



ADM
ARTISTIC DENIM MILLS

2016

ANNUAL
REPORT

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Company Information

- ✦ **Board of Directors**
Chief Executive
Chairperson
Directors
Mr. Faisal Ahmed
Mrs. Maliha Faisal
Mr. Muhammad Yousuf Ahmed
Mr. Muhammad Ali Ahmed
Ms. Sarah Faisal Ahmed
Mr. Muhammad Iqbal-ur-Rahim
Mr. Zafar-ul-Mukhtar Ahmed Khan
- ✦ **Audit Committee**
Chairman
Members
Mr. Muhammad Iqbal-ur-Rahim
Mrs. Maliha Faisal
Mr. Zafar-ul-Mukhtar Ahmed Khan
- ✦ **Human Resource and Remuneration Committee**
Chairman
Members
Mr. Muhammad Iqbal-ur-Rahim
Mr. Muhammad Ali Ahmed
Ms. Sarah Faisal Ahmed
- ✦ **Chief Financial Officer**
Mr. Sagheer Ahmed
- ✦ **Company Secretary**
Mr. Muhammad Ozair Qureshi
- ✦ **Chief Internal Auditor**
Mr. Salman Arif
- ✦ **Auditors**
M/s Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
- ✦ **Legal Advisor**
Monawwer Ghani
Advocate
- ✦ **Share Registrar**
M/s Technology Trade (Pvt.) Ltd.
Dagia House, 241-C, Block-2, PECHS, Karachi.
Phone No. 3439 1316-7
- ✦ **Bankers**
Allied Bank Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
- ✦ **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 24th Annual General Meeting of **Artistic Denim Mills Limited** will be held at Moosa D. Desai Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi, on Saturday, October 22, 2016 at 4:00 p.m. to transact the following business.

A. Ordinary Business

1. To confirm the Minutes of the 23rd Annual General Meeting held on October 24, 2015.
2. To receive and adopt the Audited Financial Statements for the year ended June 30, 2016, together with the Directors' and Auditors' Reports thereon.
3. To approve the Cash Dividend @ Rs. 2.00 per share (20%) as recommended by the Board of Directors.
4. To appoint the Auditors of the Company for the year 2016-2017 and to fix their remuneration.

B. Special Business

5. To ratify the transactions with Related Parties as disclosed in note No. 37 to the Financial Statements for the year ended June 30, 2016 by passing the following resolutions as an ordinary resolutions:

"RESOLVED that the related parties transactions with Casual Sportswear and Artistic Apparels (Private) Limited carried out during the year ended June 30, 2016 be and are hereby approved."

"FURTHER RESOLVED that the Company is also authorized to carry out such transactions with the related parties' i.e. Casual Sportswear and Artistic Apparels (Private) Limited in future according to the industry norms and practice."

6. To consider and if deemed fit, to substitute Clauses 94 and 120 of the Articles of Association of the Company, and pass the following resolutions, with or without modification, as a special resolutions:

"RESOLVED that the Articles of Association of the Company be amended by substituting Clauses 94 and 120 as follows respectively:

94. The remuneration of a Director for attending the meetings of the Board shall, from time to time be determined by the Board. The Directors shall 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, be and is hereby approved."
120. A resolution in writing circulated to the Directors of the Company and signed by 1/3rd or four Directors, whichever is higher shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held at which they were present, be and is hereby approved."

For and on behalf of the Board

Karachi:
September 30, 2016.

Muhammad Ozair Qureshi
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 14, 2016 to October 22, 2016 (both days inclusive). Transfers received in order at the Company's Share Registrar M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi before the close of the business on October 13, 2016 will be treated in time for the entitlement of cash dividend and to attend and vote at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

2. A member entitled to attend and vote at the General Meeting shall be entitled to appoint another member, as his / her proxy to attend, demand or join in demanding a poll, speak and vote instead of him / her, and a proxy so appointed shall have such rights, with respect attending, speaking and voting at the meeting as are available to a member. 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.
3. Members or their proxies are required to present their original CNIC or Passport along with the Participant's I.D. and Account Number(s) at the time of attending the Annual General Meeting in order to authenticate their identity.
4. Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original 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 also 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 detail is 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) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless 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 detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by the person whose name, address and CNIC number 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 original CNIC or original passport at the time of 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.
5. Pursuant to the provisions of Finance Act, 2016, effective July 01, 2016, the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:
 - a) For filer of tax return - 12.5%
 - b) For non-filer of tax return - 20%

In case of joint account, each holder is to be treated individually as either a filer or non filer 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.

NOTICE OF ANNUAL GENERAL MEETING

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

The CNIC/NTN number detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time. Since the list contains only CNIC/NTN number, we will be deducting tax @ 12.50% where CNIC/NTN number matches with the list provided by the FBR and in case of no match tax will be deducted at the rate of 20% as Tax Return Non-Filer.

In this connection, shareholders are hereby requested to provide to our Share Registrar attested copy of their CNIC/NTN to ascertain and match their CNIC/NTN with the list provided by the FBR for correct tax deduction from the dividend. In case you have already provided your CNIC/NTN please ignore this notice.

6. In pursuance with the Securities and Exchange Commission of Pakistan ("SECP") Notification No. SRO.19(1)/2014 of January 10th, 2014 read with Notification No. SRO.831 (1)/2012 of July 5th, 2012, SECP has directed all listed companies to mention CNIC/NTN number of the registered members on the dividend warrant and on every list submitted to the Commission including submission of Form-A (annual list of shareholders).

Shareholders (who have not still provided copies of their valid CNICs) are once again requested to immediately send a copy of their CNIC/Passport (for non-resident only) to our Share Registrar M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi.

In case of non-receipt of copy of valid CNIC and non-compliance of the above-mentioned SRO of SECP, the Company may be constrained to withhold dispatch of dividend warrants.

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

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement set out the material facts concerning the certain Special Business, given in agenda item no. 5 and 6 of the Notice to be transacted at the 24th Annual General Meeting of the Company.

ITEM NO. 5 OF THE AGENDA:

Artistic Denim Mills Limited is engaged in manufacture and sell rope dyed denim fabric, yarn and value added textile products. The Company in the normal course of business carries out transactions with its associated entities i.e. Casual Sportswear and Artistic Apparels (Private) Limited. The following is the summary of transactions carried out during the year with the said entities:

S. No.	Name of Associated Undertaking	Nature of Transactions	Rupees in Million
1	Casual Sportswear	Sales	48.648
2	Artistic Apparels (Pvt) Ltd.	Sales	24.365

Mr. Muhammad Ali Ahmed Director of Artistic Denim Mills Limited is also the sole proprietor of Casual Sportswear and Mr. Muhammad Yousuf Ahmed Director of Artistic Denim Mills Limited is also Director of Artistic Apparels (Private) Limited. Both are brothers of Mr. Faisal Ahmed - CEO of Artistic Denim Mills Limited, another Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

All related party transactions, during the year 2016, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on transfer pricing as contained in the listing regulations of Pakistan Stock Exchange Limited.

Mr. Muhammad Ali Ahmed and Mr. Muhammad Yousuf Ahmed abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the Companies Ordinance, 1984.

The above transactions with related parties are an ongoing process and will also be remain continued in future.

None of the Directors other than Mr. Muhammad Ali Ahmed and Mr. Muhammad Yousuf Ahmed have any direct or indirect interest in the Casual Sportswear and Artistic Apparels (Private) Limited and have no interest in the above business, other than shareholders of the Company.

ITEM NO. 6 OF THE AGENDA:

The Company was incorporated on May 18, 1992 and Articles of Association of the Company was drafted at that time. At that time the remuneration of Directors for attending the Board Meeting was fixed at Rs. 500/- per meeting. Now due to inflation and increase in other cost it requires to be changed. It is recommended that this be fixed by the Board of Directors from time to time according to the need of hour.

Further at present Clause 120 of the Articles of Association provides that a resolution by circular requires to be signed by all the Directors. However, some time some Directors are not available in the country and it makes difficult for the Company to take decisions in urgent matters. Therefore, it is required that Clause 120 be amended accordingly to make easy for the management to take decisions in case of exigency of the matter.

The Board of Directors recommends substituting Clauses 94 and 120 of the Articles of Association as under:

Clause No.	Existing Clause	Proposed Clause
94	The remuneration of a director shall not exceed Rs. 500/- per meeting of the Board attended by him. The Director may allow and pay to any Director who for the time being is resident out of the place at which any meetings of the Directors may be held and who shall come to that place for the purpose of attending the meeting, such sum as the Directors consider fair and reasonable for his expenses in connection with his attending at the meeting in addition to his remuneration above specified.	The remuneration of a Director for attending the meetings of the Board shall, from time to time be determined by the Board. The Directors shall 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.
120	Subject to section 196(2) of the Ordinance a Resolution in writing signed or initiated by all the directors shall be valid and effectual as if it has been passed at a meeting of the Directors duly called and constituted. A certificate by the Chairman at the foot of any such resolution certifying that the Directors signing or initiating the resolution are all the Directors at the date of the resolution shall be final conclusive in that behalf.	A resolution in writing circulated to the directors of the Company and signed by 1/3 rd or four Directors, whichever is higher shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held at which they were present.

None of the Directors of the Company have any direct or indirect interest in the above special business other than as shareholders of the Company.

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their Annual Report together with the Annual Audited Financial Statements for the year ended June 30, 2016.

OPERATING FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

	June 30, 2016 Rs. in ('000')	June 30, 2015 Rs. in ('000')
Net Sales	6,461,983	6,998,644
Gross profit	703,437	1,178,342
Finance Costs	72,410	135,710
Profit before tax	399,842	761,917
Net profit for the year	377,999	743,546
EPS (Rs. per share)	4.50	8.85

The net sales revenue has decreased by Rs. 537 million during the current year as compared to the corresponding period. The decrease in sales was due to decrease in selling prices, recession in advance economies especially European market, subdued global demand, high cost of doing business and stiff competition from Turkey and regional competitors. As a percentage of net sales, gross profit has declined to 10.89% from 16.84% as compared to last year. The decrease in margin as a percentage of net sales was due to continuous hike in energy tariffs, escalating labor costs without any efficiency gain and increase in prices of other inputs. Due to the reasons explained above, net profit decreased to Rs. 378 million as against Rs. 744 million as compared to previous year. The earnings per share (EPS) for the year were Rs. 4.50 (2015: Rs. 8.85).

DIVIDEND

The Company is pleased to report that the Board of Directors has recommended a final cash dividend @ 20% (i.e. Rs. 2.0/= per share) for the financial year ended June 30, 2016, subject to shareholders' approval at the forthcoming Annual General Meeting. The total amount of dividend to be paid to the shareholders will be Rs. 168 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 2016 the Company generated Rs. 781.035 (2015: Rs. 1,305.987) million from operating activities. The inflow was largely a result of cash earnings. Cash generated from operating activities was used on capital expenditure, payment of dividend and repayment of long-term finance.

SALES AND MARKETING

With a track record of over 25 years of experience, ADM prides itself at providing its customers the best possible denim brands. The Company continued to participate in exhibitions in Europe and US to increase customer base and attract new denim brands.

