and bottom-up approach covering the enterprise, the business units, the 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, proper authorization of financial transactions, compliance with all applicable laws and regulations and efficient use of resources. The management of the Company duly considers and takes appropriate action on the recommendations made by the Statutory Auditors and Internal Auditors.

AUDITORS

During the year, M/s EY Ford Rhodes, Chartered Accountants, owing to their pre-occupation in other assignments, tendered their resignation, without prejudice, from the office of the statutory auditors of the Company for the year ended June 30, 2020.

At the suggestion of the Audit Committee, the Board of Directors appointed of M/s Reanda Haroon Zakaria & Company, Chartered Accountants, as Statutory Auditors of the Company for the year ended June 30, 2020 to fill the casual vacancy caused by the resignation of M/s EY Ford Rhodes, Chartered Accountants.

The present Auditors, Reanda Haroon Zakaria & Company, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting scheduled to be held on October 24, 2020 and being eligible, offer themselves for re-appointment. In accordance with the Code of Corporate Governance, the Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as the Statutory Auditors of the Company for the financial year ending June 30, 2021, at a mutually agreed fee.

CORPORATE SOCIAL RESPONSIBILITY

1. Energy Conservation

The Company has its own power generation plant. Power plant caters to the energy requirements of all its sites to keep running with low cost power at all the divisions like Spinning, Weaving and Garment. The operation and maintenance of the plant is carried out by highly qualified and well trained staff.

In line with the Company's declared commitment towards conservation of natural resources, all business units have continued with their efforts to improve energy usage efficiencies. The Company has Solar Power System to hedge against the rising cost of gas and fuel. 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. These steps lead to savings in terms of energy, cost of production and time.

2. Environment, Health & Safety

The ADM has documented system of health, safety and environment to ensure that entire ADM premises and atmosphere is safe and healthy for all its employees, customers, stakeholders, contractors, visitors and suppliers. The Company has made objective-based efforts for reducing unsafe and unhealthy work practice / conditions. The Company has taken adequate measures to prevent accidents and injury to health arising out of, associated with or occurring in the course of work. Management Representatives are responsible for health and safety of all personnel and accountable for the implementation of health and safety elements of high standard. Environmental Noise testing activity is also being carried out by outside commercial laboratory on a periodic basis. Fire alarm and detection systems are installed and maintained in proper working order.

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 owns the following certifications:

• ISO 45001:2018 OHSAS	(Occupational Health and Safety Assessment Series)
• ISO 14001:2015 EMS	(Environmental Management System)
• ISO 9001:2015 QMS	(Quality Management System)
• BSCI	(Business Social Compliance Initiative)
• BCI	(Better Cotton Initiative)
• WRAP	(Worldwide Responsible Accreditation Production)
• SEDEX	(Supplier Ethical Data Exchange)
• GOTS	(Global Organic Textile Standard)
• OCS	(Organic Content Standard)
• RCS	(Recycled Claim Standard)
• GRS	(Global Recycled Standard)
• C-TPAT	(Customs-Trade Partnership against Terrorism)
• ZDHC	(Zero Discharge of Hazardous Chemicals)
• OEKO-TEX Standard 100	

3. Security Measures

The management of the Company is fully aware of the importance of safety and security for the smooth running of the operations and incurred substantial cost for protection of employees and assets by deploying security personnel, security policies and procedures, The Company has established a system of surveillance through the installation of CCTV cameras at various locations.

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 meeting the National Environment Quality Standards of EPA Pakistan. Since water is a scarce commodity, hence it is imperative to evolve technologies which treat it efficiently so that it can be reused. At the waste water treatment plants waste water is treated before being reused or discharged to main sewer lines in accordance with environmental protection standards.

5. Equal Opportunity Employer

Going with the core beliefs of the Company that every human being is equal, ADM is committed to creating a diverse environment and is proud to be hiring employees from various ethnicities without any prejudice or bias.

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. Accordingly, the Company contributes large donation to Abdul Sattar Edhi Foundation and Saylani Welfare Trust.

7. Hajj tours

As part of the Company's commitment to provide incentives and encouragement for the employees, ADM sponsors Hajj of two employees through balloting each year.

ACKNOWLEDGEMENTS

Your Directors are pleased to place on record their sincere gratitude to all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year and look forward to their continued support in future.

The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

MUHAMMAD FAISAL AHMED
Chief Executive

MUHAMMAD IQBAL-UR-RAHIM
Director

Karachi: September 25, 2020

ڈائریکٹرز رپورٹ برائے ممبران

آرٹسٹک ڈینیم لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز اپنی سالانہ رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے اختتام مدت 30 جون 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کاوباری مالیاتی نتائج

کمپنی کے کاروباری مالیاتی نتائج درج ذیل رہے:

	روپے "ہزاروں" میں
منافع قبل از ٹیکس	222,352
ٹیکس	(108,662)
سال کا خالص منافع	113,690
غیر مصرف شدہ منافع پیچھے سے لایا گیا	5,914,159
دیگر جامع آمدن	(4,229)
مصارف کے لئے دستیاب منافع	6,023,620
مصارف منافع	
30 جون 2019 کا حتمی منافع منقسمہ	
نقد	(252,000)
غیر مصرف شدہ منافع آگے لے جایا گیا	5,771,620

کاروباری جائزہ

معیشت پر COVID-19 کی وباء کے امکانی ناموافق مضمرات سے بھرپور دشوار گزار کاروباری ماحول کے باجود جائزہ سال کے دوران آپ کی کمپنی کی فروخت 7,941 ملین روپے رہی جو کہ گزشتہ مالیاتی سال کی بہ نسبت 2.23 فیصد زیادہ ہے۔ مالیاتی سال کے آخری چار ماہ میں حجم فروخت Covid-19 کے نتیجے میں لاک ڈاؤن کی وجہ سے متاثر ہوا۔

قطعی لحاظ سے خام منافع 888.100 ملین روپے سے کم ہوکر 626.542 ملین رہ گیا۔ خام منافع میں کمی کی بنیادی وجہ پلانٹ کی بندش تھی۔ لہذا لاک ڈاؤن کی مدت کے دوران پیداواری لاگت جامد لاگتوں اور ملازمین کی تنخواہوں اور اجرتوں کی وجہ سے بڑھ گئی۔

دیگر آمدن گزشتہ سال کے 582 ملین سے کم ہوکر 199 ملین روپے رہ گئیں جس کی وجہ سال کے دوران برآمدات پر تسلیم شدہ اور غیر تسلیم شدہ مبادلہ منافع میں کمی تھی۔

مالیاتی لاگت میں 54.903 ملین روپے کا اضافہ ہوا جس کی وجہ رواں سرمائے کی ضروریات میں اضافہ اور مارک اپ کے فوائد اسٹیٹ بینک سے موجودہ مدت میں حاصل نہیں ہوئے تھے۔

مذکورہ بالا پیراگراف میں بیان کردہ وجوہات کی بناء پر خام فروخت اور منافع پر اثرات مرتب ہوئے، جس کی وجہ سے خام منافع گزشتہ سال کے 866.820 ملین روپے کے مقابلے میں کم ہوکر 113.690 ملین روپے رہ گیا۔ اس سے 1.35 روپے کی فی حصص آمدن کی عکاسی ہوتی ہے جو کہ گزشتہ سال 10.32 روپے تھی۔

COVID-19 وباء کے اثرات

11 مارچ 2020 کو ورلڈ ہیلتھ آرگنائزیشن (WHO) نے کورونا وائرس (COVID-19) بیماری کے پھیلاؤ کو عالمی وبا قرار دیا۔ جس کے نتیجے میں حکومت سندھ 23 مارچ 2020 کو لاک ڈاؤن کا اعلان کر دیا اور کمپنی نے حکومت سندھ کی جاری کردہ لاک ڈاؤن کی ہدایات کی پاسداری کرتے ہوئے تمام یونٹوں میں آپریشنز عارضی طور پر معطل کر دیئے۔ COVID-19 کے نتیجے میں لاک ڈاؤن کی وجہ سے پیداوار، سپلائی چین، عملہ کی عدم دستیابی، پیداواری سہولیات وغیرہ کی بندش/ لاک ڈاؤن کی وجہ سے نے کمپنی کے معمول کے مطابق کاروباری آپریشنز میں شدید رکاوٹ پیدا ہوئی، یہاں تک کہ لاک ڈاؤن کی پابندیوں میں نرمی/ختم ہونے کے باوجود بھی کاروباری کارکردگی کو متاثر کیا۔ تاہم متعلقہ سرکاری اداروں سے اجازت لینے کے بعد کمپنی نے تیزی سے تمام حفاظتی اصولوں کے ساتھ 22 اپریل 2020 کو کمپنی کے پیداواری یونٹوں میں اپنے آپریشنز کا آغاز کیا۔ ہم نے اپریل اور مئی میں گنجائش سے کم پیداوار دیکھی لیکن جون میں اس میں بہتری آ گئی۔ اس نے موجودہ سال کے منافع اور فروخت پر اثرات مرتب کئے۔ کمپنی اپریل سے جون 2020 کی مدت کے دوران بلند فروخت کی توقع کر رہی تھی۔ یو ایس اور یورپی مارکیٹوں میں خوردہ فروشی کی بندش کی وجہ سے برآمدی شپمنٹ موخر ہو گئیں۔ تاہم اب ہمارے پلانٹ تقریباً مکمل گنجائش کے ساتھ چل رہے ہیں۔ یورپ کے کئی ممالک اور USA نے پابندیوں میں نرمی کا آغاز کر دیا ہے، جس میں اسٹوروں کی اکثریت نے دوبارہ کاروبار شروع کر دیا ہے۔

ہم نے اس غیر معمولی چیلنج کا مقابلہ کرنے کے لئے مندرجہ ذیل اقدامات کئے:

a) لاک ڈاؤن میں ہم نے اپنے ملازمین اور گاہکوں کی صحت وتحفظ کے اقدامات کے لئے فوری طور ایک اعلیٰ انتظامی ٹیم تشکیل دی جسے کاروباری آپریشنز سے متعلق ٹیموں کا تعاون حاصل تھا۔ ہم نے لاک ڈاؤن کی مدت کے دوران اپنے دفتری ملازمین کو گھر پر کام کرنے کی سہولت فراہم کی۔

b) ہم تمام مستفیدان بشمول وینڈرز کے ساتھ مل کر متحرکانہ طور پر کام کیا۔ ایسے اقدامات کئے گئے جن میں گاہکوں کو تعاون فراہم کرتے ہوئے کاروباری تسلسل کو یقینی بنانا شامل ہیں۔

c) ہم نے ڈیجیٹل صلاحیتوں میں اضافہ پر توجہ مرکوز کر رہے ہیں اور ملازمین و گاہکوں تک تیز رسائی کے لئے ڈیجیٹل پلیٹ فارمز کو استعمال کیا ہے۔ اب ہم ڈیجیٹل ٹیکنالوجی پر منتقل ہو چکے ہیں جس نے ہمارے تجارتی ذرائع جیسے بکنگ اور مسلسل سپلائی کے طریق عمل میں رکاوٹوں کو ختم کر دیا ہے۔

d) ادارے کی حیثیت سے ہم بہتر کارکردگی کو یقینی بنانے کے لئے لاگتوں کو قابو کر رہے ہیں اور ادارے کی از سر نو ساخت بندی کر رہے ہیں۔ مارکیٹ کی جاری موجودہ صورتحال اور غیر معمولی چیلنجز کو مدنظر رکھتے ہوئے کمپنی نے لاگت کی کٹوتی اور فروخت و مارکیٹنگ، افرادی قوت اور دیگر ملحقہ لاگت کو قابو کرنے کے مختلف اقدامات کئے ہیں۔

e) آخری اور بہت اہم: نقد کی بچت اور روانیت کا انتظام: کمپنی روانیت کے انتظام میں تمام ضروری اقدامات کر رہی ہے جیسے لاگت میں کمی، فنڈ کا انتظام اور وصولیاں اکھٹی کرنے پر مرکوز ہے۔ کمپنی نے مالیاتی گوشوارں کی تیاری بشمول مالیاتی اور غیر مالیاتی اثاثوں کی مالیتوں کی بحالی میں ان تمام ممکنہ اثرات پر غور کیا ہے جو کہ COVID-19 کے پھیلاؤ کے نتیجے میں پیدا ہوئے ہیں۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے سال مختتمہ 30 جون 2020 کے لئے 3.00 روپے فی حصص کے حساب سے حتمی منافع منقسمہ کی تجویز دی ہے (30 جون 2019 میں 3.00 روپے فی حصص) جس کی منظوری آنے والے سالانہ اجلاس عام میں حصص یافتگان سے لی جائے گی۔ اس طرح منافع منقسمہ کی رقم جو ادا کی جائے گی وہ 252 ملین روپے ہو گی۔

