

ANNUAL
REPORT **14|15**

ADM
ARTISTIC DENIM MILLS

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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

❖ CFO & Company Secretary

Mr. Sagheer Ahmed

❖ 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

The word "VISION" is written in white, uppercase, serif font inside a blue circle with a white border.

- ✦ DYNAMIC, QUALITY CONSCIOUS
AND EVER PROGRESSIVE

The word "MISSION" is written in white, uppercase, serif font inside a blue circle with a white border.

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 23rd 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 24, 2015 at 4:00 p.m. to transact the following business.

A. Ordinary Business

1. To confirm the Minutes of the Extra Ordinary General Meeting held on November 20, 2014.
2. To receive and adopt the Audited Financial Statements for the year ended June 30, 2015, together with the Directors' and Auditors' Reports thereon.
3. To approve the Cash Dividend @ Rs. 4.00 per share (40%) as recommended by the Board of Directors.
4. To appoint the Auditors of the Company for the year 2015-2016 and to fix their remuneration.

B. Special Business

5. To ratify the transactions with Related Parties as disclosed in note No. 38 to the Financial Statements for the year ended June 30, 2015 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, 2015 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 approve the increase in remuneration and perquisite of Chief Executive of the Company by passing the following resolutions as an ordinary resolutions:

"RESOLVED that the Company hereby approves an increase of Rs. 200,000/- per month in remuneration of Chief Executive Officer from Rs. 400,000/= to Rs. 600,000/= per month with effect from 1st November 2015."

"FURTHER RESOLVED that this emolument is subject to an increase up to a maximum of 20% per annum. He will also be entitled to bonus and all other benefits and perquisites as are applicable to senior executives plus travelling expenses at actual on Company business. He will also be provided with fully maintained Company vehicle with fuel card for official and personal use."

For and on behalf of the Board



SAGHEER AHMED
CFO & Company Secretary

Karachi: October 02, 2015.

NOTES:

1. The share transfer books of the Company will remain closed from October 16, 2015 to October 24, 2015 (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 15, 2015 will be treated in time for the entitlement of cash dividend and to attend and vote at the 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.

NOTICE OF ANNUAL GENERAL MEETING

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:

- ii) 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.
- iii) 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. The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance by defining separate tax rate for the Tax Return Filer and Tax return Non-Filer. Further, the Government of Pakistan through Finance Act, 2015 has revised the tax rates. The rates of withholding tax are as under:
- a) For filer of tax return - 12.5%
 - b) For non-filer of tax return - 17.50%

In order to facilitate FBR has provided the Active Tax Payers List (ATL) on the FBR website, which contains CNIC/NTN number, and name of the Tax Return Filer for identification. 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 17.50% 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.

NOTICE OF ANNUAL GENERAL MEETING

6. In pursuance with the Securities and Exchange Commission of Pakistan ("SECP") Notification No SRO.831 (1)/2012 of July 5th, 2012 in supersession of earlier notification No. SRO 779 (1)/2011 of August 18, 2011, 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).

As per the said Notification of Securities and Exchange Commission of Pakistan (SECP), shareholders (who have not still provided copies of their valid CNICs) are requested to immediately send a copy of their Computerized 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 23rd 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	148.852
2	Artistic Apparels (Pvt) Ltd.	Sales	0.023

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.

All related party transactions, during the year 2015, 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 Karachi Stock Exchange.

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.

NOTICE OF ANNUAL GENERAL MEETING

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 shareholders approval is sought for increase in remuneration and perquisite of Chief Executive of the Company, from Rs. 400,000/- to Rs. 600,000/- per month. The Chief Executive is being paid remuneration of Rs. 400,000/- per month along with other perquisites since January 2009.

For the purpose, it is proposed that the following resolutions be passed, with or without modification by the shareholders as ordinary resolutions:

"RESOLVED that the Company hereby approves an increase of Rs. 200,000/- per month in remuneration of Chief Executive Officer from Rs. 400,000/= to Rs. 600,000/= per month with effect from 1st November 2015."

"FURTHER RESOLVED that this emolument is subject to an increase up to a maximum of 20% per annum. He will also be entitled to bonus and all other benefits and perquisites as are applicable to senior executives plus travelling expenses at actual on Company business. He will also be provided with fully maintained Company vehicle with fuel card for official and personal use."