The company has full-fledged design and development department which has been carrying out In-house Research & Development activities in the area of product development and process development to keep business sustainable and profitable. During the year, the Company has promoted various sustainable fabrics made with sustainable fibers like ProModal and Tencel. ADM's product development team focusing on performance based technologies and products as per new trends and requirement of Customers.

We have opened liaison office in Bangladesh in order to maintain closer liaison between the Company and its customers and for better marketing of the Company's products.

In order to compete in an ever more competitive marketplace, the Company has been incurring capital expenditure in building, machinery and technological advancement to convert fabric into value added garments as most of its major fabric customers in Pakistan and in Bangladesh have started to produce their own fabric.

FUTURE OUTLOOK

The future outlook for textile sector is expected to remain challenging as there has been a constant dismal trend in textile exports over the past one and half year. Pakistan is lagging behind regional competitor countries including China, Bangladesh and India due to internal and external factors such as high cost of doing business, particularly the cost of energy, security challenges, marketing disadvantages and lack of well-coordinated and consistent long-term industrial and trade policies. The government should understand that a downward trend would be irreversible if continued unabated as the buyers would not return to us. In order to revive the ailing textile industry, it is essential that Government must take proactive steps to boost the textile sector which remains a largest foreign exchange earner for Pakistan.

Despite various challenges, the Management is focused on curbing costs, effectively improving its operational efficiencies and exploring new international markets. This will result in improved financial performance of the Company.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance, the Directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, 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 applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of 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.
- There are no significant doubts upon 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 listing regulations.
- Reasons for significant deviations from last year's operating results have been explained in the relevant sections of the Directors' Report.
- Key operating and financial data for the last six years in summarized form is annexed to the Audited Financial Statements.
- Information about outstanding taxes, duties, levies and charges is given in notes to the Audited Financial Statements.
- Four directors of the Company have attended the directors training course, whereas one director is 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.

- 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. Faisal Ahmed	4
Mrs. Maliha Faisal	1
Mr. Muhammad Yousuf Ahmed	3
Mr. Muhammad Ali Ahmed	1
Mr. Muhammad Iqbal-ur-Rahim	4
Ms. Sarah Faisal Ahmed	1
Mr. Zafar-ul-Mukhtar Ahmed Khan	4

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

- The pattern of shareholding as at June 30, 2016 along with disclosure as required under the Code of Corporate Governance is annexed to the Audited Financial Statements.
- No trade was carried out in the shares of the Company by the Directors, CEO, CFO, Company Secretary, Head of Internal Audit, Other Executives and their spouses & minor children during the year.

BOARD COMMITTEES

The Board of Directors has formed the Audit Committee in line with the Best Practices of Corporate Governance and the requirements of the Code of Corporate Governance. The Audit Committee consists of three members, two non-executives and one independent. The Chairman of the Audit Committee is a non-executive 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 Iqbal-ur-Rahim	4
Mrs. Maliha Faisal	1
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 Best Practices of Corporate Governance and the requirements of the Code of Corporate Governance. The Committee consists of three members, all of whom are non-executive directors including the Chairman of the Committee. The Committee is involved in making recommendations to the Board regarding Human Resource Policies and in the appointment, remuneration and succession of CEO, CFO, Company Secretary, Chief Internal Auditor and other senior positions reporting directly to the CEO. 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 Iqbal-ur-Rahim	1
Mr. Muhammad Ali Ahmed	1
Ms. Sarah Faisal Ahmed	-

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

RELATED PARTY TRANSACTIONS AND TRANSFER PRICING

All related party transactions, during the year 2016, 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 transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on Transfer Pricing as contained in the rule book of Pakistan Stock Exchange Limited.

AUDITORS

The present auditors, EY Ford Rhodes, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting scheduled to be held on October 22, 2016 and offer themselves for re-appointment. In accordance with the Code of Corporate Governance, the Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Statutory Auditors of the Company for the year ending June 30, 2017, at a mutually agreed fee.

CORPORATE SOCIAL RESPONSIBILITY

1. Energy Conservation

The Company has its own power generation plant. Power plant caters 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 being carried out by the 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 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 from the 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 improved 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 14001:2004 EMS (Environmental Management System)
- ISO 9001:2008 QMS (Quality Management System)
- BSCI (Business Social Compliance Initiative)
- WRAP (Worldwide Responsible Accreditation Production)
- SEDEX (Supplier Ethical Data Exchange)
- GOTS (Global Organic Textile Standards)
- OCS (Organic Content Standards)
- OCS Blended (Organic Content Blended Standards)
- 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 incurring 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 becoming a scarce commodity, hence it is imperative to evolve technologies which treat them efficiently so that they 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. 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

The Directors of your Company would like to express their sincere appreciation for the support and co-operation received from all stakeholders including banks, regulators & other business associates and look forward to their continued support in future.

The Directors would also like to thank employees for their hard work, dedication and commitment that ensured sustained performance in a challenging business environment.

On Behalf of the Board

ڈائریکٹرز رپورٹ برائے ممبران

آپ کے ڈائریکٹرز اپنی سالانہ رپورٹ ہمراہ سالانہ آڈٹ شدہ مالیاتی گوشوارے برائے اختتام سال جون 30، 2016 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

جاری مالیاتی نتائج:

کمپنی کے جاری مالیاتی نتائج کے اعداد و شمار زیر نظر سال مع گذشتہ سال درج ذیل ہیں:

جون 30، 2015 (روپے '000 میں)	جون 30، 2016 (روپے '000 میں)	
6,998,644	6,461,983	خالص فروخت
1,178,342	703,437	خام منافع
135,710	72,410	مالیاتی لاگت
761,917	399,842	منافع قبل از ٹیکس
743,546	377,999	سالانہ خالص منافع
8.85	4.50	فی شیئر آمدن (روپے)

موجودہ سال کے متعلقہ دور میں خالص فروخت کی آمدنی میں 537 ملین روپے کی کمی واقع ہوئی۔ فروخت میں کمی، قیمت فروخت میں کمی، معاشی بحران خاص طور پر یورپی مارکیٹ، تابع عالمی مانگ، بلند لاگت اور ترکی اور علاقائی حریف سے سخت کاروباری مقابلے کی وجہ سے واقع ہوئی۔ خالص فروخت کی شرح فیصد کے لحاظ سے گزشتہ سال کے مقابلے مجموعی منافع میں 10.89 فیصد سے 16.84 فیصد تک کمی واقع ہوئی۔ شرح فیصد کے اعتبار سے خالص فروخت کے حاشیہ میں کمی کی وجہ تو انائی محصولات میں مسلسل اضافہ، کسی بھی کارکردگی کے بغیر مزدوروں کی تنخواہوں میں اضافہ اور دیگر اخراجات میں اضافہ ہے۔ مذکورہ بالا بیان کردہ وجوہات کی وجہ سے خالص منافع میں 378 ملین روپے کی کمی گذشتہ سال 744 ملین روپے کے مقابلے میں واقع ہوئی۔ فی شیئر آمدن سالانہ میں 4.50 روپے ہے۔ (2015-8.85 روپے)

منقسمہ منافع (Dividend)

کمپنی یہ بیان کرنے میں مسرت محسوس کرتی ہے کہ مالیاتی سال ختم جون 30، 2016، کے لیے منقسمہ منافع 20 شرح فیصد (جو کہ 2 روپے فی شیئر ہے) کے اعتبار سے بورڈ آف ڈائریکٹرز کی جانب سے بشرط حصص یافتگان کے سالانہ اجلاس میں منظوری پر سفارش کیا گیا ہے۔ مجموعی رقم منقسمہ منافع کی مد میں حصص یافتگان کو 168 ملین روپے کی ادا کی جائیگی۔

کیش فلو پوزیشن (Cash Flow Statement)

کمپنی ایک موثر کیش فلو کا انتظام رکھتی ہے جو متوقع کیش کے داخلی بہاؤ اور خارجی بہاؤ اور کاروباری سرمایہ کی ضروریات پورا کرنے کیلئے داخلی بہاؤ اور قلیل مدتی مستعار کے ذریعے حکمت عملی پر مشتمل ہے۔ 2016 میں کمپنی نے کاروباری سرگرمیوں سے 781.735 ملین روپے (2015: 1,305.987 روپے) حاصل کیے۔ داخلی بہاؤ زیادہ تر نقد آمدن کا نتیجہ تھا۔ کاروباری سرگرمیوں سے جو کیش حاصل ہوا وہ سرمایہ جاتی اخراجات، منقسمہ منافع اور طویل مدتی قرض کی ادائیگی میں صرف ہوا۔

فروخت اور تجارت

25 سال سے زیادہ تجربہ و کارکردگی کے ریکارڈ کے ساتھ، آرٹسٹک ڈینیم ملز فخریہ طور پر اپنے صارفین کو بہترین مکمل ڈینیم برانڈز کی مصنوعات پیش کرتا ہے۔

کمپنی نے گاہکوں میں اضافے اور نئے ڈیم برانڈز کو متعارف کرانے کے لیے یورپ اور امریکہ کی نمائشوں میں شرکت جاری رکھی ہے۔ کمپنی میں بھرپور ڈیزائن اور ارتقاء کے شعبہ جات موجود ہیں جہاں کمپنی پائیدار اور منافع بخش کاروبار کے لیے مصنوعات اور ان کے پیداواری طریقہ کار میں بہتری کے دائرہ کار میں تحقیق و ترقیاتی سرگرمیاں جاری رکھے ہوئے ہے۔

دوران سال کمپنی نے مختلف پائیدار فائبر کے ساتھ پائیدار کپڑے مثلاً پرو موڈال اور ٹینسل (ProModal and Tencel) کو فروغ دیا ہے۔ آرٹسٹک ڈینم ملز کی مصنوعہ ترقی ٹیم، کارکردگی کی بنیاد پر ٹیکنالوجی کے ساتھ ساتھ گاہکوں کی ضروریات کے مطابق مصنوعات کے نئے رجحانات پر توجہ مرکوز رکھے ہوئے ہے۔

ہم نے اپنے صارفین کے درمیان قریبی رابطہ برقرار رکھنے اور کمپنی کی مصنوعات کی بہتر مارکیٹنگ کے لئے بنگلہ دیش میں رابطہ دفتر قائم کیا ہے۔ متعدد مسابقتی منڈیوں میں مقابلہ کرنے کے لیے کمپنی نے عمارت، مشینری اور ٹیکنیکی ترقی پر اور اہم صارفین کے لیے کپڑے کو قیمتی ملبوسات میں تبدیل کرنے کے لیے سرمایہ کاری کر رہی ہے پاکستان اور بنگلہ دیش میں کمپنی کے بہت سے صارفین نے اپنا کپڑا خود تیار کرنا شروع کر دیا ہے۔