نقدی کے بہاؤ کا گوشوارہ

کمپنی کے پاس نقدی کے بہاؤ کا موثر انتظام ہے جس کے تحت نقدی کے اندرونی اور بیرونی بہاؤ کا اہتمام کیا جاتا ہے اور ایسی حکمت عملیاں ترویج کی جاتی ہے جن کے تحت نقدی کے اندرونی بہاؤ اور قلیل مدتی قرضوں کے ذریعے رواں سرمائے کی ضروریات کو پورا کیا جاتا ہے- سال 2020 میں کمپنی کی پیداواری سرگرمیوں سے 343.137 ملین روپے (2019 میں 267.591 ملین روپے) حاصل ہوئے- کاروباری سرگرمیوں سے اندرونی بہاؤ بلند نقد آمدن کا نتیجہ تھا- کاروباری سرگرمیوں سے پیدا کردہ نقد کو سرمایہ جاتی اخراجات، قلیل مدتی سرمایہ کاریوں اور منافع منقسمہ کی تقسیم کے لئے استعمال کیا-

فروخت اور مارکیٹنگ

28 سالہ کامیاب تجربہ کے ذریعے ADM فخریہ طور پر اپنے کسٹمرز کو ممکنہ طور پر بہترین ڈینم برانڈ فراہم کرتا ہے- ADM تسلسل کے ساتھ یورپ اور یو ایس میں نمائشوں میں شرکت کرتی ہے جس سے ڈینم برانڈز کے ساتھ گاہکوں کے تعلقات بہتر طریقے سے استوار ہوتے ہیں- ADM نے سالہا سال میں کسٹمرز کے ساتھ مضبوط تعلقات قائم کئے ہیں-- جس کی وجہ یہ ہے کہ ADM میں کسٹمرز کو اولین درجہ پر رکھا ہے-

پائیدار ترقی کے اقدامات کے تحت ADM کے پاس ایک علیحدہ تحقیقی اور ترویجی ہاؤس ہے جو کہ نئی مصنوعات اور نئے طریقے عمل کی ترویج میں مصروف عمل ہے اور کسٹمرز کو مکمل حل فراہم کرتا ہے- پائیداری ہمارا ایک عزم ہے اور اس کو حقیقت کا روپ دینے کے لئے ہم بہت باریک بینی سے اپنے تمام سپلائرز کے ساتھ مل کر کام کر رہے ہیں- ADM نے پیدوار، کوالٹی ایشورنس اور تحقیق و ترویج میں محترکانہ طور پر نئی ٹیکنالوجی اختیار کی ہے- اس کے نتیجے میں اعلیٰ پیداوار، لچک پذیری، معیار، کارکردگی اور بہتر پیداواری گنجائش حاصل ہوتی ہے- ہم گاہکوں کی طلب کو لچک پذیری کے ساتھ پورا کرنے میں کامیاب رہے-

انتہائی پیچیدہ اور ہر وقت بدلتی ہوتی ہوئی مارکیٹ میں ہم اس بات کو یقینی بناتے ہیں کہ ہماری مصنوعات ہمارے گاہکوں کی توقعات پر پورا اتریں- معیار کو یقینی بنانے کے لئے کوالٹی کنٹرول ایک بنیادی سہولت کار ہے- کمپنی کے پاس آزمائش و ترویج کے لئے جدید تقاضوں سے ہم آہنگ آلات ہیں، جن کا انتظام تعلیم یافتہ اور تجربہ کار پیشہ ور کرتے ہیں- ہمارے پاس انتہائی جدید تکنیکی آلات ہیں-

اختراع ADM کا خاصہ ہے، وہ صلاحیت جس نے ہمیں وسیع مصنوعات کی ترویج کے قابل کیا جس میں HyperStretch، Pormodal®، XFIT، LYCRA®، LYCRA®dualFX™ Organic Denim Series، TOUGH MAX™LYCRA®، Pure Dark Indigo Series(PDI)، Medallion Series، Tined Series، Flat Series اور LYCRA®T400® Fiber شامل ہیں- اختراع کو مختلف مصنوعات میں ان گاہکوں کے ضروریات کے مطابق کے ڈھالا جاتا ہے جو نئے رجحانات اور صارفین کی ترجیحات میں دلچسپی رکھتے ہوں- ہر نئی اختراع کی باریک بینی سے آزمائش کی جاتی ہے اور ان کے نفاذ سے پہلے ان کی اثر پذیری کو جانچا جاتا ہے- اختراع پر ہمارا یقین اور عزم گاہکوں کو ایک ہی جگہ پر تمام حل پیش کرتا ہے-

قدر میں اضافے، توازن، جدت اور تبدیلی (BMR) کے لئے کمپنی سرمایہ کاری کر رہی ہے جو کہ SBP کی LTTF اسکیم کو استعمال کرتے ہوئے ایک جاری عمل ہے- سال کے دوران کل 668 ملین روپے کے سرمایہ جاتی اخراجات برداشت کئے گئے-- جس کے نتیجے ہم مسابقتی رہیں گے، کاروباری ستعداد میں بہتری آئے گی اور پیداواری لاگتوں میں کمی ہوگی-

مستقبل کی پیش بینی

آگے کی جانب نئے سال کے لئے ہم تسلیم کرتے ہیں کہ ہمیں مارکیٹ کی دشوار گزار صورتحال اور مسابقتی ماحول کا سامنا ہے- برآمدکنندگان کی اپنی مصنوعات کو متنوع بنانے کی کوششوں کی وجہ سے Covid-19 کی وباء میں پاکستان کی برآمدات میں بحالی کی علامات نظر آ رہی ہیں- پاکستان کو اس وقت ایک جامع طویل مدتی تجارتی اور صنعتی پالیسی کی ضرورت ہے جو کہ نقل وحمل اور توانائی کی از سر نو ساخت بندی پر مرکوز ہو جس سے کاروبار کرنے کی لاگت میں کمی اور اختراع کے ساتھ ساتھ کاروبار دوست ماحول پروان چڑھایا جا سکے تا کہ ہماری قیمتی برآمدی ٹیکسٹائل کو بلاشبہ نئی مارکیٹوں میں قدم جمانے اور روزگار کے مواقع پیدا کرنے کے مواقع حاصل ہوں-

اگرچہ کہ COVID-19 لاک ڈاؤن نے کئی سماجی معاشی مسائل پیدا کئے ہیں لیکن ہم اپنے گاہکوں کے قریب رہے ہیں، ان کی ترجیحات کے مطابق اپنے آپ کو ڈھال رہے ہیں، تیزفہم اور مائل ہیں، قدر پیدا کرنے کے لئے نئے طریقے تلاش کررہے ہیں اور موجودہ ضروریات کو پورا کرنے کے لئے نئی پیشکشوں کو متعارف کروا رہے ہیں۔ آپ کی کمپنی لاگت کو قابو کرنے اور متحرکانہ برآمدی مارکیٹنگ کے ذریعے اپنے آپریشن کو مستحکم کرنے کے لئے کوشاں ہے اور ہم نے اپنی بنیادی مارکیٹوں میں مثبت معیار حرکت برقرار رکھا ہوا ہے۔ اس سے کمپنی کے نتائج اور منافع میں بہتری آئے گی اور حصص یافتگان کی قدر میں اضافہ ہوگا۔ ہمارے لوگ کاروبار کی مسلسل نمو میں بنیادی حیثیت رکھتے ہیں۔

ادارتی اور مالیاتی رپورٹنگ فریم

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کی شقوں کی پاسداری کرتے ہوئے بورڈ کے ممبران بخوشی مندرجہ ذیل بیانات ریکارڈ پر لا رہے ہیں:

- ☆ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے برائے مختتمہ سال 30 جون 2020 کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- ☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- ☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور اکاؤنٹنگ کی پالیسیوں کی کسی بھی تبدیلی کو مالیاتی گوشواروں میں منکشف کیا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- ☆ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور اگر کوئی انحراف ہوا ہے تو اسے مناسب انداز میں منکشف کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- ☆ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- ☆ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک وشبہ نہیں ہے۔
- ☆ پاکستان اسٹاک ایکسچینج کی رول بک میں دیئے گئے ضابطوں کے مطابق ادارتی نظم وضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔
- ☆ گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد وشمار آڈٹ شدہ مالیاتی گوشواروں میں مختصراً شامل کئے گئے ہیں۔
- ☆ واجب الادا ڈیوٹیوں، آئینی اخراجات اور ٹیکس اگر کوئی ہو، تو انہیں آڈٹ شدہ مالیاتی گوشواروں میں باضابطہ منکشف کیا گیا ہے۔
- ☆ بورڈ کے ڈائریکٹران پہلے ہی ڈائریکٹران کے تربیتی کورس میں شرکت کر چکے ہیں اور دو ڈائریکٹران کو ان کے تجربے اور قابلیت کی بنیاد پر اس کورس سے استثناء حاصل ہے اور باقی ڈائریکٹران بھی ادارتی نظم وضبط کے ضابطے میں دی گئی مقررہ مدت میں تربیت حاصل کرلیں گے۔

اہم تبدیلیاں

30 جون 2020 سے آڈٹ شدہ مالیاتی گوشواروں کی تاریخ تک کوئی اہم تبدیلیاں رونما نہیں ہوئیں اور کمپنی نے اس مدت کے دوران کوئی ایسا وعدہ نہیں کیا جس سے کمپنی کی مالی حالت پر کوئی ناموافق اثرات مرتب ہوں۔

حصص داری کی ساخت

پاکستان اسٹاک ایکسچینج میں کمپنی کے حصص کی خرید وفروخت ہوتی ہے۔ 30 جون 2020 کی حصص داری کی ساخت اور اس کے منکشفات آڈٹ شدہ مالیاتی گوشواروں کے ساتھ منسلک کئے گئے ہیں۔

کمپنی کے حصص میں خرید وفروخت

یکم جولائی سے 2019 سے 30 جون 2020 تک ڈائریکٹران، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ، دیگر اعلیٰ عملے اور ان کے شریک حیات یا چھوٹے بچوں کی کمپنی کے حصص میں خرید وفروخت آڈٹ شدہ مالیاتی گوشواروں کے ساتھ منسلک کی گئی ہے۔

ادارتی نظم وضبط کے ضابطہ کی پاسداری کا بیان

کمپنی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 2019 کی مکمل پاسداری کرتی ہے۔اس سلسلے ایک بیان آڈٹ شدہ مالیاتی گوشوارں کے ساتھ منسلک کیا گیا ہے۔

بورڈ آف ڈائریکٹرز

ڈائریکٹران کی کل تعداد سات ہے جن کی تفصیل درج ذیل ہے:

a- مرد 6

b- خواتین 1

بورڈ کی تشکیل بندی درج ذیل ہے:

	قسم	نام
a)	آزاد ڈائریکٹر	i- جناب ظفر المختار احمد خان
b)	دیگر نان ایگزیکٹو ڈائریکٹران	i- جناب محمد اقبال احمد ii- جناب محمد یوسف احمد iii- جناب محمد علی احمد iv- مس زہرہ فیصل احمد iv- جناب محمد اقبال الرحیم
c)	ایگزیکٹو ڈائریکٹر	i- جناب محمد فیصل احمد

جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پاکستان میں چار اجلاس ہوئے اور ہر ڈائریکٹر کی حاضری درج ذیل رہی:

جناب محمد فیصل احمد	4
جناب محمد اقبال احمد	3
جناب محمد یوسف احمد	4
جناب محمد علی احمد	2
مس زہرہ فیصل احمد*	-
جناب محمد اقبال الرحیم	4
جناب ظفر المختار احمد خان	4

جو ڈائریکٹران بورڈ کے اجلاس میں حاضر ہونے سے قاصر رہے ان کی غیر حاضری کی رخصت منظور کر لی گئی۔

*25 ستمبر 2019 کو اتفاقی آسامی پر ان کی تقرری کی گئی۔

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے ادارتی نظم وضبط کے ضابطے کی ضروریات کے تحت آڈٹ کمیٹی تشکیل دی ہے- آڈٹ کمیٹی تین ممبران پر مشتمل ہے جس میں دو نان ایگزیکٹو ڈائریکٹران اور ایک آزاد ڈائریکٹر شامل ہے- آڈٹ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے- آڈٹ کمیٹی نے اپنے افعال تسلی بخش انداز میں اور ادارتی نظم وضبط کے ضابطے کے مطابق انجام دیئے-

سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے- ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب محمد علی احمد	2
جناب محمد اقبال الرحیم	4
جناب ظفر المختار خان	4

جو ڈائریکٹران بورڈ کے اجلاس میں حاضر ہونے سے قاصر رہے ان کی غیر حاضری کی رخصت منظور کر لی گئی-

بورڈ آف ڈائریکٹرز نے ادارتی نظم وضبط کے ضابطے کی ضروریات کے تحت انسانی وسائل اور معاوضہ کمیٹی (HR&RC) تشکیل دی ہے- کمیٹی تین ممبران پر مشتمل ہے جس میں دو نان ایگزیکٹو ڈائریکٹران اور ایک آزاد ڈائریکٹر شامل ہے- کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے- کمیٹی بورڈ کے طے کردہ اغراض و مقاصد کے تحت اپنے فرائض انجام دے رہی ہے- سال کے دوران کمیٹی کا ایک اجلاس ہوا جس میں ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب محمد علی احمد	1
جناب محمد اقبال الرحیم	1
جناب ظفر المختار احمد خان	1

نان ایگزیکٹو ڈائریکٹران کے لئے معاوضہ کی پالیسی

بورڈ وقتاً فوقتاً نان ایگزیکٹو ڈائریکٹران/آزاد ڈائریکٹران کا بورڈ/کمیٹیوں کے اجلاس میں حاضری کے معاوضہ کا تعین کرتا ہے- نان ایگزیکٹو ڈائریکٹران/آزاد ڈائریکٹران کو بطور معاوضہ بورڈ اور کمیٹی کے اجلاسوں میں شرکت کی فیس دی جاتی ہے- اس کے علاوہ ڈائریکٹران کو سفری، طعام و قیام اور دیگر اخراجات بھی ادا کئے جاتے ہیں جو وہ اپنے فرائض یا کاروبار کی انجام دہی، یا دیگر کوئی اخرجات اور بیرون ملک یا بیرون شہر سے بورڈ کے اجلاس یا کمپنی کے اجلاس عام میں شرکت کرنے پر برداشت کرتے ہیں-

ملحقہ پارٹیوں کے سودے اور اندورنی قیمت گری

مالیاتی سال 2020 کے دوران تمام ملحقہ پارٹیوں کے سودے آڈٹ کمیٹی اور بورڈ کے جائزے اور منظوری کے لئے پیش کئے گئے- ان سودوں کو آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاسوں میں منظور کیا- کمپنی نے عمومی کاروباری طریقہ کار کے مطابق ملحقہ کمپنیوں کے ساتھ یہ سودے کئے- متناسب غیر منضبط قیمتوں کے مطابق ملحقہ پارٹیوں کے ساتھ سودے بلا تفریق طے شدہ قیمتوں پر تکمیل پائے-

خطرات کا انتظام

کمپنی کے پاس خطرات کے انتظام کا ایک بہترین نظام موجود ہے جو کہ ان بنیادی خطرات اور غیر یقینی صورتحال کی نگرانی، انتظام اور نشاندہی کرتا ہے جو کہ اس کے کلیدی مقاصد کے حصول کی صلاحیت پر اثر انداز ہوں- اس فریم ورک کے تحت کمپنی نے ایسے طریق عمل اور نظام اختیار کئے ہیں جس میں مناسب جائزہ کے ذریعے متحرکانہ انداز میں ان خطرات کی نگرانی اور انتظام کیا جاتا ہے اور ان میں کمی لائی جاتی ہے-

مالیاتی گرفت کا اندرونی نظام

ADM کے پاس مالیاتی گرفت کا ایک جامع اندرونی نظام موجود ہے جو کہ اس کے کاروباری عمل کے حجم، پیمائش اور پیچیدگی کی نگرانی کرتا ہے- یہ نظام بڑے طریق عمل میں کمپنی کے اثاثوں کے تحفظ کو یقینی بنانے، مالیاتی سودوں کی مناسب اجازت، لاگو قوانین وضوابط کی پاسداری اور وسائل کے مستعد استعمال میں مدد کرتا ہے- کمپنی کی انتظامیہ اندرونی آڈیٹرز اور اور آئینی آڈیٹرز کی پیش کردہ سفارشات پر باضابطہ غور کرتی ہے اور ان پر ضروری کارروائی کی جاتی ہے-

آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائی فورڈ روڈز چارٹرڈ اکاؤنٹنٹس نے کسی مضرت بغیر کے اپنی دیگر مصروفیات کی وجہ سے سال 30 جون 2020 کے لئے اپنے آئینی آڈیٹرز کے عہدے سے استعفیٰ دے دیا ہے-

آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے میسرز رینڈا ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور آئینی آڈیٹرز برائے سال 30 جون 2020 کے لئے میسرز ای وائی فورڈ روڈز چارٹرڈ اکاؤنٹنٹس کے استعفیٰ کی وجہ سے خالی ہونے والی آسامی پر تقرری کی تھی-

موجودہ آڈیٹرز میسرز رینڈا ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آنے والے اجلاس عام منعقدہ 24 اکتوبر 2020 کو سبکدوش ہو جائیں گے اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے-

ادارتی نظم وضبط کے ضابطہ کے تحت بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی انہیں کمپنی کے آئینی آڈیٹرز برائے مالیاتی سال 30 جون 2021 کیلئے باہمی طے شدہ معاوضہ پر تقرری کی سفارش کی توثیق کی ہے-

ادارتی سماجی ذمہ داری

1- توانائی کی بچت

کمپنی کا اپنا بجلی پیدا کرنے کا پلانٹ ہے- بجلی کا پلانٹ تمام شعبہ جات جیسے اسپننگ، ویونگ اور گارمنٹس ڈویژن کو سستی بجلی فراہم کرتے ہوئے ان کی توانائی کی ضروریات پورا کرتا ہے- پلانٹ کی دیکھ بھال و مرمت اعلی تعلیم یافتہ اور بہترین تربیت یافتہ عملہ کرتا ہے-

کمپنی کے قدرتی وسائل کی بچت کے اعلانیہ عزم کے تحت تمام کاروباری یونٹ تسلسل کے ساتھ توانائی کا استعمال مستعد انداز میں کرتے ہیں- کمپنی کا شمسی توانائی کا نظام گیس اور ایندھن کی بڑھتی ہوئی لاگت کے خلاف مزاحم ہے- شمسی توانائی حقیقی معنوں میں ایک صاف ستھری قدرتی توانائی کا ایک ذریعہ ہے اور ماحول کے تباہ کن گیسوں کے اخراج کو کم کرنے میں قابل ذکر معاون ہے- اس پروجیکٹ کی معاشی اہمیت یہ ہے کہ قابل تجدید توانائی لاگت توانائی کو کم کرتی ہے اور جس سے بیکار اور غیر استعمال شدہ چھت کے بہتر سے استعمال کمپنی کی آمدنی میں اضافہ ہوتا ہے- کمپنی تسلسل کے ساتھ پیداواری عمل اور مشینری میں تبدیلیوں، جدید ٹیکنالوجی کے استعمال، نئے طریقہ کار کی ترویج، دیکھ بھال، فاضل گرمی کی بازیابی کے ذریعے توانائی کی بچت میں مصروف عمل ہے- ان اقدامات کے نتیجے میں پیداواری لاگت میں کمی اور توانائی اور وقت کی بچت ہوتی ہے-

2- ماحول، صحت اور تحفظ

ADM کا صحت، تحفظ اور ماحول سے متعلق منضبط نظام ADM کے کل احاطے اور فضا کو تمام ملازمین، گاہکوں، مستفیدان، ٹھیکیداروں، ملاقاتیوں اور سپلائرز کے لئے محفوظ اور صحت مند بناتا ہے- کمپنی نے غیر محفوظ اور غیر صحت مند کام کے طور طریقوں/ حالات میں کمی کے لئے با مقصد کوششیں کی ہیں- کمپنی نے کام کے دوران یا اس سے ملحقہ یا اس کے نتیجے میں پیدا ہونے والے حادثات اور صحت کے لئے مضر اثرات سے بچاؤ کے لئے مناسب اقدامات کئے ہیں- انتظامیہ کے نمائندے تمام ملازمین کی صحت اور تحفظ کے ذمہ دار ہیں اور صحت اور تحفظاتی عناصر کے اعلی معیار کے نفاذ کے لئے جوابدہ ہیں- ماحولیاتی شور کی جانچ کی سرگرمی وقفے وقفے سے بیرونی تجارتی لیبارٹری سے کروائی جاتی ہے- فائر الارم اور سراغ لگانے والے نظام نصب ہیں اور انہیں چالو حالت میں برقرار رکھنے کے لئے ان کی مناسب دیکھ بھال و مرمت کی جاتی ہے-

سال کے دوران ADM نے ہر انتظامی سطح پر ماحولیات، صحت وتحفظ کے مکمل عزم کو یقینی بنایا اور باقاعدگی کے ساتھ تشخیصات اور جائزے انجام دیئے تاکہ حالات میں مزید بہتری کے تسلسل کو یقینی بنایا جا سکے اور اس سلسلے میں کمپنی کی پالیسی، مقاصد، اہداف اور پروگراموں کی کی اثر پذیری کی تصدیق ہو سکے-

ADM کو مندرجہ ذیل تصدیقات حاصل ہیں:

(Occupational Health and Safety Assessment Series)	ISO 45001:2018 OHSAS
(Environmental Management System)	ISO 14001:2015 EMS
(Quality Management System)	ISO 9001:2015 QMS
(Business Social Compliance Initiative)	BSCI
(Better Cotton Initiative)	BCI
(Worldwide Responsible Accreditation Production)	WRAP
(Supplier Ethical Data Exchange)	SEDEX
(Global Organic Textile Standard)	GOTS
(Organic Content Standard)	OCS
(Recycled Claim Standard)	RCS
(Global Recycled Standard)	GRS
(Customs-Trade Partnership against Terrorism)	C-TPAT
(Zero Discharge of Hazardous Chemicals)	ZDHC
	OEKO-TEX Standard 100

3- حفاظتی اقدامات

کمپنی کی انتظامیہ کاروبار کو بلا رکاوٹ چلانے کے لئے تحفظ اور حفاظت کی اہمیت سے بخوبی آگاہ ہے اور اس نے ملازمین اور اثاثوں کے تحفظ کے لئے قابل ذکر لاگت برداشت کی ہے جس میں حفاظتی عملہ، حفاظتی پالیساں اور طریقہ کار متعین کئے گئے ہیں- کمپنی نے مختلف جگہوں پر CCTV نصب کر کے باریک بین مشاہدے کا نظام قائم کیا ہے-

4- گندے پانی کی صفائی کا پلانٹ

پانی ہمارے ملک میں ایک قدرتی وسائل ہے جس کی قلت ہے اور اسے ممکنہ طور پر بہترین انداز سے استعمال کرنا چاہئے۔ کمپنی کے پاس گندے پانی کی صفائی کے لئے EPA پاکستان کے قومی ماحولیاتی کوالٹی کے معیار کے مطابق سہولت موجود ہے۔ چونکہ پانی ایک ایسی شے ہے جس کی قلت ہے اس لئے ایسی ٹیکنالوجی کو اختیار کرنا ناگزیر ہے جو کہ مستعد انداز میں اسے دوبارہ قابل استعمال بنا دے۔ ماحولیاتی تحفظ کے معیارات کو برقرار رکھنے کے لئے سیوریج لائن میں چھوڑنے یا دوبارہ استعمال سے قبل گندے پانی کی ٹریٹمنٹ پلانٹ سے صفائی کی جاتی ہے۔

5- یکساں مواقع فراہم کرنے والا آجر

کمپنی بنیادی طور پر اس بات پر یقین رکھتی ہے کہ ہر انسان برابر ہے، ADM متنوع ماحول پیدا کرنے کے لئے کوشاں ہے اور مختلف رنگ و نسل کے ملازمین کو کسی مضرت یا جانبداری کے بغیر بھرتی کرنے پر اسے فخر ہے۔