The Chief Executive is interested in the resolution to the extent of his remuneration.

REPORT OF THE DIRECTORS TO THE MEMBERS

The Board of Directors of Artistic Denim Mills Limited has the pleasure in presenting before you their Annual Report together with the Company's Annual Audited Financial Statements for the year ended June 30, 2015.

OPERATING FINANCIAL RESULTS

A comparison of the key financial results of the Company for the year ended June 30, 2015 with last year is summarized as follows:

	June 30, 2015 Rs. in million	June 30, 2014 Rs. in million
Net Sales	6,999	6,468
Gross profit	1,178	1,149
Finance costs	136	109
Profit before tax	762	861
Net Profit	744	852
EPS (Rs. per share)	8.85	10.15

During the year under review, net sales of your Company increased by Rs. 531 million registering a growth of 8.21% over the last year. The increase in sales was driven mainly by sales of garments and aggressive marketing efforts. Gross profit has increased by Rs. 29 million in absolute terms whereas as a percentage of net sales, gross profit has declined to 16.84% from 17.77% as compared to the previous year. The decrease in margin as a percentage of net sales was due to increase in cost of utilities, labour cost, market competition and other inputs. The Company's finance costs for the current financial year is Rs. 136 million as against Rs. 109 million for the previous financial year. The increase in finance costs in absolute term is due to higher amount of borrowing consequent to increase in business.

Your Company posted net profit for the year ended June 30, 2015 of Rs. 744 million (June 30, 2014: Rs. 852 million). The decrease in net profit was due to decrease in other income (exchange gain) by Rs. 105 million and reasons elucidated in the preceding paragraph. Earnings per share stood at Rs. 8.85 (June 30, 2014: Rs. 10.15).

DIVIDEND

A good return & payout to shareholders is one of the primary objectives of the Company. The Board of Directors has recommended a final cash dividend @ 40% (i.e. Rs. 4.0/= per share) translating into a payout of Rs. 336 million. This will be paid to the shareholders on the Company's Register on October 15, 2015. The dividend is to be approved by the shareholders at the Annual General Meeting on Saturday, October 24, 2015.

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 2015 the Company generated Rs. 1,305.987 (2014: Rs. 575.843) million from operating activities. The inflow was largely a result of higher cash earnings. Cash generated from operating activities was used on capital expenditure, payment of dividend, repayment of long-term finance and short-term borrowings.

SALES AND MARKETING

With a track record of over 24 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 Denim business environment is becoming more and more challenging and competitive. During the year, on continuous efforts on sustainable product development, the Company has developed new shades in denim. The new shades gives wearing comfort and fashion look with fine texture. To satisfy the requirements of the customers, the Company has added new fiber and its blend with cotton which gives very soft touch and shine. ADM's technical marketing and product development team works with customers to provide complete solutions.

We intend to open 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.

We will continue with Balancing, Modernization and Replacement (BMR) to make us more competitive and to enable our products to win in the market and achieve leadership positions.

FUTURE OUTLOOK

Despite being granted GSP+ Status by the European Union last year, the country's export numbers have failed to impress in financial year 2015 as power outages, lower margin, reduced demand and ample supply globally continues to hurt the textile sector. We expect immediate textile outlook to remain challenging, with recovery likely coming in second half of financial year 2016 as the global demand picks up.

Despite the challenging being faced by the country on the economic, political and security fronts, the Management of your Company is doing its best to improve shareholder's value through introducing new, innovative and improved products, exploring new markets and focusing on the right performance levers.

CORPORATE COMPLIANCE

The Board of Directors have, throughout the year, complied with the "Code of Corporate Governance" contained in the listing requirements of the Stock Exchange and the "Corporate and Financial Reporting Framework" of the Securities & Exchange Commission of Pakistan. The Directors are pleased to state as follows:

- 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 consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- 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.
- Key operating and financial data for the six years in summarized form is annexed to the Audited Financial Statements.

- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the Audited Financial Statements.
- During the year under review, five meetings of the Board of Directors were held in Pakistan and the attendance by each Director was as follows:

Name of Director	Meetings ¹	Attendance	Remarks
Mr. Faisal Ahmed	5	5	
Mrs. Maliha Faisal	5	3	Leave of absence granted in two meetings
Mr. Muhammad Yousuf Ahmed	5	2	Leave of absence granted in three meetings
Mr. Muhammad Ali Ahmed	5	1	Leave of absence granted in four meetings
Mrs. Hajra Ahmed *	2	0	Leave of absence granted in two meetings
Mr. Muhammad Iqbal-ur-Rahim	5	5	
Ms. Sarah Faisal Ahmed	5	2	Leave of absence granted in three meetings
Mr. Zafar-ul-Mukhtar Ahmed Khan **	3	3	

Notes:

1 - Held during the period concerned Director was on the Board.

* Retired on November 23, 2014.

** Elected on Board in the election of Directors held on November 20, 2014.

- A statement of the pattern of shareholding is annexed to the Audited Financial Statements.
- During the fiscal year July 1, 2014 to June 30, 2015 the trading in Company's shares by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit, Other Executives and their spouse(s) and minor children is annexed to the Audited Financial Statements.

BOARD COMMITTEES

An Audit Committee has been in existence since 2002 in compliance to 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 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 is as follows:

Name of Director	Meetings ¹	Attendance	Remarks
Mr. Muhammad Iqbal-ur-Rahim	4	4	
Mrs. Maliha Faisal	4	3	Leave of absence granted in one meeting
Ms. Sarah Faisal Ahmed *	2	1	Leave of absence granted in one meeting
Mr. Zafar-ul-Mukhtar Ahmed Khan *	2	2	

Notes:

1 - Held during the period concerned Director was on the Board.

* Mr. Zafar-ul-Mukhtar Ahmed Khan replaced Ms. Sarah Faisal Ahmed w.e.f. December 03, 2014.

The Board of Directors in compliance to the Code of Corporate Governance has established a Human Resource and Remuneration Committee (HR&RC). The Committee consists of three members, all of whom are non-executive directors including the chairman of the Committee. During the year, one meeting of the HR&RC was held. The attendance record of each director is as follows:

Name of Director	Meetings Attended	Remarks
Mr. Muhammad Iqbal-ur-Rahim	1	
Mr. Muhammad Ali Ahmed	1	
Ms. Sarah Faisal Ahmed	-	Leave of absence granted

RELATED PARTY TRANSACTION AND TRANSFER PRICING

All related party transactions, during the year 2015, 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 Karachi Stock Exchange Limited.

AUDITORS

The present auditors, Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting scheduled to be held on October 24, 2015 and offer themselves for re-appointment. In accordance with the Code of Corporate Governance, the Audit Committee has recommended the re-appointment of Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as statutory auditors of the Company for the year ending June 30, 2016 and the Board has also endorsed this recommendation.

CORPORATE SOCIAL RESPONSIBILITY

1. Energy Conservation

The Company has its own power generation plant. Power plant is captive unit which 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 improved operational and maintenance practices. The waste heat from the exhaust gases of the engines are being utilized for the production of steams and recovery boilers have been installed for this purpose. This concept utilizes the energy to the fullest, in order to mitigate the power crises being faced by the country.

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 is certified by following certification bodies.

- ISO 14001:2004 EMS (Environmental Management System)
- ISO 9001:2008 QMS (Quality Management System)
- BSCI (Business Social Compliance Initiative)
- WRAP (Worldwide Responsible Accreditation Production)
- GOTS (Global Organic Textile Standards)
- OCS (Organic Content Standards)
- OCS Blended (Organic Content Blended Standards)
- Oeko Tex -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 guards and has established a system of surveillance through the installation of CCTV cameras at every location.

4. Waste Water Treatment Plant

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 has employed people from various ethnicities without any prejudice or bias.

6. Hajj tours

A tradition in ADM of sending some employees to pilgrim of holy place of Makkah and Medina through balloting each year.

7. Donation to Saylani Welfare International Trust

ADM is committed to act ethically towards the society at large and aims to contribute to the social development in the country. Our Company contributes donation to Saylani Welfare International Trust.

8. Contribution to national exchequer

During the financial year, the Company contributed Rs. 18.371 million to the government exchequer in the shape of direct and indirect taxes.

ACKNOWLEDGEMENTS

The Board of Directors would like to acknowledge the support and cooperation received from our esteemed customers, vendors, bankers and stakeholders and look forward to their continued support in future. The Board also thanks employees for their commitment, efforts and dedication towards Company's successful operations.