مستقبل کے منصوبہ جات

ٹیکسٹائل سیکٹر کے لیے مستقبل کے منصوبہ جات میں چیلنج متوقع ہیں جس میں ایک مسلسل مایوس کن رجحان پچھلے ڈیڑھ سال کے دوران ٹیکسٹائل کی برآمدات میں پایا گیا۔ پاکستان اندرونی اور بیرونی عوامل جیسے بلند قیمت کا کاروبار، خاص طور پر توانائی کے اخراجات، سیکیورٹی مسائل، مارکیٹنگ کے نقصانات، مارکیٹنگ کے فوائد نہ ملنا اور مربوط و بہتر اور طویل مدتی مسلسل صنعتی و تجارتی پالیسیوں کی کمی کے باعث علاقائی مقابلہ ممالک بشمول چین، بنگلہ دیش اور بھارت سے پیچھے ہے۔ حکومت کو سمجھنا چاہئے کہ ایک تنزلی کار رجحان بلا روک ٹوک جاری رہا تو ناقابل تلافی نقصان ہو گا اور یہ خریدار ہمارے پاس واپس نہیں آئیں گے۔ ڈوبتی ٹیکسٹائل صنعت کو بحال کرنے کے لئے ضروری ہے کہ حکومت پاکستان ٹیکسٹائل کے شعبہ کے فروغ کے لیے جو ایک سب سے بڑا غیر ملکی زر مبادلہ کا ذریعہ ہے پیش قدم اقدام اٹھائے۔

بیٹار چیلنجز کے باوجود، انتظامیہ نے لاگت کی تحدید پر نظر رکھی ہوئی ہے اور مؤثر طور پر اپنی استعداد کار کو بڑھایا اور نئی عالمی منڈیوں تک رسائی حاصل کی ہے۔ اس سے کمپنی کے معاشی کردار میں بہتری آئے گی۔

کارپوریٹ اور مالیاتی رپورٹ کا ڈھانچہ

- کوڈ آف کارپوریٹ گورننس کی ضروریات کے تحت ڈائریکٹرز درج ذیل کو بیان کرتے ہوئے مسرت محسوس کرتے ہیں۔
- کمپنی انتظامیہ کے بنائے گئے مالیاتی حسابات کے تحت کمپنی معاملات کی حالت، کارکردگی کے نتائج، کیش فلو اور کاروباری حصہ میں تبدیلی کو واضح طور پر دکھایا گیا ہے۔
- کمپنی کی موزوں حسابات کی کتابیں باقاعدہ مرتب کی گئی ہیں۔
- مالیاتی حسابات کی تیاری میں مخصوص حسابی حکمت عملی کو اختیار کیا گیا ہے اور حسابی حکمت عملی میں ہر تبدیلی کو واضح کر دیا گیا ہے۔ اکاؤنٹنگ تخمینے معقول اور محتاط فیصلوں پر مبنی ہیں۔
- مالیاتی حسابات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز جو پاکستان میں رائج ہیں کی پیروی کی گئی ہے اور ان میں سے کسی بھی انحراف کو مناسب طور پر منکشف و واضح کیا گیا ہے۔
- داخلی نظم و ضبط کے نظام کا خاکہ انتہائی موزوں ہے اور مؤثر طور پر لاگو کیا گیا ہے جسے باقاعدگی سے جانچا اور کھاجا جاتا ہے۔
- کمپنی کے قائم رہنے کی صلاحیت کسی بھی قسم کے شکوک و شبہات سے بالاتر ہے۔
- ضابطے کی فہرست میں تفصیلی طور پر درج انتظامی ڈھانچہ کے بہترین طور طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گذشتہ سال کے عمل کاری کے نتائج سے اہم انحراف کے اسباب ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں بیان کیے گئے ہیں۔
- کلیدی آپریٹنگ اور مالیاتی ڈیٹا گزشتہ چھ سالوں کے لئے خلاصہ شکل میں آڈٹ شدہ حسابات کے ساتھ منسلک ہے۔

- واجب الادائیکس کے بارے میں معلومات، فرائض، لیویز اور چارجز آڈٹ شدہ حسابات کے نوٹس میں دیے گئے ہیں۔
- کمپنی کے چارڈائریکٹرز نے ٹریڈنگ کورس میں شرکت کی ہے جبکہ ایک ڈائریکٹر کو تجربے اور قابلیت کے باعث اس طرح کے کورس سے مستثنیٰ قرار دیا ہے اور باقی ڈائریکٹرز بھی کوڈ آف کارپوریٹ گورننس میں درج مخصوص وقت کے اندر اندر تربیت یافتہ ہو جائیں گے۔
- زیر نظر سال کے دوران پاکستان میں منعقدہ بورڈ آف ڈائریکٹرز کی چار میٹنگز میں ہر ڈائریکٹر کی حاضری مندرجہ ذیل تھی۔

ڈائریکٹر کا نام	میٹنگ میں شرکت کی تعداد
جناب فیصل احمد	4
محترمہ ملیہ فیصل	1
جناب محمد یوسف احمد	3
جناب محمد علی احمد	1
جناب محمد اقبال الرحیم	4
مس سارہ فیصل احمد	1
جناب ظفر الحقار احمد خان	4

جو ڈائریکٹرز بورڈ کے اجلاس میں شرکت کرنے سے قاصر تھے ان کو رخصت دے دی گئی تھی۔

- شیئر ہولڈنگ کا اسلوب برائے جون 30، 2016 ہمراہ کوڈ آف کارپوریٹ گورننس کے تحت انکشاف، آڈٹ شدہ حسابات کے ساتھ منسلک ہے۔
- کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسینشل آفیسر، کمپنی سیکرٹری، داخلی آڈٹ کے سربراہ، دیگر ایگزیکٹو افسران اور ان کے شریک حیات اور ان کے نابالغ بچوں کی طرف سے دوران سال کمپنی کے حصص کی خرید و فروخت میں حصہ نہیں لیا۔

بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے پیش رو نظام بہتر بنانے اور ضابطہ اخلاق کی ضروریات کے تحت آڈٹ کمیٹی تشکیل دی ہے۔ یہ آڈٹ کمیٹی تین ممبران، دو غیر ایگزیکٹو جبکہ ایک آزاد پر مشتمل ہے۔ آڈٹ کمیٹی کے چیئرمین ایک غیر ایگزیکٹو ڈائریکٹر ہیں۔ آڈٹ کمیٹی نے اپنے افعال تسلی بخش اور کارپوریٹ گورننس کے ضابطہ کے مطابق انجام دیے ہیں۔ دوران سال، آڈٹ کمیٹی کی چار میٹنگز منعقد ہوئیں۔ ہر ڈائریکٹر کا حاضری ریکارڈ درج ذیل تھا۔

ڈائریکٹر کا نام	میٹنگ میں شرکت کی تعداد
جناب محمد اقبال الرحیم	4
محترمہ ملیہ فیصل	1
جناب ظفر الحقار احمد خان	4

جو ڈائریکٹرز کمیٹی کے اجلاس میں شرکت کرنے سے قاصر تھے ان کو رخصت دے دی گئی تھی۔

بورڈ آف ڈائریکٹرز نے ہیومن ریسورس اور مشاہرہ کمیٹی (HR&HC) کارپوریٹ گورننس کے بہترین طرز عمل اور کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق تشکیل دی ہے۔ کمیٹی تین اراکین جو تمام غیر ایگزیکٹو ڈائریکٹرز بشمول چیئرمین کمیٹی پر مشتمل ہے۔ کمیٹی نے ہیومن ریسورس کی پالیسیوں کے بارے میں اور تقرری، معاوضے اور چیف ایگزیکٹو آفیسر، چیف فنانسینشل آفیسر، کمپنی سیکرٹری، چیف داخلی آڈٹ و دیگر اعلیٰ عہدیداروں کی جانشینی جو چیف ایگزیکٹو آفیسر کو براہ راست رپورٹ کا پابند ہو گا کی تشکیل میں کردار ادا کیا۔ دوران سال کمیٹی کا ایک اجلاس منعقد کیا گیا۔ ہر ڈائریکٹر کا حاضری ریکارڈ درج ذیل تھا۔

مینگ میں شرکت کی تعداد	ڈائریکٹر کا نام
1	جناب محمد اقبال الرحیم
1	جناب محمد علی احمد
1	مس سارہ فیصل احمد

جو ڈائریکٹرز کمیٹی کے اجلاس میں شرکت کرنے سے قاصر تھے ان کو رخصت دے دی گئی تھی۔

متعلقہ پارٹی لین دین اور قیمتوں کا تعین

دوران سال 2016 تمام متعلقہ پارٹی لین دین نظر ثانی اور منظوری کے لئے آڈٹ کمیٹی اور بورڈ کے سامنے رکھا گیا تھا۔

یہ لین دین آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاس میں منظور کر لیں۔

متعلقہ فریقوں کے ساتھ لین دین کا موازنہ کنٹرولڈ قیمتوں اور طریقہ کے مطابق مناسب / غیر پابند قیمتوں کے ساتھ کیا گیا۔ کمپنی بہترین طرز عمل کے ساتھ پاکستان اسٹاک ایکسچینج لمیٹڈ کے قوانین کے مطابق قیمتوں کے تعین پر مکمل طور پر عمل پیرا ہے۔

آڈیٹرز

موجودہ آڈیٹرز ای وائی فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس آئینڈ ہونے والے سالانہ جنرل اجلاس جو اکتوبر 22، 2016 کو منعقد ہو گا، میں ریٹائر ہو رہے ہیں اور دوبارہ تقرری کے لیے رضامندی ظاہر کی ہے۔

کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر 30 جون 2017 کو ختم ہونے والے سال کے لیے طے شدہ مشاہرہ کے ساتھ ان کے دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ سماجی ذمہ داریاں

1- توانائی کی بچت

کمپنی کا اپنا بجلی پیدا کرنے کا پلانٹ موجود ہے۔ پاور پلانٹ کم لاگت بجلی پیدا کرنے کے ساتھ تمام حصوں مثلاً کٹائی، بنائی اور سلائی کی ضروریات کو پورا کرتا ہے۔ اعلیٰ تعلیم یافتہ اور اچھی طرح تربیت یافتہ عملہ پلانٹ کو رواں رکھنے اور اس کی دیکھ بھال کا ذمہ دار ہے۔ کمپنی کے قراردادے گئے عہد کے مطابق قدرتی وسائل کے تحفظ کی طرف، تمام کاروباری یونٹس توانائی بچاؤ مہم کو بہتر بنانے کے لئے کوشاں ہیں۔ کمپنی توانائی کی بچت کے لیے مشینری ترامیم، ٹیکنالوجی ترقی کا نفاذ، ترقی کے نئے طریقوں، دیکھ بھال، حرارت کے ضیاع کے تحفظ میں مسلسل روبہ عمل ہے۔ توانائی، پیداوار اور وقت کے لحاظ سے یہ اقدامات توانائی کی بچت کے لئے مشعل راہ ہیں۔