6- عطیہ

ADM وسیع معنوں میں اخلاقی طور پر معاشرے کی بہبود کے لئے کوشاں ہیں اور وہ ملک کے ساتھ دنیا کی سماجی ترقی میں معاونت کے لئے پرعزم ہے۔ لہذا کمپنی نے عبدالستار ایدھی فاؤنڈیشن اور سیلانی ویلفیئر ٹرسٹ کو بھاری عطیات دیئے۔

7- سفرِ حج

کمپنی اپنے ملازمین کو ترغیبات دینے اور ان کی حوصلہ افزائی کے لئے پرعزم ہے جس کے تحت ہر سال دو ملازمین کو کمپنی کے خرچ پر بیلٹنگ کے ذریعے حج پر بھیجا جاتا ہے۔

اعتراف

آپ کی کمپنی کے ڈائریکٹران سال کے دوران کمپنی کے تمام مستفیدان یعنی گاہکوں، ممبران، ڈیلرز، وینڈرز، بینکوں اور دیگر کاروباری شراکت داروں کے بہترین تعاون پر ان کے بیحد مشکور ہیں اور امید کرتے ہیں مستقبل میں بھی ان کا تعاون مسلسل جاری رہے گا۔

ڈائریکٹران تمام ملازمین کے غیر متزلزل عزم اور کمپنی کے ساتھ مسلسل معاونت پر ان کے لئے مخلصانہ ستائش ریکارڈ پر لانا چاہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

فیصل احمد
چیف ایگزیکٹو

محمد اقبال الرحیم
ڈائریکٹر

کراچی: 25 ستمبر 2020

KEY OPERATING AND FINANCIAL DATA

	2020	2019	2018	2017	2016	2015
	..........(Rupees in '000)..........					
ASSETS EMPLOYED						
Operating fixed assets	**5,452,914**	5,043,565	5,194,049	5,206,444	4,329,562	4,170,718
Capital work-in-progress	**625,402**	863,627	110,657	251,270	1,010,673	524,266
Intangible assets	**3,165**	4,817	6,468	8,119	-	-
Long term investment	**-**	38,700	-	-	-	-
Long term loans	**14,407**	5,482	5,374	2,673	7,864	7,266
Long term deposits	**1,572**	1,566	1,566	1,686	1,698	956
Net current assets / (liabilities)	**2,482,967**	2,297,183	1,619,245	1,102,220	864,902	996,063
Total Assets Employed	**8,580,427**	8,254,940	6,937,359	6,572,412	6,214,699	5,699,269
FINANCED BY						
Shareholders equity	**6,611,620**	6,754,159	6,100,145	5,758,905	5,497,468	5,456,653
Long term financing	**1,866,912**	1,444,487	813,274	813,507	577,560	130,452
Deferred liability	**101,895**	56,294	23,940	-	139,671	112,164
	8,580,427	8,254,940	6,937,359	6,572,412	6,214,699	5,699,269
SALES & PROFITS						
Net sales / Turnover	**7,940,571**	7,767,180	8,239,986	6,906,526	6,461,983	6,998,644
Gross profit	**626,542**	888,100	791,820	739,663	703,437	1,178,342
Profit before taxation	**222,352**	955,478	600,077	446,153	399,842	761,917
Net profit after taxation	**113,690**	866,820	516,531	429,437	377,999	743,546
Proposed Bonus / Dividend %	**30**	30	25	21	20	40
Un-appropriated profit	**5,771,620**	5,914,159	5,260,145	4,918,905	4,657,468	4,616,653

PATTERN OF SHARE HOLDING - FORM "34"
SHAREHOLDERS STATISTICS AS AT JUNE 30, 2020

Number of Share Holders	Share Holdings		Total Shares Held
	From	To	
201	1	100	5,320
118	101	500	44,456
66	501	1000	58,558
147	1001	5000	395,959
26	5001	10000	205,500
7	10001	15000	88,800
4	15001	20000	76,400
1	20001	25000	25,000
1	25001	30000	30,000
2	30001	35000	70,000
2	40001	45000	83,500
1	45001	50000	46,904
1	50001	55000	52,000
1	80001	85000	82,000
1	95001	100000	99,000
1	145001	150000	146,000
1	195001	200000	200,000
1	250001	255000	252,250
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	68225001	68230001	68,229,753
588			**84,000,000**

PATTERN OF SHAREHOLDING
SHAREHOLDERS STATISTICS AS AT JUNE 30, 2020

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			
MUHAMMAD FAISAL AHMED		68,229,753	
MUHAMMAD IQBAL AHMED		146,000	
MUHAMMAD YOUSUF AHMED		99,000	
MUHAMMAD ALI AHMED		858	
ZAHRA FAISAL AHMED		500	
ZAFAR-UL-MUKHTAR AHMED KHAN		500	
MUHAMMAD IQBAL-UR-RAHIM		600	
	Sub - Total:	**68,477,211**	**81.52**
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, 2020

Categories of Shareholders	Shares Held	Percentage
OTHERS		
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SE	252,250	
ZILLION CAPITAL SECURITIES (PVT) LTD.	52,000	
SEVEN STAR SECURITIES (PVT) LTD.	46,904	
ASDA SECURITIES (PVT) LIMITED	42,500	
HH MISBAH SECURITIES (PVT) LIMITED	5,000	
FIKREES (SMC-PVT) LIMITED	2,300	
SUNRAYS TEXTILE MILLS LIMITED	1,500	
PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	2,000	
BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	2,000	
HSZ SECURITIES (PVT) LTD. 43001	80	
Y.S. SECURITIES & SERVICES (PVT) LTD.	80	
MAPLE LEAF CAPITAL LIMITED	1	
Sub - Total:	**406,615**	**0.48**
INDIVIDUAL		
LOCAL - INDIVIDUALS	11,938,474	
Sub - Total:	**11,938,474**	**14.21**
Grand Total:	**84,000,000**	**100.00**

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE

Name of Shareholders	Shares Held	Percentage
Muhammad Faisal Ahmed	68,229,753	
Sadia Zain	9,741,400	
Total:	**77,971,153**	**92.82**

PERFORMANCE AT A GLANCE

FINANCIAL RATIOS	2020	2019
Gross profit - % of net sales	**7.89**	11.43
Profit before taxation - % of net sales	**2.80**	12.30
Net Profit after taxation - % of net sales	**1.43**	11.16
Earnings per share	**1.35**	10.32
Increase / (decrease) in net sales - %	**2.23**	(5.74)
Raw and packing materials - % of net sales	**44.13**	51.10
Labour - % of net sales	**28.61**	24.18
Other cost of goods manufactured - % of net sales	**21.41**	14.52
Distribution costs - % of net sales	**3.10**	2.76
Administrative expenses - % of net sales	**1.72**	1.65
Finance costs - % of net sales	**2.10**	1.44
Taxation - % of net sales	**1.37**	1.14
Inventory turnover days	**141**	110
Receivable turnover days	**109**	102
SHORT TERM SOLVENCY		
Current ratio	**1.41**	1.48
Acid test ratio	**0.84**	0.92
OVERALL VALUATION AND ASSESSMENT		
Return on equity (average) %	**1.70**	13.49
P.E. ratio	**36.22**	4.49
Book value per share	**78.71**	80.41
Long term debts : equity	**22:78**	18:82

DETAIL OF TRADING BY THE DIRECTORS, CHIEF EXECUTIVE, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN

Name of Director	No. of Shares			
	Opening Balance	Purchased / Gift	Sold / Gift	Closing
Mr. Muhammad Faisal Ahmed	50,121,753	* 18,108,000	-	68,229,753
Mr. Muhammad Iqbal Ahmed	18,146,000	-	** 18,000,000	146,000

* Represents 18,000,000 shares gifted by a family member.
** Represents shares gifted to a family member.

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

Name of Company: **Artistic Denim Mills Limited**
Year ended: **June 30, 2020**

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

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

   a. Male: 06
   b. Female: 01

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

Category	Numbers	Names
a) Independent Director	01	Mr. Zafar-ul-Mukhtar Ahmed Khan
b) Other Non-Executive Directors		
- Male	04	Mr. Muhammad Iqbal Ahmed Mr. Muhammad Yousuf Ahmed Mr. Muhammad Ali Ahmed Mr. Muhammad Iqbal-ur-Rahim
- Female	01	Ms. Zahra Faisal Ahmed
c) Executive Director	01	Mr. Muhammad Faisal Ahmed

3. One Casual Vacancy occurred in the Board of Directors due to resignation of a director was filled up by the directors within 30 days thereof;

4. 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;

5. 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;

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained;

7. All the powers of the Board have been duly exercised and 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;

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. 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;

9. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

10. Three directors on the Board have 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. Following Directors have already gone through Directors' Training program:

    Mr. Muhammad Faisal Ahmed
    Mr. Muhammad Iqbal-ur-Rahim
    Mr. Zafar-ul-Mukhtar Ahmed Khan

11. 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;

12. Chief Financial Officer and Chief Executive Officer (CEO) duly endorsed the financial statements of the Company before approval of the Board;

13. The Board has formed committees comprising of members given below:

a) Audit Committee:

Name of Director	**Designation**
Mr. Zafar-ul-Mukhtar Ahmed Khan	Chairman
Mr. Muhammad Ali Ahmed	Member
Mr. Muhammad Iqbal-ur-Rahim	Member

b) HR and Remuneration Committee:

Name of Director	**Designation**
Mr. Zafar-ul-Mukhtar Ahmed Khan	Chairman
Mr. Muhammad Ali Ahmed	Member
Mr. Muhammad Iqbal-ur-Rahim	Member

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

15. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

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

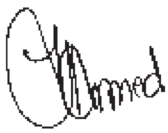
16. The Board has set-up an effective Internal Audit Function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

17. 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 on internal audit, company secretary or director of the Company;

18. 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;

19. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On Behalf of the Board



MUHAMMAD FAISAL AHMED
Chief Executive

MUHAMMAD IQBAL AHMED
Chairman

Karachi: September 25, 2020

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, 2020 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, 2020.

Reanda Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: September 25, 2020

Engagement Partner
Muhammad Iqbal

REANDA
Reanda Haroon Zakaria & Company
Chartered Accountants

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, 2020, 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, 2020 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.

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Civil Lines Quarter, Beaumont Road, Near Dawood Centre, Karachi-75530 Pakistan.
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Email: info@hzco.com.pk I URL: http://www.hzco.com.pk

Following are the key audit matters

S. No.	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 significant amount of capital expenditure under balancing, modernization and replacement to enhance the production capacity. To finance the aforesaid expenditure, the Company has obtained long term financing as disclosed in note 19 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 including borrowing 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; • 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. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade**	
	(Refer note 10 to the accompanying financial statements) The stock-in-trade balance constitutes 21.93% 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 38 to the accompanying financial statements) The Company generates revenue, from sales to related parties, of Rs. 941.714 million which comprises of 11.86% 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 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 or 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.

REANDA

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.

Other Matter

The financial statements of the Company for the year ended June 30, 2019 were audited by another firm of Chartered Accountants, who through their report dated September 26, 2019 expressed an unmodified opinion.