On Behalf of the Board



FAISAL AHMED
Chief Executive

Karachi: September 19, 2015

KEY OPERATING AND FINANCIAL DATA

	2015	2014	2013	2012	2011	2010
	.....(Rupees in '000).....					
ASSETS EMPLOYED						
Operating fixed assets	4,170,718	3,655,456	3,305,415	3,112,798	3,250,504	3,393,330
Capital work-in-progress	524,266	698,979	209,681	316,900	16,008	26,960
Long-term loans	7,266	8,471	5,314	4,695	4,592	4,467
Long-term deposits	956	956	853	833	777	777
Net current assets/(liabilities)	996,063	564,693	754,011	332,469	25,676	(204,701)
Total Assets Employed	5,699,269	4,928,555	4,275,274	3,767,695	3,297,557	3,220,833
FINANCED BY						
Shareholders equity	5,456,653	4,802,782	4,042,451	3,379,011	3,031,237	2,847,793
Long-term financing	130,452	39,985	168,489	344,206	235,319	348,293
Deferred liability	112,164	85,788	64,334	44,478	31,001	24,747
	5,699,269	4,928,555	4,275,274	3,767,695	3,297,557	3,220,833
SALES & PROFITS						
Net sales	6,998,644	6,467,591	6,136,793	5,451,844	4,869,120	3,671,610
Gross profit	1,178,342	1,149,130	1,145,604	851,259	743,095	766,715
Profit before taxation	761,917	860,978	787,677	496,438	395,273	370,925
Net profit after taxation	743,546	852,497	758,031	440,092	351,444	334,536
Proposed Bonus/Dividend %	40	10	10	10	10	20
Un-appropriated profit	4,616,653	3,962,782	3,202,451	2,539,011	2,191,237	2,007,793

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
202	1	100	7,135
197	101	500	75,479
120	501	1000	103,623
215	1001	5000	571,243
53	5001	10000	419,261
12	10001	15000	153,602
3	15001	20000	53,900
4	20001	25000	95,100
1	25001	30000	29,500
2	30001	35000	66,000
1	35001	40000	37,000
1	45001	50000	49,500
1	50001	55000	50,404
1	85001	90000	88,000
1	90001	95000	91,000
1	95001	100000	99,000
1	115001	120000	116,400
1	135001	140000	140,000
1	180001	185000	184,500
1	595001	600000	600,000
1	1410001	1415000	1,410,200
1	1765001	1770000	1,767,000
1	9725001	9730000	9,727,400
1	68060001	68065000	68,064,753
823			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 ALI AHMED	858	
ZAFAR-UL-MUKHTAR AHMED KHAN	500	
MUHAMMAD YOUSUF AHMED	99,000	
MALIHA FAISAL	500	
SARAH FAISAL AHMED	500	
MUHAMMAD IQBAL-UR-RAHIM	600	
MUHAMMAD FAISAL AHMED	68,064,753	
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		
CDC - TRUSTEE HBL - STOCK FUND	116,400	
FIRST ALNOOR MODARABA	5,000	
Sub-Total :	121,400	0.14
NIT AND ICP		
IDBL (ICP UNIT)	500	
INVESTMENT CORP. OF PAKISTAN	500	
Sub-Total :	1,000	0.00
FOREIGN INVESTORS		
HABIB BANK AG ZURICH, DEIRA DUBAI	15,000	
AFC UMBRELLA FUND	91,000	
Sub-Total :	106,000	0.13

PATTERN OF SHAREHOLDING

Categories of Shareholders	Shares Held	Percentage
OTHERS		
HSZ SECURITIES (PVT.) LTD.	80	
HH MISBAH SECURITIES (PRIVATE) LIMITED	5,000	
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SE	184,500	
TIME SECURITIES (PVT.) LTD.	25,000	
DJM SECURITIES (PRIVATE) LIMITED	49,500	
MAPLE LEAF CAPITAL LIMITED	1	
DAWOOD FAMILY TAKAFUL LIMITED	19,800	
TRUSTEE OF FFC EMP.GR.FUND TRUST	25,000	
SEVEN STAR SECURITIES (PVT.) LTD.	50,404	
GLOBAL SECURITIES PAKISTAN LIMITED - MF	1,500	
ASDA SECURITIES (PVT.) LTD.	2,300	
FIKREE'S (SMC-PVT) LTD.	2,300	
Y.S. SECURITIES & SERVICES (PVT) LTD.	80	
FIRST NATIONAL EQUITIES LIMITED	1,000	
Sub-Total :	366,465	0.44
INDIVIDUAL		
LOCAL - INDIVIDUALS	12,061,224	
Sub-Total :	12,061,224	14.36
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	9,727,400	
Total:	77,792,153	92.61