2- ماحول، صحت اور تحفظ

آرٹسٹک ڈینیم ملز کے پاس صحت، تحفظ اور ماحول کی حفاظت کا دستاویزی نظام موجود ہے جو اس بات کو یقینی بنانے کے لئے کہ ADM کا پورا احاطہ اور ماحول، اس کے تمام ملازمین، گاہکوں، اسٹیک ہولڈرز، ٹھیکیداروں، مہمانوں اور سپلائرز کے لئے محفوظ اور صحت مند ہو۔ کمپنی نے غیر محفوظ اور غیر صحت بخش کام کی مشق / حالات کو کم کرنے کے لیے معروضی بنیاد پر کوششیں کی ہیں۔ کمپنی نے وابستہ افراد کے دوران کام حادثات اور چوٹ وغیرہ کی روک تھام کے لیے مناسب اقدامات کیے ہیں۔ انتظامیہ کے نمائندے تمام عملے کی صحت اور حفاظت کے ذمہ دار اور ہیلتھ اینڈ سیفٹی کے اعلیٰ معیار کے عناصر کے نفاذ کے لئے جواب دہ ہیں۔ ماحولیاتی شور کی جانچ کا عمل بھی ایک متواتر بنیاد پر کمرشل لیبارٹری سے کیا جاتا رہتا ہے۔ آگ کے الارم اور خطرے کا پتہ لگانے کا نظام نصب ہے اور درست اور فعال حالت میں برقرار رکھا گیا ہے۔ ADM میں ماحول، صحت اور تحفظ کے انتظام و حالات کو مسلسل بہتر اور یقینی بنانے کے لیے کمپنی کی پالیسی، مقاصد، اہداف اور پروگراموں کی توثیق کے لیے ہر سطح پر مکمل وابستگی کو یقینی بنانے کے لیے باقاعدہ جائزے اور تشخیص کا نظام موجود ہے۔

ADM مندرجہ ذیل تصدیقات رکھتا ہے:

- EMS 2004 :14001 ISO (انوائرنمنٹل منیجمنٹ سسٹم)
- QMS 2008 :9001 ISO (کوالٹی منیجمنٹ سسٹم)
- BSCI (بزنس سوشل کمپلائنس انیشیٹیو)
- WRAP (ورلڈ وائڈ ریپوسبل ایکریڈیشن پروڈکشن)
- SEDEX (سپلائر اتھیکل ڈیٹا ایکیچینج)
- GOTS (گلوبل اورگینک ٹیکسٹائل اسٹینڈرڈز)
- OCS (اورگینک کنٹرول اسٹینڈرڈز)
- OCS Blended (اورگینک بلینڈڈ اسٹینڈرڈز)
- OEKO-TEX Standard-100

3- سیکورٹی اقدامات

کمپنی کی انتظامیہ سلامتی اور سیکورٹی کی اہمیت سے آگاہ ہے اسی لیے آپریشنز کو رواں رکھنے کے لیے سیکورٹی اہلکاروں، سیکورٹی پالیسیوں اور طریقہ کار کی تعیناتی کے ساتھ ملازمین اور اثاثوں کے تحفظ کے لیے بھاری اخراجات برداشت کر رہی ہے۔ کمپنی کے مختلف مقامات پر سی ٹی وی کیمروں کی تنصیب کے ذریعے نگرانی کا ایک نظام قائم کیا ہے۔

4- استعمال شدہ پانی کی صفائی کا پلانٹ

پانی ہمارے ملک کے لیے ایک نایاب قدرتی وسیلہ ہے اور یہ بہترین ممکنہ انداز میں منظم کیا جانا چاہیے۔ کمپنی کے پاس نیشنل انوائرنمنٹل کوالٹی اسٹینڈرڈ آف EPA پاکستان کے مطابق استعمال شدہ پانی کی صفائی کی سہولت موجود ہے۔ چونکہ پانی نایاب ہوتا جا رہا ہے، اس کا مؤثر علاج یہ ہے کہ جدید ٹیکنالوجی کے ذریعے اسے دوبارہ قابل استعمال بنایا جائے۔ استعمال شدہ پانی، واٹر ٹریٹمنٹ پلانٹس میں دوبارہ استعمال سے قبل ماحولیاتی تحفظ کے معیار کے مطابق مرکزی سیوریج لائن کو ڈسچارج اور ٹریٹمنٹ کیا جاتا ہے۔

5- مساوی موقع آجر

کمپنی میں کسی بھی تعصب یا جانبداری کے بغیر مختلف نسلوں کے ملازمین کی خدمات حاصل ہے اس لیے کہ کمپنی کے لیے ہر انسان برابر ہے اور ADM ایک متنوع ماحول کی تخلیق کے لئے پرعزم ہے یہاں نسلی امتیاز کے بغیر ملازمین کی خدمات حاصل کرنے پر اسے بجاطور پر فخر حاصل ہے۔

6- حج کی سعادت

کمپنی، ملازمین کی حوصلہ افزائی کے طور پر، اپنے خرچ پر ہر سال دو افراد کو قمرہ اندازی کے ذریعے حج کی سعادت کے لیے بھیجتی ہے۔

اظہار تشکر

آپ کی کمپنی کے ڈائریکٹرز تمام اسٹیک ہولڈرز بشمول بینکوں، ریگولیٹرز و دیگر کاروباری ساتھیوں کی مدد اور ان کی مسلسل حمایت اور تعاون پر ان کے جذبہ اور خلوص کی تعریف کرتے اور امید کرتے ہیں کہ مستقبل میں بھی ان کی حمایت اور تعاون اسی طرح جاری رہے گا۔ کمپنی کے ڈائریکٹرز، ملازمین کی انتھک محنت، کارکردگی، لگن اور ذمہ داری جو چیکنج کاروباری ماحول میں مسلسل درکار ہے کو یقینی بنانے پر ملازمین کے شکر گزار ہیں۔

بورڈ کی جانب سے

فیصل احمد
چیف ایگزیکٹو

کراچی: 19 ستمبر، 2016

KEY OPERATING AND FINANCIAL DATA

	2016	2015	2014	2013	2012	2011
	.....(Rupees in '000).....					
ASSETS EMPLOYED						
Operating fixed assets	4,329,562	4,170,718	3,655,456	3,305,415	3,112,798	3,250,504
Capital work-in-progress	1,010,673	524,266	698,979	209,681	316,900	16,008
Long term loans	7,864	7,266	8,471	5,314	4,695	4,592
Long term deposits	1,698	956	956	853	833	777
Net current assets/(liabilities)	864,902	996,063	564,693	754,011	332,469	25,676
Total Assets Employed	6,214,699	5,699,269	4,928,555	4,275,274	3,767,695	3,297,557
FINANCED BY						
Shareholders equity	5,497,468	5,456,653	4,802,782	4,042,451	3,379,011	3,031,237
Long term financing	577,560	130,452	39,985	168,489	344,206	235,319
Deferred liability	139,671	112,164	85,788	64,334	44,478	31,001
	6,214,699	5,699,269	4,928,555	4,275,274	3,767,695	3,297,557
SALES & PROFITS						
Net sales	6,461,983	6,998,644	6,467,591	6,136,793	5,451,844	4,869,120
Gross profit	703,437	1,178,342	1,149,130	1,145,604	851,259	743,095
Profit before taxation	399,842	761,917	860,978	787,677	496,438	395,273
Net profit after taxation	377,999	743,546	852,497	758,031	440,092	351,444
Proposed Dividend %	20	40	10	10	10	10
Un-appropriated profit	4,657,468	4,616,653	3,962,782	3,202,451	2,539,011	2,191,237

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
210	1	100	6,104
172	101	500	65,218
99	501	1000	85,804
201	1001	5000	527,066
39	5001	10000	307,366
18	10001	15000	216,185
7	15001	20000	132,000
3	20001	25000	74,000
1	25001	30000	30,000
1	30001	35000	35,000
1	35001	40000	37,000
1	40001	45000	41,000
2	45001	50000	96,904
1	60001	65000	60,500
1	90001	95000	91,000
1	95001	100000	99,000
1	100001	105000	102,000
1	120001	125000	121,500
1	125001	130000	129,000
1	160001	165000	161,000
1	595001	600000	600,000
1	1405001	1410000	1,409,200
1	1765001	1770000	1,767,000
1	9740001	9745000	9,741,400
1	68060001	68065000	68,064,753
767			84,000,000

PATTERN OF SHAREHOLDING

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 EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN		
MUHAMMAD YOUSUF AHMED	99,000	
MUHAMMAD ALI AHMED	858	
MALIHA FAISAL	500	
MUHAMMAD FAISAL AHMED	68,064,753	
ZAFAR-UL-MUKHTAR AHMED KHAN	500	
MUHAMMAD IQBAL-UR-RAHIM	600	
SARAH FAISAL AHMED	500	
Sub-Total :	68,166,711	81.15
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES		
ARTISTIC PROPERTIES (PVT) LIMITED	1,410,200	
Sub-Total :	1,410,200	1.68
MODARABAS AND MUTUAL FUNDS		
FIRST ALNOOR MODARABA	5,000	
Sub-Total :	5,000	0.01
NIT AND ICP		
INVESTMENT CORP. OF PAKISTAN	500	
Sub-Total :	500	0.00
FOREIGN INVESTORS		
AFC UMBRELLA FUND	91,000	
HABIB BANK AG ZURICH, DEIRA DUBAI	15,000	
Sub-Total :	106,000	0.13

PATTERN OF SHAREHOLDING

Categories of Shareholders	Shares Held	Percentage
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OTHERS

TIME SECURITIES (PVT.) LTD.	24,000	
HH MISBAH SECURITIES (PRIVATE) LIMITED	5,000	
HSZ SECURITIES (PVT.) LTD.	80	
FIRST NATIONAL EQUITIES LIMITED	1,000	
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SE	121,500	
MAPLE LEAF CAPITAL LIMITED	1	
DAWOOD FAMILY TAKAFUL LIMITED	9,800	
TRUSTEE OF FFC EMP.GR.FUND TRUST	25,000	
Y.S. SECURITIES & SERVICES (PVT) LTD.	80	
SEVEN STAR SECURITIES (PVT.) LTD.	46,904	
FIKREE'S (SMC-PVT) LTD.	2,300	
DJM SECURITIES (PRIVATE) LIMITED	60,500	
SUNRAYS TEXTILE MILLS LIMITED	1,500	
DAWOOD FAMILY TAKAFUL LIMITED	10,000	
Sub-Total :	307,665	0.37

INDIVIDUAL

LOCAL - INDIVIDUALS	12,236,924	
Sub-Total :	12,236,924	14.57
Grand Total :	84,000,000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE

Name of Shareholders	Shares Held	Percentage
Faisal Ahmed	68,064,753	
Sadia Zain	9,741,400	
Total:	77,806,153	92.63