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

Reanda Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: September 25, 2020

STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020	2019
ASSETS		.... Rupees in '000'	
Non-Current Assets			
Property, plant and equipment	4	**6,078,316**	5,907,192
Intangible assets	5	**3,165**	4,817
Long term investment	6	**-**	38,700
Long term loans	7	**14,407**	5,482
Long term deposits	8	**1,572**	1,566
		6,097,460	5,957,757
Current Assets			
Stores and spares	9	**238,475**	221,935
Stock-in-trade	10	**3,219,581**	2,445,741
Trade debts	11	**2,242,433**	2,520,485
Loans and advances	12	**43,638**	21,181
Trade deposits	13	**3,546**	1,501
Other receivables	14	**98,969**	150,572
Short term investments	15	**1,311,832**	-
Sales tax refundable		**166,434**	105,111
Taxation - net		**372,732**	376,717
Cash and bank balances	16	**884,428**	1,196,961
		8,582,068	7,040,204
		14,679,528	12,997,961
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
100,000,000 (2019: 100,000,000) ordinary shares of Rs 10/- each	17	**1,000,000**	1,000,000
Issued, subscribed and paid-up	17	**840,000**	840,000
Reserves	18	**5,771,620**	5,914,159
		6,611,620	6,754,159
Non-Current Liabilities			
Long term financing	19	**1,866,912**	1,444,487
Deferred liability	20	**101,895**	56,294
		1,968,807	1,500,781
Current Liabilities			
Trade and other payables	21	**1,776,981**	1,538,856
Unclaimed dividend		**2,794**	2,451
Accrued mark-up	22	**42,781**	30,836
Short term borrowings	23	**4,226,828**	3,065,000
Current maturity of long-term financing	19	**49,717**	105,878
		6,099,101	4,743,021
Contingencies and Commitments	24		
		14,679,528	12,997,961

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed	**Sagheer Ahmed**	**Muhammad Iqbal-ur-Rahim**
Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020	2019
		.... Rupees in '000'..........	
Turnover	25	**7,940,571**	7,767,180
Cost of sales	26	**(7,314,029)**	(6,879,080)
Gross Profit		**626,542**	888,100
Distribution costs	27	**(246,227)**	(214,006)
Administrative expenses	28	**(136,882)**	(128,308)
Other operating expenses	29	**(53,431)**	(60,457)
Other income	30	**199,097**	581,993
		(237,443)	179,222
Operating Profit		**389,099**	1,067,322
Finance costs	31	**(166,747)**	(111,844)
Profit Before Taxation		**222,352**	955,478
Taxation	32	**(108,662)**	(88,658)
Net Profit For The Year		**113,690**	866,820
		(Rs. Per share)	
Earnings Per Share	33	**1.35**	10.32

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed	**Sagheer Ahmed**	**Muhammad Iqbal-ur-Rahim**
Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	Note	2020	2019
		.... Rupees in '000'	
Net profit for the year		**113,690**	866,820
Other comprehensive loss			
Items that will not be reclassified subsequently to statement of profit or loss			
Actuarial loss on defined benefit plan	20.1	**(4,229)**	(2,806)
Total comprehensive income for the year		**109,461**	864,014

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Muhammad Iqbal-ur-Rahim
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

		Revenue Reserves			
	Issued, subscribed and paid-up capital	Unappro-priated Profit	Acturial loss on defined benefit plan	Total Reserves	Total
	.... Rupees in '000				
Balance as at July 01, 2018	**840,000**	**5,292,970**	**(32,825)**	**5,260,145**	**6,100,145**
Net profit for the year	-	866,820	-	866,820	866,820
Other comprehensive loss	-	-	(2,806)	(2,806)	(2,806)
Total comprehensive income for the year	-	866,820	(2,806)	864,014	864,014
Transactions with owners					
Cash dividend paid @ Rs. 2.50 per ordinary share of Rs.10 each for the year ended June 30, 2018	-	(210,000)	-	(210,000)	(210,000)
Balance as at June 30, 2019	**840,000**	**5,949,790**	**(35,631)**	**5,914,159**	**6,754,159**
Net profit for the year	**-**	**113,690**	**-**	**113,690**	**113,690**
Other comprehensive loss	**-**	**-**	**(4,229)**	**(4,229)**	**(4,229)**
Total comprehensive income for the year	**-**	**113,690**	**(4,229)**	**109,461**	**109,461**
Transactions with owners					
Cash dividend paid @ Rs. 3.00 per ordinary share of Rs.10 each for the year ended June 30, 2019	**-**	**(252,000)**	**-**	**(252,000)**	**(252,000)**
Balance as at June 30, 2020	**840,000**	**5,811,480**	**(39,860)**	**5,771,620**	**6,611,620**

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Muhammad Iqbal-ur-Rahim
Director

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	Note	2020	2019
		.... Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	34	607,663	460,499
Taxes paid		(104,676)	(90,209)
Gratuity paid	20.1	(5,041)	(4,764)
Finance costs paid		(154,803)	(97,935)
Long term deposits		(6)	-
Net cash generated from operating activities		343,137	267,591
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(682,816)	(1,075,263)
Long term investment		38,700	(38,700)
Short term investments - net		(1,341,290)	-
Dividend received	30	22,127	-
Sale proceeds from disposal of operating fixed assets	4.1.3	31,174	19,611
Net cash used in investing activities		(1,932,105)	(1,094,352)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing repaid		(81,048)	(101,217)
Long term financing acquired		447,312	752,692
Short term borrowings acquired - net	34.1	1,161,828	1,495,000
Dividend paid		(251,657)	(209,649)
Net cash generated from financing activities		1,276,435	1,936,826
Net (decrease) / increase in cash and cash equivalents		(312,533)	1,110,065
Cash and cash equivalents at the beginning of the year	16	1,196,961	86,896
Cash and cash equivalents at the end of the year		884,428	1,196,961

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed	**Sagheer Ahmed**	**Muhammad Iqbal-ur-Rahim**
Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

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 rope dyed denim fabric, yarn 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.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

2.3 New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2020

The following amendments to accounting standards are effective for the year ended June 30, 2020 except as explained otherwise, these standards 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 IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 - Regulatory Deferral Accounts	July 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019

	Effective for period beginning on or after
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.3.1 First time adoption of new Standard

IFRS 16 - Leases

This standard has been notified by the SECP to be effective for annual periods beginning on or after January 01, 2019. IFRS 16 replaces the previous lease standard IAS 17 - Leases. Adoption of IFRS 16 will result in almost all leases being recognized in the statement of financial position because the distinction between operating and finance leases is eliminated for lessees, and a new lease asset (representing the right to use the leased item for the lease term) and lease liability (representing the obligation to pay rentals) are recognized for all leases except for the exempted short term leases and low value asset leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cash flows.

The accounting for lessors will not significantly change.

Changes in accounting policies resulting from the adoption of IFRS 16 have been applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. There is no impact of the adoption of IFRS 16 to these financial statements as the Company has not entered into any agreements that contain lease.

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 interim financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023

	Effective from accounting period beginning on or after
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
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': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
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
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
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain 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.

- 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 amortization method of intangible assets (note 3.2 & 5);
- Impairment of inventories / adjustment of inventories to their net realisable value (note 3.6);
- Recognition of staff retirement benefits (note 3.14);
- Provisions (note 3.13);
- Recognition of taxation and deferred taxation (note 3.15) ;
- Revenue recognition (note 3.16);
- Valuation of short term investments (note 3.7 and 3.7.3);
- Impairment of financial assets (note 3.7.4); and
- Contingencies and commitments (note 3.20).

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 amortised using the straight line method over its lease term. The rates used are stated in note 4.1 to the financial statements.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition, when the asset is available for use and up to the month preceding the deletion, respectively.

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 derecognised 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 amortization 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 rates 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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 cost, 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 selling price 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 realisable value. Cost is determined as follows:

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

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

Net realisable 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 amortised cost
(b) at fair value through profit or loss (FVTPL); and
(c) at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at amortised 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 debt instruments 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 amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised 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 amortised 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 derecognised (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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

ECLs are recognised 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, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised 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 amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 derecognised 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise 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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised 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 or options are shown in equity as a deduction, net of tax, from the proceeds.

3.11 Unclaimed dividend

Dividend declared and remain unpaid for the period of more than three years from the date it is due and payable.

3.12 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.

3.13 Provisions

Provisions are recognised 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.

3.14 Staff gratuity - Defined Benefit Plan

The Company operates an un-approved and unfunded defined 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 recognised in the profit or loss at the earlier of when the amendments or curtailment occurs and when the Company has recognised 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, 2020 using Projected Unit Credit method.

3.15 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.

3.16 Revenue recognition

Revenue is recognised 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 recognised on the following basis:

Revenue from sale of goods is measured based on the consideration specified in a contract with a customer and is recognised 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 90 to 120 days, however, in wake of COVID - 19 pandemic and resulting global economic meltdown the management extends the credit term ranges offered to its customers from 90 to 120 days to 120 to 180 days.

Other income

- Return on treasury call account at amortised 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 recognised 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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 recognised 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.

3.21 Operating segment

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

- Revenue from export sales represents 95% (2019: 95.74%) of the total gross revenue of the Company.

- All non-current assets of the Company at June 30, 2020 are located in Pakistan.

- Sales made by the Company to two customers which constitutes 16% and 6% (2019: 23% and 10%), respectively.

3.22 Functional and presentation currency

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

3.23 Impact of COVID-19 on financial statements

World Health Organization (WHO) declared outbreak of Corona virus disease (COVID-19), a global pandemic, on March 11, 2020. Consequent to this, Government of Sindh declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all units of the Company in compliance with the lockdown instructions issued by the Government of Sindh. COVID-19 has severely impacted the normal business operations of the Company and performance of our business by virtue of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc. during the lock-down period and to an extent even subsequent to lifting / easing of lockdown restrictions.

However, the Company swiftly restarted its operations on April 22, 2020 with all the safety protocols in place at all the manufacturing units of the Company after obtaining permissions from the appropriate government authorities. We viewed lower utilization of our capacities in April and May but it improved in June 2020. This impacted the turnover and profit of the current year which resulted decrease in gross profit by approx. 29% as compared to last year.

According to management's assessment, there is no significant financial impact of the effects of COVID-19 other than mentioned above. Further, the Company extends normal credit period offered to customers and availed deferrment of repayment of long term financing as fully disclosed in note 3.16 and 19 to these financial statements respectively.

	Note	2020	2019
		.... Rupees in '000'	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**5,452,914**	5,043,565
Capital work-in-progress	4.2	**625,402**	863,627
		6,078,316	5,907,192

4.1 OPERATING FIXED ASSETS

	COST					ACCUMULATED DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	As at July 01, 2019	Additions / Transfers*	(Disposals)	As at June 30, 2020	Period / Rate %	As at July 01, 2019	For the Year	(On disposals)	As at June 30, 2020	As at June 30, 2020
	....Rupees in '000....					....Rupees in '000....				
June 30, 2020										
Leasehold land	**1,211,663**	**-**	**-**	**1,211,663**	**65 to 86 yrs**	**219,089**	**15,188**	**-**	**234,277**	**977,386**
Building on leasehold land	**2,367,933**	**74,245 ***	**-**	**2,442,178**	**10**	**1,050,962**	**134,279**	**-**	**1,185,241**	**1,256,937**
Plant and machinery	**5,240,122**	**786,041 ***	**(79,432)**	**5,946,731**	**10**	**2,789,181**	**305,367**	**(65,538)**	**3,029,010**	**2,917,721**
Factory equipment	**331,483**	**40,575 ***	**-**	**372,058**	**10**	**155,773**	**18,776**	**-**	**174,549**	**197,509**
Furniture and fixtures	**44,089**	**2,626**	**-**	**46,715**	**10**	**18,336**	**2,616**	**-**	**20,952**	**25,763**
Office equipment, including computers	**42,375**	**1,269**	**-**	**43,644**	**33**	**34,232**	**2,942**	**-**	**37,174**	**6,470**
Vehicles	**154,030**	**10,960 5,325 ***	**(10,869)**	**159,446**	**20**	**80,557**	**16,239**	**(8,478)**	**88,318**	**71,128**
2020	**9,391,695**	**921,041**	**(90,301)**	**10,222,435**		**4,348,130**	**495,407**	**(74,016)**	**4,769,521**	**5,452,914**

	COST					ACCUMULATED DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	As at July 01, 2018	Additions / Transfers*	(Disposals)	As at June 30, 2019	Period / Rate %	As at July 01, 2018	For the Year	(On disposals)	As at June 30, 2019	As at June 30, 2019
	....Rupees in '000....					....Rupees in '000....				
June 30, 2019										
Leasehold land	1,211,663	-	-	1,211,663	65 to 86yrs	203,901	15,188	-	219,089	992,574
Building on leasehold land	2,285,651	82,282 *	-	2,367,933	10	908,546	142,416	-	1,050,962	1,316,971
Plant and machinery	5,078,001	193,400 *	(31,279)	5,240,122	10	2,555,841	259,339	(25,999)	2,789,181	2,450,941
Factory equipment	316,150	15,333 *	-	331,483	10	136,822	18,951	-	155,773	175,710
Furniture and fixtures	43,366	723	-	44,089	10	15,508	2,828	-	18,336	25,753
Office equipment, including computers	39,840	2,610	(75)	42,375	33	30,794	3,462	(24)	34,232	8,143
Vehicles	145,203	16,178 11,767 *	(19,118)	154,030	20	74,413	17,137	(10,993)	80,557	73,473
2019	**9,119,874**	**322,293**	**(50,472)**	**9,391,695**		**3,925,825**	**459,321**	**(37,016)**	**4,348,130**	**5,043,565**

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.