PERFORMANCE AT A GLANCE

	2015	2014
FINANCIAL RATIOS		
Gross profit - % of net sales	16.84	17.77
Profit before taxation - % of net sales	10.89	13.31
Net Profit after taxation - % of net sales	10.62	13.18
Earnings per share - basic & diluted	8.85	10.15
Increase / (decrease) in net sales - %	8.21	5.39
Raw and packing materials - % of net sales	41.30	49.74
Labour - % of net sales	20.61	17.61
Other cost of goods manufactured - % of net sales	19.68	16.55
Distribution costs - % of net sales	2.92	3.14
Administrative expenses - % of net sales	1.22	1.12
Finance costs - % of net sales	1.94	1.68
Taxation - % of net sales	0.26	0.13
Inventory turnover days	67	60
Receivable turnover days	69	83
SHORT TERM SOLVENCY		
Current ratio	1.53	1.21
Acid test ratio	0.88	0.75
OVERALL VALUATION AND ASSESSMENT		
Return on equity (average)	14.49	19.28
P.E. ratio	9.14	8.48
Book value per share	64.96	57.18
Long term debts : equity	02:98	01:99

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: **Artistic Denim Mills Limited**
Year Ended: **June 30, 2015**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 5.19 of listing regulations of the Karachi Stock Exchange Limited 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 Code 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). At present the Board includes:

Name of Director	Category of Director		
	Independent (01)	Non-Executive (05)	Executive (01)
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	✓	✓	

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
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. The present Board was elected by the shareholders of the Company in the Extra Ordinary General Meeting held on November 20, 2014 for a term of three years expiring on November 23, 2017.
5. No casual vacancy occurred on the Board during the year ended June 30, 2015.
6. 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.

7. 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.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the Board/Shareholders.
9. 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 at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. During the year one director has completed Directors' Certification Training Program. At present four directors of the Company have required certification, 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.
11. The Board approves the appointment, remuneration and terms and conditions of employment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit.
12. The Directors' report for the year ended June 30, 2015 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises three members including independent director, of whom all are non-executive directors including the Chairman of the Committee.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The Terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee.
19. The Board has set-up an effective internal audit function and the internal auditors of the Company are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

20. 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.
21. 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 auditors have confirmed that they have observed IFAC guidelines in this regard.
22. 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.
23. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.
24. The related party transactions have been placed before the Audit Committee and approved by the Board along with pricing methods.
25. We confirm that all other material principles enshrined in the Code have been complied with except that the position of CFO and Company Secretary is held by the same person. The said decision has been taken by the Board keeping in view the size of the Company.

By order of the Board



FAISAL AHMED
Chief Executive

Karachi: September 19, 2015

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Artistic Denim Mills Limited** (the Company) for the year ended **30 June 2015** to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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 the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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 for its 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 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 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 2015**.

Further, we draw your attention to Clause 25 of the Statement which explains that the same person holds the position of Chief Financial Officer and Company Secretary. Our conclusion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: 19 September 2015

Place: Karachi



Buliding a better
working world

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Chartered Accountants
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ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ARTISTIC DENIM MILLS LIMITED (the Company)** as at **30 June 2015** 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 2.2, 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 2015** 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 Ford Rhodes Sidat Hyder