PERFORMANCE AT A GLANCE

	2016	2015
FINANCIAL RATIOS		
Gross profit - % of net sales	10.89	16.84
Profit before taxation - % of net sales	6.19	10.89
Net Profit after taxation - % of net sales	5.85	10.62
Earnings per share - basic & diluted	4.50	8.85
Increase / (decrease) in net sales - %	(7.67)	8.21
Raw and packing materials - % of net sales	47.04	41.30
Labour - % of net sales	24.82	20.61
Other cost of goods manufactured - % of net sales	18.23	19.68
Distribution costs - % of net sales	2.49	2.92
Administrative expenses - % of net sales	1.50	1.22
Finance costs - % of net sales	1.12	1.94
Taxation - % of net sales	0.34	0.26
Inventory turnover days	75	67
Receivable turnover days	61	69
SHORT TERM SOLVENCY		
Current ratio	1.36	1.53
Acid test ratio	0.74	0.88
OVERALL VALUATION AND ASSESSMENT		
Return on equity (average)	6.90	14.49
P.E. ratio	14.83	9.14
Book value per share	65.45	64.96
Long term debts : equity	10:90	02:98

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Artistic Denim Mills Limited
Year Ended: June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulations of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, in which the Lahore and Islamabad stock exchanges have merged) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). As at June 30, 2016 the Board comprised of the following directors:

Category	Name
Independent Director	i. Mr. Zafar-ul-Mukhtar Ahmed Khan
Executive Director	i. Mr. Faisal Ahmed
Non-Executive Directors	i. Mrs. Maliha Faisal
	ii. Mr. Muhammad Yousuf Ahmed
	iii. Mr. Muhammad Ali Ahmed
	iv. Ms. Sarah Faisal Ahmed
	v. Mr. Muhammad Iqbal-ur-Rahim

The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year ended June 30, 2016.
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 material transactions, including appointment, determination of remuneration and terms and conditions of employment of the CEO and non-executive directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose and the Board met once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Four directors of the Company have required certification, whereas one director is exempted from such course on account of the experience and qualification as prescribed by the CCG.
10. During the year, a new Company Secretary was appointed by the Board. The remuneration, terms and conditions of the employment of Company Secretary have been determined by the CEO with the approval of the Board. However, no new appointment of the Chief Financial Officer (CFO) and Head of Internal Audit were made during the year.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom one is an independent director and two are non-executive directors and the Chairman of the Committee is a non-executive director.
16. The meetings of the Audit Committee were held once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises three members, all of whom are non-executive directors including the Chairman of the Committee.
18. The Board has set-up an effective internal audit function managed by suitably qualified and experienced personnel that are involved in the internal audit function on a full time basis and are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and Stock Exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

By order of the Board

Karachi: September 19, 2016

FAISAL AHMED
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Artistic Denim Mills Limited** (the Company) for the year ended **30 June 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended **30 June 2016**.

Ernst & Young Ford Rhodes, Ltd. Karachi

Chartered Accountants

Date: 19 September 2016

Place: Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ARTISTIC DENIM MILLS LIMITED (the Company)** as at **30 June 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 2.3, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

: -2- :

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2016** and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, 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.

Ernst & Young Fund Modes S, dt Sep 19

Chartered Accountants

Audit Engagement Partner's Name: Riaz A. Rehman Chamdia

Date: 19 September 2016

Place: Karachi

BALANCE SHEET

As at June 30, 2016

ASSETS	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,340,235	4,694,984
Long-term loans	5	7,864	7,266
Long-term deposits	6	1,698	956
		<u>5,349,797</u>	<u>4,703,206</u>
CURRENT ASSETS			
Stores and spares	7	156,619	185,303
Stock-in-trade	8	1,334,594	1,032,582
Trade debts	9	1,034,339	1,115,975
Loans and advances	10	65,272	60,783
Trade deposits	11	5,545	2,295
Other receivables	12	100,578	101,681
Sales tax refundable		190,971	102,400
Taxation - net	13	312,263	255,377
Cash and bank balances	14	60,783	27,385
		<u>3,260,964</u>	<u>2,883,781</u>
TOTAL ASSETS		<u><u>8,610,761</u></u>	<u><u>7,586,987</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	840,000	840,000
Reserves	16	4,657,468	4,616,653
		<u>5,497,468</u>	<u>5,456,653</u>
NON-CURRENT LIABILITIES			
Long-term financing	17	577,560	130,452
Deferred liability	18	139,671	112,164
		<u>717,231</u>	<u>242,616</u>
CURRENT LIABILITIES			
Trade and other payables	19	1,001,235	631,575
Accrued mark-up	20	14,827	15,968
Short-term borrowings	21	1,380,000	1,188,530
Current maturity of long-term financing		-	51,645
		<u>2,396,062</u>	<u>1,887,718</u>
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		<u><u>8,610,761</u></u>	<u><u>7,586,987</u></u>

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



Faisal Ahmed
Chief Executive



Muhammad Iqbal-ur-Rahim
Director

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2016

		June 30, 2016	June 30, 2015
	Note	..... Rupees in '000	
NET SALES	23	6,461,983	6,998,644
Cost of sales	24	(5,758,546)	(5,820,302)
GROSS PROFIT		703,437	1,178,342
Distribution costs	25	(160,814)	(204,261)
Administrative expenses	26	(97,205)	(85,640)
Other operating expenses	27	(31,954)	(49,180)
Other income	28	58,788	58,366
		(231,185)	(280,715)
OPERATING PROFIT		472,252	897,627
Finance costs	29	(72,410)	(135,710)
PROFIT BEFORE TAXATION		399,842	761,917
Taxation	30	(21,843)	(18,371)
NET PROFIT FOR THE YEAR		377,999	743,546
EARNINGS PER SHARE - BASIC AND DILUTED (Rs. per share)	31	4.50	8.85

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


Faisal Ahmed
 Chief Executive


Muhammad Iqbal-ur-Rahim
 Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
Net profit for the year	377,999	743,546
Other comprehensive income		
Items that may not be reclassified subsequently to profit and loss account		
Actuarial loss on defined benefit plan	(1,184)	(5,675)
Total comprehensive income for the year	376,815	737,871

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

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

CASH FLOW STATEMENT

For the year ended June 30, 2016

	Note	June 30, 2016	June 30, 2015
..... Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	938,185	1,563,161
Taxes paid		(78,729)	(106,456)
Gratuity paid		(4,128)	(6,629)
Finance costs paid		(73,551)	(144,089)
Long-term deposits		(742)	-
Net cash generated from operating activities		781,035	1,305,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(998,666)	(667,827)
Long-term loans		(598)	1,205
Sale proceeds of operating fixed assets		350	2,077
Net cash used in investing activities		(998,914)	(664,545)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing acquired		556,759	146,118
Long-term financing repaid		(161,296)	(132,510)
Short-term borrowings acquired / (repaid)		209,057	(390,708)
Dividend paid		(335,656)	(83,880)
Net cash generated from / (used in) financing activities		268,864	(460,980)
NET INCREASE IN CASH AND CASH EQUIVALENTS		50,985	180,462
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		9,798	(170,664)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	33	60,783	9,798

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

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

	Revenue Reserves				Total
	Issued, subscribed and paid-up capital	Unappro- priated Profit	Actuarial loss on Defined benefit plan	Total	
..... Rupees in '000					
Balance as at June 30, 2014	840,000	3,989,857	(27,075)	3,962,782	4,802,782
Net profit for the year	-	743,546	-	743,546	743,546
Other comprehensive income	-	-	(5,675)	(5,675)	(5,675)
Total comprehensive income for the year	-	743,546	(5,675)	737,871	737,871
Cash dividend @ Rs.1 per Ordinary share of Rs.10 each for the year ended June 30, 2014	-	(84,000)	-	(84,000)	(84,000)
Balance as at June 30, 2015	840,000	4,649,403	(32,750)	4,616,653	5,456,653
Net profit for the year	-	377,999	-	377,999	377,999
Other comprehensive income	-	-	(1,184)	(1,184)	(1,184)
Total comprehensive income for the year	-	377,999	(1,184)	376,815	376,815
Cash dividend @ Rs. 4 per Ordinary share of Rs.10 each for the year ended June 30, 2015	-	(336,000)	-	(336,000)	(336,000)
Balance as at June 30, 2016	840,000	4,691,402	(33,934)	4,657,468	5,497,468

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

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2016

1. THE COMPANY AND ITS OPERATIONS

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

The registered office 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance) and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention.

2.3 New and amended standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards which became effective for the current year:

IFRS - 10 - Consolidated Financial Statements

IFRS - 11 - Joint Arrangements

IFRS - 12 - Disclosure of Interests in Other Entities

IFRS - 13 - Fair Value Measurement

IAS - 27 - Equity Method in Separate Financial Statements

IAS - 28 - Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

2.4 Standards and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

		Effective date (annual periods beginning on or after)
IFRS 2	- Share-based Payments - Classification and Measurement of Share - based Payments Transactions (Amendments)	01 January 2018
IFRS 10	- Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10	- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	- Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1	- Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7	- Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12	- Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16	- Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16	- Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27	- Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by the IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019

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. Depreciation on all operating fixed assets except leasehold land, is charged to income, applying the reducing balance method whereby the cost of an asset, less their residual value, is written off over its estimated useful life. Leasehold land is amortised using the straight line method whereby the cost of the leasehold land is written off 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 and up to the month preceding the deletion, respectively.

The carrying values of property, plant and equipment 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.

Maintenance and normal repairs are charged to profit and loss account 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 and loss account.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost. 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 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 the balance sheet date.

3.3 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value.

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 balance sheet date.

Finished goods and work-in-process consist of cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity. Cost is determined on FIFO basis.

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.

3.4 Trade debts

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Bad debts are written-off when identified.

3.5 Loans, advances and other receivables

These are stated at cost less provision for any doubtful receivables.

3.6 Cash and cash equivalents

These are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand net of outstanding balance of running finance facilities availed by the Company, if any.

3.7 Interest / mark-up bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction cost) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

Gains and losses are recognised in profit and loss account when the liabilities are derecognised as well as through amortisation process.

3.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.9 Foreign currency translation

Foreign currency transactions during the year 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 balance sheet date. Gains and losses on translation are taken to income currently. 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.

3.10 Staff retirement benefit

The Company operates an unfunded gratuity plan (defined benefit scheme) for all its permanent employees. Provision is made annually, to cover obligations under the plan, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation.

3.11 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.

3.12 Taxation

Current

The Company falls under the final tax regime under Section 169 of the Income Tax Ordinance, 2001. Provision for tax on other income is based on taxable income 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 in respect of sales whereas, temporary differences in respect of other income are expected to be negligible.

3.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Specific revenue recognition criteria are as follows:

- (i) Sales are recorded when goods are dispatched and invoiced;
- (ii) Duty draw back on export sales is recognised on an accrual basis at the time of making the export sale; and
- (iii) Dividend income is recognised when the Company's right to receive payment is established.

3.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account.

3.15 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

3.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.17 Impairment

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are de-recognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

3.18 Dividends and appropriation to general reserve

Dividends and appropriation to general reserves are recognised in the financial statements in the period in which these are approved.

3.19 Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (i) determining the residual values and useful lives of property, plant and equipment (Note 3.1);
- (ii) impairment of inventories / adjustment of inventories to their Net realisable Value (Note 3.4);
- (iii) recognition of staff retirement benefits (Note 3.11);
- (iv) provisions (Note 3.12);
- (v) recognition of taxation and deferred taxation (Note 3.13) ;
- (vi) impairment of assets (Note 3.18); and
- (vii) contingencies (Note 22).