	Note	2020	2019
		.... Rupees in '000'	
4.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of Sales	26.1	**457,261**	423,953
Distribution cost	27	**991**	919
Administrative expenses	28	**37,155**	34,449
		495,407	459,321

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'				....		
Plant & Machinery	4,838	4,190	648	1,257	609	Negotiation	Friends Trade Link
Plant & Machinery	14,050	12,152	1,898	1,531	(367)	Negotiation	International Textile Machinery
Plant & Machinery	3,003	2,510	493	960	468	Negotiation	Precious Moon General Trading
Plant & Machinery	3,003	2,510	493	1,094	602	Negotiation	Precious Moon General Trading
Plant & Machinery	3,003	2,510	493	1,094	602	Negotiation	Precious Moon General Trading
Plant & Machinery	3,003	2,510	493	1,094	602	Negotiation	Precious Moon General Trading
Plant & Machinery	3,003	2,510	493	1,094	602	Negotiation	Precious Moon General Trading
Plant & Machinery	3,003	2,502	501	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,003	2,502	501	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,003	2,502	501	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,002	2,502	500	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,002	2,503	499	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,002	2,503	499	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,002	2,503	499	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,002	2,503	499	1,122	621	Negotiation	Precious Moon General Trading
Plant & Machinery	3,585	2,771	814	1,100	286	Negotiation	Precious Moon General Trading
Plant & Machinery	3,585	2,771	814	1,100	286	Negotiation	Precious Moon General Trading
Plant & Machinery	3,585	2,771	814	1,100	286	Negotiation	Precious Moon General Trading
Plant & Machinery	3,585	2,771	814	1,100	286	Negotiation	Precious Moon General Trading
Plant & Machinery	3,585	2,771	814	1,100	286	Negotiation	Precious Moon General Trading
Plant & Machinery	3,585	2,771	814	1,100	286	Negotiation	Precious Moon General Trading
Vehicle (having WDV of less than Rs. 500,000)	10,869	8,478	2,391	7,478	5,087	Negotiation	Various
2020	**90,301**	**74,016**	**16,285**	**31,174**	**14,889**		
2019	50,476	37,018	13,458	19,611	6,153		

4.2 CAPITAL WORK-IN-PROGRESS

	Note	Vehicles	Civil works	Plant & machinery	Advances	Factory equipment	Total
		....		Rupees in '000'		....	
As at July 01, 2019		**-**	**18,327**	**771,270**	**74,030**	**-**	**863,627**
Additions during the year		**-**	**44,769**	**376,487**	**207,380**	**39,325**	**667,961**
Transferred to operating fixed assets	4.1	**(5,325)**	**(74,245)**	**(786,041)**	**-**	**(40,575)**	**(906,186)**
Transferred from advances		**5,325**	**56,864**	**13,703**	**(77,142)**	**1,250**	**-**
June 30, 2020		**-**	**45,715**	**375,419**	**204,268**	**-**	**625,402**

	Note	Vehicles	Civil works	Plant & machinery	Advances	Factory equipment	Total
		.... Rupees in '000'					
As at July 01, 2018		-	18,883	24,368	67,406	-	110,657
Additions during the year		-	51,511	940,302	49,706	14,233	1,055,752
Transferred to operating fixed assets	4.1	(11,767)	(82,282)	(193,400)	-	(15,333)	(302,782)
Transferred from advances		11,767	30,215	-	(43,082)	1,100	-
June 30, 2019		**-**	**18,327**	**771,270**	**74,030**	**-**	**863,627**

4.2.1 Includes borrowing costs incurred in respect of plant and machinery capitalized during the year amounting to Rs. 4.200 (2019: Rs. 7.134) million.

5 INTANGIBLES ASSETS

Description	COST			ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	AMORTISATION RATE
June 30, 2020	(Rupees in '000')							
Computer software	**8,257**	**-**	**8,257**	**3,440**	**1,652**	**5,092**	**3,165**	**20%**

Description	COST			ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	AMORTISATION RATE
June 30, 2019	(Rupees in '000')							
Computer software	8,257	-	8,257	1,789	1,651	3,440	4,817	20%

	Note	2020	2019
		.... Rupees in '000'	
5.1 Amortization charge for the year has been allocated as follows:			
Cost of sales	26.1	**1,520**	1,519
Administrative expenses	28	**132**	132
		1,652	1,651

6 LONG TERM INVESTMENT

	Note	2020	2019
At amortised cost			
Sales tax refund bonds	6.1	**-**	38,700

6.1 The FBR Refund Settlement Company (Private) Limited (FRSC) issued 459 no. of sales tax refund bonds during 2018-2019 and 2019-2020, in lieu of payments of sales tax. These bonds carried profit @ 10% per annum with maturity of three years. During the year, the FRSC settled only the principal amount of sales tax refund bonds being the full and final settlement.

			2020	2019
7	**LONG TERM LOANS**	**Note**	.... Rupees in '000'	
	- secured			
	Considered good			
	Executives	7.2 & 7.3	**17,400**	6,581
	Employees		**7,096**	2,972
		7.1	**24,496**	9,553
	Current portion			
	Executives	12	**(6,983)**	(3,155)
	Employees	12	**(3,106)**	(916)
			(10,089)	(4,071)
			14,407	5,482

7.1 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 (2019: 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.

7.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 17.400 (2019: Rs. 6.581) million.

		2020	2019
		.... Rupees in '000'	
7.3	**Reconciliation of carrying amount of loans to executives:**		
	Opening balances	**6,581**	4,505
	Disbursements during the year	**13,948**	3,850
		20,529	8,355
	Recovered during the year	**(3,129)**	(1,774)
		17,400	6,581

		2020	2019
8	**LONG TERM DEPOSITS**	.... Rupees in '000'	
	Security deposits		
	Utilities	**1,279**	1,279
	Others	**293**	287
		1,572	1,566
9	**STORES AND SPARES**		
	Stores		
	in hand	**102,462**	99,054
	Spares		
	in hand	**129,121**	113,865
	in transit	**6,892**	9,016
		136,013	122,881
		238,475	221,935

10 STOCK-IN-TRADE

	Note	2020	2019
		.... Rupees in '000'	
Raw and packing materials			
In hand	26.1.1	**1,989,109**	1,175,079
In transit		**9,005**	10,265
		1,998,114	1,185,344
Work-in-process	26.1	**769,080**	969,046
Finished goods	26	**452,387**	291,351
		3,219,581	2,445,741

11 TRADE DEBTS

	2020	2019
- Considered good		
Secured - against letters of credit		
Related parties:		
Artistic Fabric & Garment Industries (Pvt). Limited	**-**	2,983
Others	**557,837**	1,416,349
	557,837	1,419,332
Unsecured		
Related parties:		
DL1961 Premium Denim Inc.	**598,930**	368,101
Casual Sports Wear (SMC-Private) Limited	**7,503**	-
Premium Distributors	**23,659**	15,779
Casual Sports Wear Inc.	**62,181**	102,852
	692,273	486,732
Others	**992,323**	614,421
	2,242,433	2,520,485

11.1 Trade debt - ageing

	2020	2019
Related parties		
Neither past due nor impaired	**165,166**	273,259
Past due but not impaired		
within 180 (2019: 120) days	**527,107**	216,457
	692,273	489,716
Others		
Neither past due nor impaired	**858,429**	1,870,187
Past due but not impaired		
within 180 (2019: 120) days	**691,731**	160,582
	1,550,160	2,030,769
	2,242,433	2,520,485

11.2 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 692.273 (2019: Rs. 489.716) million being year end balances.

		Note	2020	2019
			.... Rupees in '000'	
12	**LOANS AND ADVANCES**			
	Considered good			
	Loans			
	Current portion of long term loans			
	Executives	7	6,983	3,155
	Employees	7	3,106	916
			10,089	4,071
	Advances - unsecured			
	Suppliers	12.1	32,400	13,980
	Contractors		-	1,443
	Others		1,149	1,687
			33,549	17,110
			43,638	21,181

12.1 This includes an amount of Rs. 10.32 (2019: Rs. 5.49) million paid to foreign vendors located at United States, Turkey, China, Singapore, Bangladesh, Hong Kong, Germany, Dubai and Vietnam at the settled terms.

		Note	2020	2019
			.... Rupees in '000'	
13	**TRADE DEPOSITS**			
	Container deposits		2,530	1,290
	L/C Margin		1,016	211
			3,546	1,501
14	**OTHER RECEIVABLES**			
	Duty draw back on export sales and other rebates		91,798	132,906
	Related Party - DL1961 Premium Denim Inc.	14.1	4,427	17,666
	Dividend receivable		2,744	-
			98,969	150,572
	Related party - associated company			
	Past due but not impaired within 90 days	14.1	4,427	17,666

14.1 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 8.435 (2019: Rs. 17.666) million.

		Note	2020	2019
			.... Rupees in '000'	
15	**SHORT TERM INVESTMENTS**			
	- At fair value through profit or loss			
	In units of mutual funds	15.1	1,212,402	-
	In Quoted securities			
	Carrying value		94,902	-
	Gain on remeasurement of investment	30	4,528	-
		15.2	99,430	-
			1,311,832	-

15.1 Mutual Funds

2020	2019		2020	2019
Number of units			.... Rupees in '000'	
11,020,615	-	Al - Meezan Rozana Aamdani Fund	551,031	-
66,137,087	-	NBP Islamic Daily Dividend Fund	661,371	-
77,157,703	-		1,212,402	-

15.2 Quoted Shares

2020	2019		2020	2019
Number of shares			Market Value	
612,000	-	Fauji Cement Company Limited	10,331	-
180,500	-	Oil & Gas Development Company Ltd.	19,675	-
800,000	-	Pakistan Petroleum Limited	69,424	-
1,592,500	-		99,430	-

	Note	2020	2019
		.... Rupees in '000'	
16 CASH AND BANK BALANCES			
Cash in hand		2,812	5,817
Cash in banks			
Current accounts	16.1	881,616	1,191,144
		884,428	1,196,961

16.1 This includes balance of Rs. 302.967 (2019: Rs. 725.982) million in treasury call account having effective interest rate of 11.35% (2019: 11%).

17 SHARE CAPITAL

17.1 Authorised capital

2020	2019		2020	2019
Number of shares			.... Rupees in '000'	
		Authorised Share Capital		
100,000,000	100,000,000	Ordinary shares of Rs.10 each	1,000,000	1,000,000

17.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
Number of shares		**Fully paid ordinary shares of Rs. 10/- each**		
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

17.3 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.

	Note	2020	2019
		.... Rupees in '000'	
18 RESERVES			
Unappropriated profit	18.1	**5,811,480**	5,949,790
Actuarial loss on defined benefit plan		**(39,860)**	(35,631)
		5,771,620	5,914,159

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

	Note	2020	2019
		.... Rupees in '000'	
19 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)			
Commercial bank - I	19.1	**457,634**	325,560
Commercial bank - II	19.2	**989,045**	848,349
Commercial bank - III	19.3	**469,950**	376,456
		1,916,629	1,550,365
Current maturities shown under current liabilities		**(49,717)**	(105,878)
		1,866,912	1,444,487

In wake of COVID - 19 pandemic and resulting global economic meltdown, State Bank of Pakistan has issued circular to create fiscal space for Companies and to dampen the adverse effects of COVID - 19 pandemic. In this regards, referring to the SBP circular no. BPRD No. 13 of 2020, dated March 26, 2020, the Company has obtained deferment of repayment of principal for 1 year from Commercial Bank I, II and III.

19.1 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, commencing and ranging from June 30, 2018 to June 11, 2031, computed on disbursement basis with the grace period of 2 years plus one year on account of COVID-19 carrying mark-up at the SBP Refinance rate for 5 to 10 years ranging from (i.e. 2%) plus (0.7%) per annum, which are payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loans are secured against the hypothecation of specific plant and machinery, aggregating to Rs. 653.257 million.

19.2 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, commencing and ranging from October 10, 2017 to May 14, 2031, with the grace period of 2 years plus one year on account of COVID-19 carrying mark-up at the SBP Refinance rate for 5 to 10 years ranging from (i.e. 2% to 3%) plus (0.7% to 1%) per annum, which are payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loans are secured against the hypothecation of specific plant and machinery, aggregating to Rs. 1,177.850 million.

19.3 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.

The loans are repayable in 32 equal quarterly installments, commencing and ranging from April 24, 2021 to March 05, 2031, with the grace period of 2 years plus one year on account of COVID-19 carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus (0.60%) per annum, which are payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loans are secured against the hypothecation of specific plant and machinery, aggregating to Rs. 527.170 million.

		Note	2020	2019
			.... Rupees in '000'	
20	**DEFERRED LIABILITY**			
	Defined benefit obligation	20.1	**101,895**	56,294

20.1 The Company operates an unfunded gratuity scheme for all its eligible employees. Latest actuarial valuation was carried out as at June 30, 2020, using the "Projected Unit Credit Method".