	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	4,329,562	4,170,718
Capital work-in-progress	4.2	1,010,673	524,266
		5,340,235	4,694,984

4.1 Operating fixed assets

	COST			Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2015	Additions / Transfers	As at June 30, 2016		As at July 01, 2015	For the Year	As at June 30, 2016	As at June 30, 2016	
	.....Rupees in '000.....				.....Rupees in '000.....				
June 30, 2016									
Leasehold land	1,211,663	-	1,211,663	65 to 86 yrs	158,337	15,188	-	173,525	1,038,138
Building on leasehold land	1,285,687	43,862	1,329,549	10	565,383	73,678	-	639,061	690,488
Plant and machinery	3,965,913	445,526	4,411,439	10	1,785,207	234,687	-	2,019,894	2,391,545
Factory equipment	231,380	12,322	243,702	10	90,036	14,726	-	104,762	138,940
Furniture and fixtures	30,736	1,119	31,855	10	7,947	2,317	-	10,264	21,591
Office equipment, including Computers	28,521	4,064	32,585	33	21,848	2,923	-	24,771	7,814
Vehicles	93,239	5,366	97,427	20	47,663	9,711	(993)	56,381	41,046
	6,847,139	512,259	7,358,220		2,676,421	353,230	(993)	3,028,658	4,329,562

	COST			Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2014	Additions / Transfers	As at June 30, 2015		As at July 01, 2014	For the Year	As at June 30, 2015	As at June 30, 2015	
	.....Rupees in '000.....				.....Rupees in '000.....				
June 30, 2015									
Leasehold land	1,211,663	-	1,211,663	65 to 86 yrs	143,149	15,188	-	158,337	1,053,326
Building on leasehold land	1,060,801	224,886	1,285,687	10	501,986	63,397	-	565,383	720,304
Plant and machinery	3,414,825	551,088	3,965,913	10	1,564,984	220,223	-	1,785,207	2,180,706
Factory equipment	191,332	40,048	231,380	10	77,398	12,638	-	90,036	141,344
Furniture and fixtures	14,602	16,134	30,736	10	6,592	1,355	-	7,947	22,789
Office equipment, including Computers	26,335	2,186	28,521	33	19,215	2,633	-	21,848	6,673
Vehicles	88,018	8,198	93,239	20	38,796	10,775	(1,908)	47,663	45,576
	6,007,576	842,540	6,847,139		2,352,120	326,209	(1,908)	2,676,421	4,170,718

4.1.1 Depreciation / amortisation charge for the year has been allocated as follows:

	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	
Cost of sales	24.1	326,032	301,093
Distribution costs	25	706	652
Administrative expenses	26	26,492	24,464
		353,230	326,209

4.1.2 The following assets were disposed off during the year:

Description	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain on disposal	Mode of disposal	Particulars of Buyer
	..... Rupees in '000						
Vehicle	53	43	10	12	2	Negotiation	Mr. Irfan
Vehicle	54	44	10	13	3	Negotiation	Mr. Amir
Vehicle	43	26	17	19	2	Negotiation	Mr. Sarfraz
Vehicle	43	26	17	19	2	Negotiation	Mr. Zulfiqar
Vehicle	43	26	17	20	3	Negotiation	Mr. Imran
Vehicle	43	26	17	20	3	Negotiation	Mr. Ilyas
Vehicle	46	25	21	24	3	Negotiation	Mr. Farooq
Vehicle	43	26	17	20	3	Negotiation	Mr. Bashir
Vehicle	43	26	17	20	3	Negotiation	Mr. Faryad
Vehicle	38	34	4	6	2	Negotiation	Mr. Hashim
Vehicle	46	25	21	27	6	Insurance claim	EFU General Insurance, Karachi.
Vehicle	683	666	17	150	133	Negotiation	Mr. Muhammad Shahzad, Family Quarter, Thana Civil Line, Block - K, Karachi.
June 30, 2016	1,178	993	185	350	165		
June 30, 2015	2,977	1,908	1,069	2,077	1,008		

4.2 Capital work-in-progress

	Civil works	Plant & machinery	Factory equipment	Advances	Total
	..... Rupees in '000'				
As at July 01, 2015	326,257	4,466	-	193,543	524,266
Additions during the year	197,754	621,277	11,250	157,836	988,117
Transfer from advances	27,260	3,800	1,072	(32,132)	-
Transfer to operating fixed assets	(43,862)	(445,526)	(12,322)	-	(501,710)
June 30, 2016	507,409	184,017	-	319,247	1,010,673
June 30, 2015	326,257	4,466	-	193,543	524,266

4.2.1 Includes borrowing costs incurred in respect of plant and machinery capitalized during the year amounting to Rs. 3.321 million (2015: Rs. Nil) in respect of conventional banking.

	Note	June 30, 2016	June 30, 2015
..... Rupees in '000			
5. LONG-TERM LOANS			
Considered good - secured			
Executives	5.3	10,540	9,654
Employees		6,807	6,686
		17,347	16,340
Recoverable within one year shown under current assets			
Executives	10	(5,663)	(4,585)
Employees	10	(3,820)	(4,489)
		(9,483)	(9,074)
		7,864	7,266

5.1 The secured loans extended to executives and employees are either personal loans or given for medical expenses. These are granted in accordance 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 and 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.

5.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 12.192 (2015: Rs. 9.654) million.

	June 30, 2016	June 30, 2015
..... Rupees in '000		
5.3 Reconciliation of carrying amount of loans to executives		
Opening balance	9,654	9,599
Transfer of executives from employees	249	712
Disbursements during the year	7,694	6,725
	17,597	17,036
Recoveries during the year	(7,057)	(7,382)
	10,540	9,654

6. LONG-TERM DEPOSITS

Security deposits

Utilities	1,279	669
Others	419	287
	1,698	956

6.1 Long-term deposits do not carry any interest.

7. STORES AND SPARES

Stores

In hand	68,820	79,707
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Spares

In hand	87,790	105,560
In transit	9	36
	87,799	105,596
	156,619	185,303

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
8. STOCK-IN-TRADE		
Raw and packing materials		
In hand	604,831	543,532
In transit	19,973	24,556
	624,804	568,088
Work-in-process	564,048	381,787
Finished goods	145,742	82,707
	1,334,594	1,032,582
9. TRADE DEBTS - considered good		
Secured - against letters of credit		
Related party - Artistic Apparels (Private) Limited	10,888	-
Others	232,912	567,263
	243,800	567,263
Unsecured		
Related party - Casual Sportswear	26,671	20,332
Others	763,868	528,380
	790,539	548,712
	1,034,339	1,115,975

9.1 Trade debts including receivable from related parties are neither past due nor impaired and are aged within 120 days.

9.2 Trade debts do not carry interest.

		June 30, 2016	June 30, 2015
		..... Rupees in '000	
10. LOANS AND ADVANCES	Note		
Considered good			
Loans - secured			
Current portion of long-term loans			
Executives	5	5,663	4,585
Employees	5	3,820	4,489
		9,483	9,074
Advances - unsecured			
Suppliers		55,134	51,563
Labour contractors		370	140
Others		285	6
		55,789	51,709
		65,272	60,783

10.1 Loans and advances do not carry any interest.

	Note	June 30, 2016 Rupees in '000	June 30, 2015 Rupees in '000
11. TRADE DEPOSITS			
Container deposits		5,545	2,295
11.1 Trade deposits do not carry any interest.			
12. OTHER RECEIVABLES			
Duty draw back on export sales		99,386	100,017
Fair value gain on derivatives		-	572
Others		1,192	1,092
		<u>100,578</u>	<u>101,681</u>
13. TAXATION - net			
Provision for income tax - current	30	(21,843)	(18,371)
Advance income tax		334,106	273,748
		<u>312,263</u>	<u>255,377</u>
14. CASH AND BANK BALANCES			
Cash			
In hand		3,423	1,204
Conventional banks			
Current accounts		57,360	26,181
		<u>60,783</u>	<u>27,385</u>
15. SHARE CAPITAL			
15.1 Authorised capital			
		2016	2015
		..... Rupees in '000	
		<u>100,000,000</u>	<u>100,000,000</u>
		100,000,000	100,000,000
		Ordinary shares of Rs.10 each	
		<u>1,000,000</u>	<u>1,000,000</u>
15.2 Issued, subscribed and paid-up capital			
		Fully paid ordinary shares of	
		Rs. 10/- each	
		14,000,000	14,000,000
		- Issued for cash	- Issued for cash
		70,000,000	70,000,000
		- Issued as fully paid bonus shares	- Issued as fully paid bonus shares
		<u>84,000,000</u>	<u>84,000,000</u>
		84,000,000	84,000,000

		June 30, 2016	June 30, 2015
		..... Rupees in '000	
16. RESERVES			
Revenue reserves			
Unappropriated profit		4,691,402	4,649,403
Actuarial loss on defined benefit plan		(33,934)	(32,750)
		<u>4,657,468</u>	<u>4,616,653</u>
		June 30, 2016	June 30, 2015
17. LONG-TERM FINANCING		..... Rupees in '000	
	Note		
Conventional banks - 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)	17.1	577,560	148,764
Term finance from a bank		-	33,333
		<u>577,560</u>	<u>182,097</u>
Current maturities shown under current liabilities			
Term finances from banks under the SBP's scheme for EOP and LTFF		-	(18,312)
Term finance from a bank		-	(33,333)
		-	(51,645)
		<u>577,560</u>	<u>130,452</u>

17.1 Term finances from banks under the State Bank of Pakistan (SBP's) scheme for Export Oriented Projects (EOP) and Long-Term Financing Facility (LTFF)

The balance outstanding of Rs. 577.560 (2015: Rs. 148.764) million at the end of the current year comprises of the following twenty six (2015: seven) separate local currency loans.

- (a) Rs. 17.134 (2015: Rs. 17.134) million obtained 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 loan is repayable in 32 equal quarterly installments, commencing August 08, 2017 to May 08, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 4.5%) plus 1% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (b) Rs. 1.984 (2015: Rs. 1.984) million obtained 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 loan is repayable in 32 equal quarterly installments, commencing August 08, 2017 to May 08, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 4.5%) plus 1% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (c) Rs. 1.683 (2015: Rs. 1.683) million obtained 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 loan is repayable in 32 equal quarterly installments, commencing September 04, 2017 to June 04, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 4.5%) plus 1% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (d) Rs. 37.570 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing October 10, 2017 to July 10, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 3%) plus 1% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (e) Rs. 5.062 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing October 30, 2017 to July 30, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 3%) plus 1% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (f) Rs. 1.846 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing November 12, 2017 to August 12, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 3%) plus 1% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (g) Rs. 158.182 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing December 01, 2017 to September 01, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 3%) plus 1% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (h) Rs. 136.539 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing December 01, 2017 to September 01, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 3%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 360 million.

- (i) Rs. 35.550 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing February 05, 2018 to November 05, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 39.585 million.

- (j) Rs. 3.693 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing March 04, 2018 to December 04, 2025, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 7.700 million.

- (k) Rs. 3.861 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing May 25, 2018 to February 25, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 7.700 million.

- (l) Rs. 45.316 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing June 30, 2018 to March 30, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 208.135 million.

- (m) Rs. 5.701 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing August 05, 2018 to May 05, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 5.793 million.

- (n) Rs. 8.384 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing August 05, 2018 to May 05, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 12.744 million.

- (o) Rs. 3.246 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing August 23, 2018 to May 23, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 34.141 million.

- (p) Rs. 7.560 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing August 19, 2018 to May 19, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 208.135 million.

- (q) Rs. 10.059 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing August 18, 2018 to May 18, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 208.135 million.

- (r) Rs. 3.980 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing August 18, 2018 to May 20, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 12.744 million.

- (s) Rs. 3.555 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing September 08, 2018 to June 09, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 34.141 million.

- (t) Rs. 1.937 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing September 08, 2018 to June 09, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 34.141 million.

- (u) Rs. 15.053 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing August 30, 2018 to May 30, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 208.135 million.

- (v) Rs. 6.421 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing September 08, 2018 to June 08, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 208.135 million.

- (w) Rs. 11.060 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing September 16, 2018 to June 16, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 34.141 million.

- (x) Rs. 14.212 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing September 16, 2018 to June 16, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 34.141 million.

- (y) Rs. 18.986 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing September 27, 2018 to June 27, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 208.135 million.

- (z) Rs. 18.986 (2015: Rs. Nil) million obtained against the import of eligible plant and machinery, by the Company during the current year under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loan is repayable in 32 equal quarterly installments, commencing September 27, 2018 to June 27, 2026, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus 0.70% per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 208.135 million.

	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	
18. DEFERRED LIABILITY			
Employees' Gratuity	18.1	139,671	112,164

18.1 The Company operates an unfunded gratuity scheme for all eligible employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2016, using the "Projected Unit Credit Method".

	Gratuity	
	2016	2015
	..... Rupees in '000	
Movement in the present value of defined benefit obligation		
Balance as at July 01	112,164	85,788
Current service cost	18,891	16,196
Interest cost	11,560	11,134
Benefits paid during the year	(4,128)	(6,629)
Actuarial loss	1,184	5,675
Balance as at June 30	139,671	112,164

	June 30, 2016	June 30, 2015
	----- (Percentage) -----	
Principal actuarial assumptions used are as follows:		
Expected rate of increase in salary level	9.00	10.50
Valuation discount rate	9.00	10.50

Comparisons for past years:

As at June 30	2016	2015	2014 (Restated)	2013 (Restated)	2012
	..... Rupees in '000				
Present value of defined benefit obligation	139,671	112,164	85,788	64,334	44,478
Experience adjustment					
Actuarial loss on obligation	1,184	5,675	8,166	10,591	8,318

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

	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	
19. TRADE AND OTHER PAYABLES			
Creditors		365,802	239,718
Accrued liabilities	19.1	534,873	276,516
Advances from customers		12,604	11,162
Workers' Profit Participation Fund	19.2	21,329	40,425
Workers' Welfare Fund	19.3	57,928	58,656
Tax deducted at source		6,938	3,681
Unclaimed dividend		1,761	1,417
		<u>1,001,235</u>	<u>631,575</u>

- 19.1** In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act, 2015.

During the year, the Company has challenged the GIDC Act, 2015 and filed writ petition in the Honorable High Court of Sindh (HCS) including retrospective treatment of the provision of the GIDC Act. The Court has granted stay against charging of the GIDC under the GIDC Act, 2015. However, the Company on prudence basis has provided for the full amount of GIDC at the relevant rate in these financial statements.

	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	
19.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		40,425	46,256
Allocation for the year	27	21,329	40,425
Interest on WPPF	27	5,216	2,597
		<u>66,970</u>	<u>89,278</u>
Payments made during the year		(45,641)	(48,853)
		<u>21,329</u>	<u>40,425</u>
19.3 Workers' Welfare Fund			
Balance at the beginning of the year		58,656	52,498
Allocation for the year	27	5,409	6,158
		<u>64,065</u>	<u>58,656</u>
Payments made during the year		(6,137)	-
		<u>57,928</u>	<u>58,656</u>

19.3.1 The Company has challenged the amendments brought into the Workers' Welfare Fund Ordinance, 1971 through Finance Act 2006 in the Honorable High Court of Sindh. On 05 November 2010, the suit came up for hearing and a stay was granted. The Company falls under the Final Tax Regime and discharges its liability on total receipt basis which is 2% on 4% of total receipts instead of paying 2% of profit before tax upto the tax year 2013. Further, the Company based on the advice of its tax advisor, has not made payment in respect of WWF for the tax year 2014 on the ground that a stay was granted by the Honorable High Court of Sindh. However, as a matter of prudence, the Company has been accruing liability for WWF on the basis of 2% of profit before tax. The Company is expecting a favorable outcome of the suit. If the suit will be decided against the Company, it has to pay the remaining liability of WWF.

The provincial assembly of Sindh approved the Sindh Workers' Welfare Fund Act, 2014 on June 4, 2015 according to which the Company is required to pay WWF at the rate of 2% on 4% of total receipts. Hence the Company has recorded the liability for the current year and the year ended June 30, 2015 in the same manner.

	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	.....
20. ACCRUED MARK-UP			
Conventional banks			
Long-term financing - Term finance from a bank		-	1,374
Long-term finance - SBP's EOP and LTFF		4,537	2,716
Short-term running finances		6	3,320
Short-term loans		10,284	8,558
		14,827	15,968
21. SHORT-TERM BORROWINGS - secured			
Conventional banks			
Short-term loans	21.1	1,380,000	700,000
Short-term running finances		-	17,587
Short-term running finances under FE-25		-	470,943
		1,380,000	1,188,530
21.1 Short-term loans			
Export refinance - II	21.1.1	600,000	600,000
Export refinance - II	21.1.2	520,000	-
Export refinance - II	21.1.3	260,000	100,000
		1,380,000	700,000

21.1.1 During the year, the Company arranged a facility for short-term loan under export refinance, amounting to Rs. 600 million (2015: Rs. 600 million), from a commercial bank on mark-up basis, repayable by August 31, 2016.

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. 937.5 million.

The said export refinance carries mark-up at the rate of 0.50% per annum (2015: 0.50% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

- 21.1.2** During the year, the Company arranged a facility for short-term loan under export refinance, amounting to Rs. 520 million (2015: Rs. Nil), from a commercial bank on mark-up basis, repayable by August 31, 2016.

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 0.50% per annum above the SBP's Minimum Export Refinance rate, payable quarterly.

- 21.1.3** During the year, the Company arranged a facility for short-term loan under export refinance, amounting to Rs. 260 million (2015: Rs. 100 million), from a commercial bank on mark-up basis, repayable by August 31, 2016.

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 0.50% per annum (2015: 0.50 % per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
22. CONTINGENCIES AND COMMITMENTS		
Contingencies		
22.1 Outstanding counter guarantees - conventional banks	<u>151,354</u>	<u>141,354</u>
Foreign bills discounted - conventional banks	<u>603,208</u>	<u>-</u>
22.2 The Company imported Natural Gas Generator in November 2014. The Company availed the benefit of concessional rates of custom duty and sales tax under the Fifth Schedule of the Custom Act, 1969 and the Sixth Schedule of the Sales Tax Act, 1990 respectively and after allowing such benefit at the time of import, the Model Customs Collectorate (MCC) attempted to withdraw the same by imposing an additional condition which is not contemplated by the relevant concessional entries of the Schedule. On December 27, 2014 MCC reassessed the import duty and raised a demand of differential amount of duty amounting Rs. 29.763 million. The Company challenged the reassessment of import duty in the Honorable High Court of Sindh. On January 13, 2015, the Company has obtained stay order against same from Honorable High Court of Sindh. The stay order has restrained the MCC from charging / recovering the duty till the final decision on this matter. The Company based on advice of its legal counsel is confident that the case will be decided in favor of the Company hence no provision in this respect has been made in these financial statements.		
Commitments		
22.3 Commitments in respect of Building on leasehold land at the end of the year amounted to Rs. 79.470 (June 30, 2015: Rs. 223.365) million.		
22.4 Outstanding letters of credit from conventional banks at the end of the year amounted to Rs. 258.396 (June 30, 2015: Rs. 535.497) million.		
22.5 Post dated cheques issued in favour of Custom Authorities aggregating to Rs. 156.954 (June 30, 2015: Rs. 111.179) million, against various statutory notifications.		

		June 30, 2016	June 30, 2015
23. NET SALES	Note	..... Rupees in '000	
Exports	23.1	6,049,297	6,765,289
Local		600,198	431,216
		6,649,495	7,196,505
Less:			
Sales tax		(51,662)	(37,482)
Sales return		(3,619)	(6,359)
Sales commission		(132,231)	(154,020)
		(187,512)	(197,861)
		6,461,983	6,998,644

23.1 Included herein is a sum of Rs. 1,146.102 (2015: Rs. 832.961) million, representing indirect exports made by the Company during the year, either by arranging inland letters of credit or standardised purchase orders 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.

		June 30, 2016	June 30, 2015
24. COST OF SALES	Note	..... Rupees in '000	
Opening stock - finished goods		82,707	192,259
Cost of goods manufactured	24.1	5,821,581	5,710,750
		5,904,288	5,903,009
Closing stock - finished goods		(145,742)	(82,707)
		5,758,546	5,820,302
24.1 Cost of goods manufactured			
Raw and packing materials consumed	24.1.1	3,039,737	2,890,383
Stores and spares consumed	24.1.2	260,504	255,031
Salaries, wages and other benefits	24.1.3	1,603,852	1,442,700
Fuel and power		586,125	560,123
Weaving and sarning charges		9,308	34,067
Repairs and maintenance		20,948	30,743
Printing and stationery		6,988	8,017
Telephone and telex		3,570	3,884
Rent, rates and taxes		2,557	5,468
Insurance		9,590	9,701
Water charges		103,299	99,048
Transportation		20,188	16,705
Depreciation / amortization	4.1.1	326,032	301,093
Security charges		6,127	5,700
Travelling, boarding and lodging		747	659
Miscellaneous		4,270	2,784
		6,003,842	5,666,106
Opening work-in-process		381,787	426,431
Closing work-in-process		(564,048)	(381,787)
		5,821,581	5,710,750

		June 30, 2016	June 30, 2015
		..... Rupees in '000	
24.1.1 Raw and packing materials consumed			
Opening stock		543,532	432,333
Purchases		3,156,814	3,087,069
Duty draw back on export sales		(55,778)	(85,487)
		<u>3,101,036</u>	<u>3,001,582</u>
		<u>3,644,568</u>	<u>3,433,915</u>
Closing stock		(604,831)	(543,532)
		<u>3,039,737</u>	<u>2,890,383</u>
24.1.2 Stores and spares consumed			
Opening stock		185,267	144,637
Purchases		231,847	295,661
		<u>417,114</u>	<u>440,298</u>
Closing stock		(156,610)	(185,267)
		<u>260,504</u>	<u>255,031</u>
24.1.3 Included herein a sum of Rs. 24.349 (2015: Rs. 21.820) million is in respect of staff retirement benefits.			
		June 30, 2016	June 30, 2015
		..... Rupees in '000	
25. DISTRIBUTION COSTS	Note		
Salaries, allowances and other benefits	25.1	11,029	8,925
Insurance		1,471	2,105
Freight and transportation		44,302	122,615
Export development surcharge and clearing charges		21,271	23,906
Postage, courier and stamps		20,750	13,598
Depreciation / amortization	4.1.1	706	652
Travelling, boarding and lodging		22,259	13,321
Advertisement and publicity		12,583	8,626
Sales office expenses		5,956	-
Quality control and testing charges		13,789	10,398
Miscellaneous		6,698	115
		<u>160,814</u>	<u>204,261</u>
25.1 Included herein a sum of Rs. 1.115 (2015: Rs. 1.048) million is in respect of staff retirement benefits.			
26. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	26.1	50,061	37,894
Depreciation / amortization	4.1.1	26,492	24,464
Legal and professional charges		9,171	10,780
Auditors' remuneration	26.2	1,586	1,466
Donations	26.3	4,212	5,392
Miscellaneous		5,683	5,644
		<u>97,205</u>	<u>85,640</u>
26.1 Included herein a sum of Rs. 4.986 (2015: Rs. 4.462) million is in respect of staff retirement benefits.			