	Gratuity	
	2020	**2019**
	.... **Rupees in '000'**	
(a) Movement in the present value of defined benefit obligation		
Provision at July 01, 2019	**56,294**	23,940
Expense for the year	**46,413**	34,312
	102,707	58,252
Benefit paid	**(5,041)**	(4,764)
Actuarial loss on defined benefit plan	**4,229**	2,806
Provision as at June 30, 2020	**101,895**	56,294
(b) The amount charged in the statement of profit or loss is as follows		
Current service cost	**38,658**	32,143
Interest cost	**7,755**	2,169
Expense for the year	**46,413**	34,312
(c) Principle actuarial assumptions		
Discount rate	**9.25%**	14.5%
Salary increase	**10.25%**	14.5%
Normal retirement age of employees	**60**	60

(d) Comparison for five years

As at June 30,	2020	2019	2018	2017	2016
	....	....	Rupees in '000	....	....
Present value of defined benefit obligation	**101,895**	56,294	23,940	-	139,671
Experience adjustment					
Acturial loss / (gain) on obligation	**4,229**	2,806	(1,109)	-	1,184

(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
	------ (Rupees in '000) ------	
Assumptions		
Effect of change in discount rate	**90,492**	113,311
Effect of change in future salary increase	**113,066**	90,492

20.2 The Company operates an unfunded gratuity scheme, hence, no plan assets are available.

20.3 As of June 30, 2020, a total of 535 employees have been covered under the above scheme.

20.4 As per the recommendation of the actuary, the charge for the year ending June 30, 2021 amounts to Rs. 51.606 million.

20.5 The weighted average duration of the defined benefit obligation as at June 30, 2020 is 11.31 (2019: 14.66) years.

20.6 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.

	Note	2020	2019
		.... Rupees in '000'	....
21 TRADE AND OTHER PAYABLES			
Creditors	21.1	**366,195**	278,382
Accrued liabilities		**1,275,229**	1,141,993
Advances from customers - unsecured		**76,399**	22,234
Advance against expenses		**-**	4,423
Staff contribution for vehicle		**27,169**	24,417
Workers' Profits Participation Fund	21.3	**12,135**	50,656
Workers' Welfare Fund	21.4	**13,558**	12,306
Withholding tax		**6,296**	4,445
		1,776,981	1,538,856

21.1 This includes balance with Artistic Fabric & Garment Industries (Private) Limited amounting to Rs. 1.901 (2019: Rs. 0.241) million.

21.2 This includes provisions of Rs. 1,162.979 (2019: Rs. 1,046.449) 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.

		Note	2020	2019
			.... Rupees in '000'	
21.3	**Workers' Profits Participation Fund**			
	Balance at the beginning of the year		**50,656**	31,936
	Allocation for the year	29	**12,135**	50,655
	Interest on WPPF		**3,622**	2,838
			66,413	85,429
	Payments made during the year		**(54,278)**	(34,773)
			12,135	50,656
21.4	**Workers' Welfare Fund**			
	Balance at the beginning of the year		**12,306**	12,026
	Allocation for the year	29	**8,216**	6,964
			20,522	18,990
	Payments made during the year		**(6,964)**	(6,684)
			13,558	12,306
22	**ACCRUED MARK-UP**			
	Long term finance – SBP's EOP and LTFF		**12,572**	11,290
	Short term borrowings		**30,209**	19,546
			42,781	30,836
23	**SHORT TERM BORROWINGS**			
	Short term loans - secured	23.1	**4,226,828**	3,065,000
23.1	**Short term loans**			
	Export refinance II	23.1.1	**550,000**	550,000
	Export refinance II	23.1.2	**400,000**	400,000
	Export refinance II	23.1.3	**765,000**	600,000
	Export refinance II	23.1.4	**250,000**	250,000
	Export refinance II	23.1.5	**1,265,000**	1,265,000
	Export refinance I	23.1.6	**996,828**	-
			4,226,828	3,065,000

23.1.1 The Company arranged a facility for short-term loan under export refinance amounting to Rs. 550 (2019: Rs. 550) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2020. 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. 937.500 million.

The said export refinance carries mark-up at the rate of 1% per annum (2019: 1% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

23.1.2 The Company arranged a facility for short-term loan under export refinance amounting to Rs. 400 (2019: Rs. 400) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2020. 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 0.75% per annum (2019: 0.40% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

23.1.3 The Company arranged a facility for short-term loan under export refinance amounting to Rs. 765 (2019: Rs. 600) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2020. 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. 1,377 million.

The said export refinance carries mark-up at the rate of ranging between 0.40% to 1% per annum (2019: 0.40 % per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

23.1.4 The Company arranged a facility for short-term loan under export refinance amounting to Rs. 250 (2019: 250) million from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2020. 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 (2019: 1 % per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

23.1.5 The Company arranged a facility for short-term loan under export refinance amounting to Rs. 1,265 (2019: Rs. 1,265) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2020. 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 (2019: 0.40 % per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

23.1.6 During the year, the Company arranged a facility for running musharakah under islamic export refinance, amounting to Rs. 996.828 million (2019: nil), from a commercial bank on mark-up basis, repayable by August 31, 2020. 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 (2019: nil) above the SBP's Minimum Islamic Export Refinance rate, payable quarterly.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

The Company is a respondent in J.C.M. Nos. 29 and 32, proceedings filed 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.

During the year, another JCM no. 33 is filed by the same minority shareholders against the Company in the Honourable High Court of Sindh inter alia challenging the proceedings of AGM held on October 19, 2019 and seeking certain declaration and restraining orders in this regard. The said petition was dismissed by the Honourable High Court of Sindh by their order dated April 16, 2020 with the observation that the petitioners have failed to make out a case for indulgence. Subsequent to the aforesaid order, the petitioners filed an appeal bearing CP no. 419-K of 2020 against the Company in the Honourable Supreme Court of Pakistan seeking to leave to appeal against the aforesaid order of Honourable High Court. As at June 30, 2020 the matter is at the stage of hearing, however, subsequent to the year end, the Honourable Supreme Court of Pakistan by their order dated July 17, 2020 have dismissed the prayers sought by the petitioners.

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.

	2020	2019
	.... Rupees in '000'	
24.2 Outstanding counter guarantees	**240,252**	242,222

24.3 Commitments

24.3.1 Commitments in respect of Building on leasehold land at the end of the period amounted to Rs. 44.992 (2019: Rs. 58.534) million.

24.3.2 Outstanding letters of credit at the end of the period amounted to Rs. 262.699 (2019: Rs. 317.279) million.

24.3.3 Post dated cheques issued in favour of Custom Authorities aggregating to Rs. 276.418 (June 30, 2019: Rs. 138.522) million, against various statutory notifications.

	Note	2020	2019
		.... Rupees in '000'	
25 TURNOVER			
Exports	25.1	**7,776,307**	7,588,252
Local		**523,405**	337,446
		8,299,712	7,925,698
Sales tax		**(203,052)**	(1,182)
Sales commission / trade discount		**(156,089)**	(157,336)
		(359,141)	(158,518)
		7,940,571	7,767,180

25.1 Included herein is a sum of Rs. 747.337 (2019: Rs. 852.340) million, representing indirect exports made by the Company during the current year, by arranging inland letters of credit from certain direct exporters in favour of the Company, pursuant to the Banking Policy and Regulation Department (BPRD) Circulars No.24 and 31 dated June 28, 1999 and August 13, 1999 respectively, issued by the State Bank of Pakistan.

	Note	2020	2019
		.... Rupees in '000'	
26 COST OF SALES			
Opening stock - finished goods		**291,351**	195,818
Cost of goods manufactured	26.1	**7,475,065**	6,974,613
		7,766,416	7,170,431
Closing stock - finished goods	10	**(452,387)**	(291,351)
		7,314,029	6,879,080

	Note	2020	2019
		.... Rupees in '000'	

26.1 Cost of goods manufactured

	Note	2020	2019
Raw and packing materials consumed	26.1.1	**3,503,831**	3,968,899
Stores and spares consumed	26.1.2	**237,924**	275,997
Salaries, wages and other benefits	26.1.3	**2,271,508**	1,878,217
Fuel and power		**582,499**	571,323
Weaving, stitching, finishing and printing charges		**24,679**	4,039
Repairs and maintenance		**31,472**	29,279
Printing and stationery		**7,493**	8,348
Fees and subscription		**5,188**	5,292
Telephone and telex		**5,041**	4,525
Rent, rates and taxes		**3,973**	4,222
Insurance		**12,567**	11,638
Water charges		**87,001**	86,304
Transportation		**24,724**	22,172
Depreciation	4.1.2	**457,261**	423,953
Amortization	5.1	**1,520**	1,519
Security charges		**8,289**	8,146
Travelling, boarding and lodging		**8,539**	7,360
Miscellaneous		**1,590**	1,826
		7,275,099	7,313,059
Opening work-in-process		**969,046**	630,600
Closing work-in-process	10	**(769,080)**	(969,046)
		7,475,065	6,974,613

26.1.1 Raw and packing materials consumed

	Note	2020	2019
Opening stock		**1,175,079**	794,921
Purchases		**4,679,303**	4,463,979
Duty draw back on export sales and other rebates		**(361,442)**	(114,922)
		4,317,861	4,349,057
		5,492,940	5,143,978
Closing stock	10	**(1,989,109)**	(1,175,079)
		3,503,831	3,968,899

26.1.2 Stores and spares consumed

	Note	2020	2019
Opening stock		**212,919**	208,626
Purchases		**256,588**	280,290
		469,507	488,916
Closing stock		**(231,583)**	(212,919)
		237,924	275,997

26.1.3 Included herein a sum of Rs. 37.955 (2019: Rs. 27.670) million is respect of staff retirement benefits.

		Note	2020	2019
			.... Rupees in '000'	
27	**DISTRIBUTION COSTS**			
	Salaries, allowances and other benefits	27.1	**23,243**	20,005
	Insurance		**1,373**	1,608
	Freight and transportation		**78,419**	67,530
	Export development surcharge and clearing charges		**38,616**	29,350
	Postage, courier and stamps		**29,914**	31,271
	Depreciation	4.1.2	**991**	919
	Travelling, boarding and lodging		**27,583**	21,428
	Sales promotion expenses		**13,107**	16,382
	Sales office expenses		**13,007**	9,803
	Testing / Quality control charges		**18,496**	14,437
	Miscellaneous		**1,478**	1,273
			246,227	214,006

27.1 Included herein a sum of Rs. 2.530 (2019: Rs. 1.783) million is respect of staff retirement benefits.

		Note	2020	2019
28	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and other benefits	28.1	**57,095**	56,328
	Depreciation	4.1.2	**37,155**	34,449
	Amortization		**132**	132
	Legal and professional charges		**18,771**	7,439
	Fees and subscription		**6,030**	3,741
	Auditors' remuneration	28.2	**2,946**	2,609
	Donations	28.3	**8,643**	19,826
	Miscellaneous		**6,110**	3,784
			136,882	128,308

28.1 Included herein a sum of Rs. 5.927 (2019: Rs. 4.859) million is respect of staff retirement benefits.

28.2 Auditors' remuneration

	2020	2019
EY Ford Rhodes		
Audit fee	**-**	1,006
Fee for half yearly review	**250**	167
Special certification and advisory services	**17**	316
Tax services	**950**	700
Out-of-pocket expenses	**171**	247
Related sindh sales tax	**260**	173
	1,648	2,609
Reanda Haroon Zakaria & Company		
Audit fee	**1,100**	-
Out-of-pocket expenses	**198**	-
	1,298	-
	2,946	2,609

28.3 Includes amount of Rs. 5.520 million and 1.870 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.

		Note	2020	2019
			.... Rupees in '000'	
29	**OTHER OPERATING EXPENSES**			
	Workers' Profits Participation Fund (WPPF)	21.3	**12,135**	50,655
	Workers' Welfare Fund	21.4	**8,216**	6,964
	Interest on WPPF	21.3	**3,622**	2,838
	Capital loss on disposal of short term investments		**29,458**	-
			53,431	60,457
30	**OTHER INCOME**			
	Income from non financial assets			
	Scrap sales - net	30.1	**31,710**	29,352
	Gain on sale of fixed assets		**14,889**	6,153
			46,599	35,505
	Income from financial assets			
	Exchange gain - net		**61,214**	506,266
	Profit on treasury call account		**61,885**	40,222
	Dividend income		**24,871**	-
	Unrealized gain on remeasurement of investments	15	**4,528**	-
			152,498	546,488
			199,097	581,993

30.1 This amount is net of sales tax amounting to Rs. 4.851 million (2019: nil).

		Note	2020	2019
31	**FINANCE COSTS**			
	Mark-up on secured			
	Long term financing		**43,654**	27,925
	Short term running finances		**369**	744
	Short term borrowings		**95,356**	54,964
			139,379	83,633
	Bank charges		**27,368**	28,211
			166,747	111,844
32	**TAXATION**			
	Current		**108,662**	88,658

32.1 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% (2019: 1%) on total sales, including scrap sales.