	Note	June 30, 2016	June 30, 2015
		..... Rupees in '000	.....
26.2 Auditors' remuneration			
Audit fee		800	750
Fee for half yearly review		125	131
Special certifications		105	116
Tax services		235	216
Out-of-pocket expenses		162	153
Others		159	100
		1,586	1,466
26.3	Donations do not include any donee in whom any director or his spouse has any interest.		
27. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	19.2	21,329	40,425
Interest on WPPF	19.2	5,216	2,597
Workers' Welfare Fund	19.3	5,409	6,158
		31,954	49,180
28. OTHER INCOME			
Scrap sales		30,343	27,806
Gain on sale of fixed assets		165	1,008
Exchange gain - net - on actual currency		28,280	29,552
		58,788	58,366
29. FINANCE COSTS			
Mark-up on secured:			
Long-term financing		11,076	12,432
Short-term running finances		1,928	19,470
Short-term loans		36,650	65,838
		49,654	97,740
Fair value loss / (gain) on derivatives		-	8,125
Bank charges		22,756	29,845
		72,410	135,710
30. TAXATION			
Current		22,100	17,849
Prior		(257)	522
		21,843	18,371

The relationship between income tax expense and accounting profit has not been presented in these financial statements as the total income of the Company falls under the final tax regime and is taxed at a rate of 1% (2015: 1%) on total sales, including scrap sales net of tax credits under section 65B of the Income Tax Ordinance, 2001.

31. EARNINGS PER SHARE - BASIC AND DILUTED

Basic / diluted earnings per share has been computed by dividing the net profit for the year after taxation with the number of Ordinary shares issued by the Company.

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
Net profit for the year	<u>377,999</u>	<u>743,546</u>
	Number of shares	
Number of Ordinary shares	<u>84,000,000</u>	<u>84,000,000</u>
	(Rupees)	
Earnings per shares - basic and diluted	<u>4.50</u>	<u>8.85</u>

32. CASH GENERATED FROM OPERATIONS

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
Profit before taxation	399,842	761,917
Adjustments for non-cash charges and other items:		
Depreciation / amortization	353,230	326,209
Provision for gratuity	30,451	27,330
Finance costs	72,410	135,710
Fair value gain on derivatives	-	8,125
Gain on disposal of operating fixed assets	(165)	(1,008)
	455,926	496,366
Profit before working capital changes	855,768	1,258,283
(Increase) / decrease in current assets		
Stores and spares	28,684	(40,666)
Stock-in-trade	(302,012)	64,256
Trade debts	81,636	423,018
Loans and advances	(4,489)	18,576
Trade deposits	(3,250)	4,341
Other receivables	1,103	(38,766)
Sales tax refundable	(88,571)	45,108
	(286,899)	475,867
Increase / (decrease) in current liabilities		
Trade and other payables	369,316	(170,989)
Cash generated from operations	938,185	1,563,161
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances	60,783	27,385
Short-term running finances	-	(17,587)
	60,783	9,798
34. UNAVAILED CREDIT FACILITIES		
Short-term running finances	1,250,000	982,416

35. REMUNERATION OF THE CHIEF EXECUTIVE, A DIRECTOR AND EXECUTIVES

	2016			2015		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	..... Rupees in '000					
Managerial remuneration	5,818	-	93,584	4,355	-	73,330
Medical	582	-	9,358	436	-	7,333
Bonus	932	-	15,138	400	-	5,221
Retirement benefits	600	-	8,867	400	-	7,458
	<u>7,932</u>	<u>-</u>	<u>126,947</u>	<u>5,591</u>	<u>-</u>	<u>93,342</u>
Number of persons	<u>1</u>	<u>-</u>	<u>103</u>	<u>1</u>	<u>-</u>	<u>86</u>

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

35.2 Aggregate amount charged in these financial statements in respect of fee to Non - Executive Directors was Rs. 0.007 (2015: Rs. 0.008) million.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and 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, use of financial derivatives, financial instruments and investment of excess liquidity.

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

36.1 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: currency risk, interest rate risk and other price risk, such as equity risk.

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

36.1.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. The Company is currently exposed to interest rate risk as some of the borrowings of the Company are at floating rate of interest. All the borrowings of the Company are obtained in the functional currency.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in interest rate by 100 bps, 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, 2016	+10	50
	-10	(50)
June 30, 2015	+10	948
	-10	(948)

36.1.2 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:

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
Trade debts	842,180	988,172
Cash and bank balances	21,065	4,479
Short-term running finance under FE - 25	-	(470,943)
Trade and other payables	(41,608)	(33,308)
	821,637	488,400
	June 30, 2016	June 30, 2015

The following significant exchange rates have been applied at the reporting dates:

Exchange rates (PKR / USD)	104.50	101.50
----------------------------	---------------	--------

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, 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, 2016	+10	82,164
	-10	(82,164)
June 30, 2015	+10	48,840
	-10	(48,840)

36.1.3 Equity risk

At the balance sheet date, the Company is not exposed to any such risk.

36.2 Credit risk

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

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 is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

36.2.1 Credit quality of financial assets

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

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
Trade debts		
Customers with no defaults in the past one year	1,034,339	1,115,975
Bank balances		
A1+	52,315	23,582
A-1+	72	2,599
F1	4,973	-
	57,360	26,181

36.3 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 balance sheet date, the Company has unavailed credit facility of Rs. 1,250.000 (2015: Rs. 982.416) 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	5 years	Total
Rupees in '000						
Long-term financing	-	-	-	323,021	254,539	577,560
Trade and other payables	478,646	495,851	26,738	-	-	1,001,235
Accrued mark-up	-	14,827	-	-	-	14,827
Short-term borrowings	-	1,380,000	-	-	-	1,380,000
2016	478,646	1,890,678	26,738	323,021	254,539	2,973,622
Rupees in '000						
Long-term financing	-	34,478	17,167	117,451	13,001	182,097
Trade and other payables	286,087	298,905	46,583	-	-	631,575
Accrued mark-up	-	15,968	-	-	-	15,968
Short-term borrowings	-	700,000	488,530	-	-	1,188,530
2015	286,087	1,049,351	552,280	117,451	13,001	2,018,170

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

36.4 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 maximise 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, 2016 and June 30, 2015.

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.

	June 30, 2016	June 30, 2015
	Rupees in '000	
Long-term financing	577,560	130,452
Current maturities of long-term financing	-	51,645
Cash and bank balances	(60,783)	(27,385)
Net debt	516,777	154,712
Issued, subscribed and paid-up capital	840,000	840,000
Reserves	4,657,468	4,616,653
Total capital	5,497,468	5,456,653
Capital and net debt	6,014,245	5,611,365
Gearing ratio	8.59%	2.76%

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

	June 30, 2016	June 30, 2015
	..... Rupees in '000	
Casual Sportswear		
Associated undertaking / Common directorship		
Sales	48,648	148,852
Artistic Apparels (Private) Limited		
Associated undertaking / Common directorship		
Sales	24,365	23

38. PLANT CAPACITY AND PRODUCTION

	June 30, 2016	June 30, 2015
Spinning		
Number of rotors installed	864	864
Number of spindles installed	20,448	20,448
Annual installed capacity of yarn (Lbs.)	18,232,500	22,119,000
Actual Production of yarn (Lbs.)	15,495,583	13,754,343
Weaving		
Number of looms installed	154	154
Annual installed capacity of fabric (meters)	19,646,250	23,973,200
Actual production of fabric (meters)	17,798,456	15,272,590

Garments

The plant capacity of this division is indeterminable due to multi product plant involving varying processes of manufacturing and run length of order lots.

Under utilisation of available capacity for spinning and weaving was due to normal maintenance, variation in product mix, global recession and type of quality produced.

39. NUMBER OF EMPLOYEES

	June 30, 2016	June 30, 2015
At year end	486	390
Average for the year	451	386

40. NON- ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 40.1** Subsequent to year ended June 30, 2016, the Board of Directors in its meeting held on September 19, 2016 has proposed final cash dividend @ Rs. 2.00/- per share amounting to Rs. 168 million (2015: Rs. 4/- per share amounting to Rs. 336.000 million) for approval of the members at the Annual General Meeting.
- 40.2** The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to 40 percent of its after tax profits or 50 percent of its paid up capital, whichever is less, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed / recommended cash dividend amounting to Rs. 168 million for the financial and tax year 2016 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company believes that it would not be liable to pay tax on its undistributed reserves as of June 30, 2016.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 19, 2016 by the Board of Directors of the Company.

- 42.** Figures in these financial statements have been rounded off to the nearest thousand rupees.



Faisal Ahmed
Chief Executive



Muhammad Iqbal-ur-Rahim
Director



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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 24th ANNUAL GENERAL MEETING of the
 Company to be held on Saturday, October 22, 2016 at 04:00 PM and at any adjournment thereof.

Signed this _____ day of _____ 2016.

Witnesses: 1. Signature _____
 Name: _____
 Address: _____
 CNIC or Passport No. _____

2. Signature _____
 Name: _____
 Address: _____
 CNIC or Passport No. _____

Signature _____
 (Signature should agree with the specimen
 signature registered with the Company).
 CNIC or Passport No. _____

**Rs 5/-
 Revenue
 Stamp**

IMPORTANT

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

For CDC Account Holders/Corporate Entities:

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

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

ADM

**AFFIX
CORRECT
POSTAGE**

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

Fold : Here

Fold : Here

Fold : Here

Fold : Here

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

Tel : (92 21) 111-236-236

Fax: (92 21) 3505-4652

Email: sales@admdenim.com

Web: www.admdenim.com

ADM
ARTISTIC DENIM MILLS