33 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.

	2020	2019
Net profit (Rupees in '000)	113,690	866,820
Number of Ordinary shares (Shares in '000)	84,000	84,000
Earnings per shares - basic (Rupees)	1.35	10.32

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

34 CASH GENERATED FROM OPERATIONS

	Note	2020	2019
		.... Rupees in '000'	
Profit before tax		222,352	955,478
Adjustments for non cash charges and other items:			
Depreciation	4.1.2	495,407	459,321
Amortization	5.1	1,652	1,651
Provision for gratuity	20.1	46,413	34,312
Capital loss on disposal of investments	29	29,458	-
Dividend income	30	(24,871)	-
Gain on disposal of operating fixed assets	30	(14,889)	(6,153)
Finance costs	31	166,747	111,844
		699,917	600,975
Profit before working capital changes		922,269	1,556,453
(Increase) / decrease in current assets			
Stores and spares		(16,540)	(6,807)
Stock-in-trade		(773,840)	(727,873)
Trade debts		278,052	(713,479)
Loans and advances		(31,382)	30,681
Trade deposits		(2,045)	6,198
Other receivables		54,347	257,046
Sales tax refundable		(61,323)	6,963
		(552,731)	(1,147,271)
Increase in current liabilities			
Trade and other payables		238,125	51,317
Cash generated from operations		607,663	460,499

34.1 Changes in liabilities from financing activities

	July 01, 2019	Cash Flows	June 30, 2020
	.... Rupees in '000		
Long term financing - secured	1,444,487	422,425	1,866,912
Current maturity of long - term financing	105,878	(56,161)	49,717
Short term borrowings - secured	3,065,000	1,161,828	4,226,828
	4,615,365	1,528,092	6,143,457

35 UNAVAILED CREDIT FACILITIES

	2020	2019
	.... Rupees in '000'	
Cash short term running finances	**1,250,000**	1,250,000

36. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2020			2019		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	.... Rupees in '000					
Short term employee benefits						
Managerial remuneration	**5,719**	**-**	**56,621**	6,626	-	50,424
Medical	**572**	**-**	**5,662**	654	-	5,042
Bonus	**572**	**-**	**5,326**	600	-	4,474
Post-employment benefits						
Gratuity	**600**	**-**	**5,652**	600	-	4,598
	7,463	**-**	**73,261**	8,480	-	64,538
Number of persons	**1**	**-**	**30**	1	-	27

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

36.2 Aggregate amount charged in these financial statements in respect of fee for attending meetings to Non-Executive Directors was Rs. 0.500 (2019: Rs. 0.420) million.

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

37.1 Financial Instrument by Category

	2020	2019
	.... Rupees in '000'	
Financial Assets		
- Fair value through profit or loss		
Short term investment	**1,311,832**	-
- At amortized cost		
Long term investment	**-**	38,700
Long term loans	**14,407**	5,482
Long term deposits	**1,572**	1,566
Trade debts	**2,242,433**	2,520,485
Current maturity of long term loans	**10,089**	4,071
Trade deposits	**3,546**	1,501
Other receivables	**98,969**	150,572
Cash and bank balances	**884,428**	1,196,961
	4,567,276	3,919,338
Financial Liabilities		
- At amortized cost		
Long term financing	**1,866,912**	1,444,487
Trade and other payables	**478,445**	373,926
Unclaimed dividend	**2,794**	2,451
Accrued mark-up	**42,781**	30,836
Short term borrowings	**4,226,828**	3,065,000
Current maturity of long-term financing	**49,717**	105,878
	6,667,477	5,022,578

37.2 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:

37.3 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.

37.3.1 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 under the export refinance scheme which has a fixed interest rate therefore the Company's interest rate risk arises only from short term investment in units of mutual funds amounting to Rs. 1,212.402 million (2019: nil) and bank deposit in treasury call account amounting to Rs. 302.967 (2019: Rs. 725.982) million.

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, 2020	**+1**	**15,154**
	-1	**(15,154)**
June 30, 2019	+1	7,260
	-1	(7,260)

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

37.3.2 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:

	2020	2019
	.... Rupees in '000'	
Trade debts	**2,180,082**	2,341,297
Cash and bank balances	**471,556**	232,645
Trade and other payables	**(25,675)**	(85,014)
	2,625,963	2,488,928
The following significant exchange rates have been applied at the reporting dates:		
Exchange rates (PKR / USD)	**168.25**	164.00

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, 2020	**+10**	**262,596**
	-10	**(262,596)**
June 30, 2019	+10	248,893
	-10	(248,893)

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

37.3.3 Equity price risk

The Company is exposed to equity price risk, which arises from short term investments listed securities both 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, 2020	**+10**	**9,943**
	-10	**(9,943)**
June 30, 2019	+10	Nil
	-10	Nil

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

37.4 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:

	Note	2020	2019
		.... Rupees in '000'	
Long term investments	6	**-**	38,700
Long term loans	7	**24,496**	9,553
Long term deposits	8	**1,572**	1,566
Trade debts	11	**2,242,433**	2,520,485
Trade deposits	13	**3,546**	1,501
Other receivables	14	**4,427**	17,666
Bank balances	16	**881,616**	1,191,144
		3,158,090	3,780,615

37.4.1 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.

		2020	2019
		.... Rupees in '000'	
Ageing of trade debts			
Neither past due nor impaired		**1,023,595**	2,143,446
Past due but not impaired within 180 (2019: 120) days		**1,218,838**	377,039
		2,242,433	2,520,485
Bank Balances			
A1+	PACRA	**806,851**	1,181,962
A-1+	VIS	**71,561**	8,410
F1	FITCH	**3,204**	773
		881,616	1,191,145

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.

37.5 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. 1,250 (2019: Rs. 1,250) 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	**-**	**-**	**49,717**	**1,015,189**	**851,723**	**1,916,629**
Trade & other payables	**103,568**	**349,183**	**25,694**	**-**	**-**	**478,445**
Unclaimed dividend	**2,794**	**-**	**-**	**-**	**-**	**2,794**
Accrued mark-up	**-**	**42,781**	**-**	**-**	**-**	**42,781**
Short term borrowings	**-**	**4,226,828**	**-**	**-**	**-**	**4,226,828**
2020	**106,362**	**4,618,792**	**75,411**	**1,015,189**	**851,723**	**6,667,477**
Long term financing	-	37,226	112,221	896,829	716,816	1,763,092
Trade & other payables	257,341	98,272	18,313	-	-	373,926
Unclaimed dividend	2,451	-	-	-	-	2,451
Accrued mark-up	-	30,835	-	-	-	30,835
Short term borrowings	-	3,076,331	-	-	-	3,076,331
2019	259,792	3,242,664	130,534	896,829	716,816	5,246,635

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

37.6 Capital management

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

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

No changes were made in the objectives, policies or processes during the years ended June 30, 2020 and June 30, 2019.

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 add reserves.

	2020	2019
	.... Rupees in '000'	
Long term financing	1,866,912	1,444,487
Current maturities of long-term financing	49,717	105,878
Short term borrowings	4,226,828	3,065,000
Cash and bank balances	(884,428)	(1,196,961)
Net debt	5,259,029	3,418,404
Issued, subscribed and paid up capital	840,000	840,000
Reserves	5,771,620	5,914,159
Total capital	6,611,620	6,754,159
Capital and net debt	11,870,649	10,172,563
Gearing ratio	44.30%	33.60%

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.

38 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 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:

	2020	2019
	.... Rupees in '000'	
Associated companies / undertakings		
Sales	941,714	1,001,628
Reimbursement of expenses	83,042	51,435
Purchases	64,613	46,958
Services rendered	171	7,760
Other	-	116
Key management personnel		
Dividend paid to directors	205,432	170,923

38.1 The above transactions are at arms length using admissible valuation methods.

38.2 Detail of compensation to key management personnel comprising of chief executive, directors and executives is disclosed in note 36 to these financial statements.

38.3 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	Common directorship	NIL
2	Casual sportswear (SMC-Private) Limited	Common directorship	NIL
3	Artistic Apparels (Private) Limited	Common directorship	NIL
4	DL1961 Premium Denim Inc.	Spouse of a director	NIL
5	Artistic Fabric & Garments Industries (Private) Limited	Common directorship	NIL
6	Premium Distributors	Common directorship	NIL

38.4 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

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, 2020 is as follows:

	Level 1	Level 2	Level 3
Assets measured at fair value	.... Rupees in '000		
Short term investments- at fair value through profit or loss	**1,311,832**	-	-

Comparative figures with respect to fair value hierarchy are not disclosed as the Company does not have any asset or liabilities at fair value as at June 30, 2019.

40 CORRESPONDING FIGURES

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

Reclassification from the caption component	Reclassification to the caption component	Note	Rupees in '000'
Cost of sales (Printing and stationery)	**Cost of sales** (Fees and subscription)	26	**5,292**
Administrative expenses (Miscellaneous)	**Administrative expenses** (Fees and subscription)	28	**3,741**
Distribution cost (Advertisement and publicity)	**Distribution cost** (Sales promotion expenses)		**16,382**

41 PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
	.... Units	....
Spinning		
Capacity of yarn (Lbs.)	**19,305,000**	18,232,500
Actual production of yarn (Lbs.)	**14,513,760**	16,763,198
Weaving		
Capacity of fabric (meters)	**20,898,750**	20,426,250
Actual production of fabric (meters)	**13,729,859**	17,781,470
Garments		
Capacity of garments (Pcs)	**6,000,000**	4,800,000
Actual production of garments (Pcs)	**3,043,079**	2,821,681

Under utilisation of available capacities was due to temporarily plant shutdown due to Covid-19, normal maintenance, variation in production mix, run length of order lots, global recession, and type of quality produced.

		2020	2019
42	**NUMBER OF EMPLOYEES**		
	Total number of employees	**535**	504
	Average number of employees	**528**	502

43 GENERAL

43.1 Subsequent to year ended June 30, 2020, the Board of Directors in its meeting held on September 25, 2020 has proposed final cash dividend at the rate of Rs. 3.00 per ordinary share of Rs. 10 each, amounting to Rs. 252.000 million (2019: Rs. 3.00/- per share amounting to Rs. 252 million) for approval of the members at the Annual General Meeting.

43.2 These financial statements have been authorised for issue on September 25, 2020 by the Board of Directors of the Company.

43.3 Figures in these financial statements have been rounded off to the nearest rupees.

Faisal Ahmed	**Sagheer Ahmed**	**Muhammad Iqbal-ur-Rahim**
Chief Executive Officer	Chief Financial Officer	Director

FORM OF PROXY

I/We____of____________________

____being member(s) of ARTISTIC DENIM MILLS LIMITED

and holder of ________________ Ordinary Shares as per Share Register Folio/CDC Account

No.________________ hereby appoint________________________ Folio/CDC Account No. ________

of______________________CNIC No. or Passport No.______________________ or failing whom

_________________________ Folio/CDC Account No. _______ of____________________CNIC No.

or Passport No.____________________ who is also a member of the Company as my/our proxy to attend and vote for me/us and on my/our behalf at the 28th ANNUAL GENERAL MEETING of the Company to be held on Saturday, October 24, 2020 at 04:00 PM and at any adjournment thereof.

Signed this_______________day of _____________ 2020.

Witnesses:

1.Signature ________________

Name: ____________________

Address: ____________________

CNIC or Passport No. _________

Rs 5/- Revenue Stamp

2. Signature________________

Name: ____________________

Address: ____________________

CNIC or Passport No. _________

Signature ___________________________

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

CNIC or Passport No. __________________

IMPORTANT

1. 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.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a Member.

For CDC Account Holders/Corporate Entities:

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

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.

(ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

(iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

AFFIX
CORRECT
POSTAGE

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

Fold : Here Fold : Here

Fold : Here Fold : Here

CONTACT US

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