Chartered Accountants

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

Date: 19 September 2015

Place: Karachi

BALANCE SHEET

As at June 30, 2015

ASSETS	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,694,984	4,354,435
Long-term loans	6	7,266	8,471
Long-term deposits	7	956	956
		4,703,206	4,363,862
CURRENT ASSETS			
Stores and spares	8	185,303	144,637
Stock-in-trade	9	1,032,582	1,096,838
Trade debts	10	1,115,975	1,538,993
Loans and advances	11	60,783	79,359
Trade deposits and prepayments	12	2,295	6,636
Other receivables	13	101,681	71,040
Sales tax refundable		102,400	147,508
Taxation - net	14	255,377	167,292
Cash and bank balances	15	27,385	7,739
		2,883,781	3,260,042
TOTAL ASSETS		7,586,987	7,623,904
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	840,000	840,000
Reserves	17	4,616,653	3,962,782
		5,456,653	4,802,782
NON-CURRENT LIABILITIES			
Long-term financing	18	130,452	39,985
Deferred liability	19	112,164	85,788
		242,616	125,773
CURRENT LIABILITIES			
Trade and other payables	20	631,575	802,444
Accrued mark-up	21	15,968	24,347
Short-term borrowings	22	1,188,530	1,740,054
Current maturity of long-term financing		51,645	128,504
		1,887,718	2,695,349
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		7,586,987	7,623,904

The annexed notes 1 to 43 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, 2015

		June 30, 2015	June 30, 2014
	Note	..... Rupees in '000	
NET SALES	24	6,998,644	6,467,591
Cost of sales	25	(5,820,302)	(5,318,461)
GROSS PROFIT		1,178,342	1,149,130
Distribution costs	26	(204,261)	(203,398)
Administrative expenses	27	(85,640)	(72,612)
Other operating expenses	28	(49,180)	(67,009)
Other income	29	58,366	163,629
		(280,715)	(179,390)
OPERATING PROFIT		897,627	969,740
Finance costs	30	(135,710)	(108,762)
PROFIT BEFORE TAXATION		761,917	860,978
Taxation	31	(18,371)	(8,481)
NET PROFIT FOR THE YEAR		743,546	852,497
EARNINGS PER SHARE - BASIC AND DILUTED (Rs. per share)	32	8.85	10.15

The annexed notes 1 to 43 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, 2015

	June 30, 2015	June 30, 2014
	..... Rupees in '000	
Net profit for the year	743,546	852,497
Other comprehensive income		
Items that may not be reclassified subsequently to profit and loss account		
Actuarial loss on defined benefit plan	(5,675)	(8,166)
Total comprehensive income for the year	737,871	844,331

The annexed notes 1 to 43 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, 2015

	June 30, 2015	June 30, 2014
	Note	..... Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	33	1,563,161
Taxes paid		(106,456)
Gratuity paid		(6,629)
Finance costs paid		(144,089)
Long-term deposits		-
Net cash generated from operating activities		1,305,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure		(667,827)
Long-term loans		1,205
Sale proceeds of operating fixed assets		2,077
Dividend received		-
Net cash used in investing activities		(664,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing acquired		146,118
Long-term financing repaid		(132,510)
Short-term borrowings (repaid) / acquired		(390,708)
Dividend paid		(83,880)
Net cash (used in) / generated from financing activities		(460,980)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		180,462
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(170,664)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	9,798

The annexed notes 1 to 43 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, 2015

	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, 2013	840,000	3,221,360	(18,909)	3,202,451	4,042,451
Net profit for the year	-	852,497	-	852,497	852,497
Other comprehensive income	-	-	(8,166)	(8,166)	(8,166)
Total comprehensive income for the year	-	852,497	(8,166)	844,331	844,331
Cash dividend @ Rs.1 per Ordinary share of Rs.10 each for the year ended June 30, 2013	-	(84,000)	-	(84,000)	(84,000)
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

The annexed notes 1 to 43 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, 2015

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 the 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. STATEMENT OF COMPLIANCE

2.1 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 New Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 - Financial Instruments : Presentation - (Amendment)
- Offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets - (Amendment)
- Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) (note 3 below)
- Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 - Levies

Improvement to Accounting Standards issued by the IASB

IFRS 2 - Share-based Payment - Definitions of vesting conditions
IFRS 3 - Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3 - Business Combinations - Scope exceptions for joint ventures
IFRS 8 - Operating Segments - Aggregation of operating segments
IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortisation
IAS 24 - Related Party Disclosures - Key management personnel
IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.3 Standard note for Standards, Interpretations and Amendments to approved accounting standards that are not yet effective

The following 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:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - 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)	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)	01 January 2016
IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (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. 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 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

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for investments and derivative financial instrument, which are carried at fair value.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 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 5.1 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.

4.1.2 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.

4.2 Investments

Investments at fair value through profit or loss include investments held for trading and investments designated upon initial recognition as at fair value through profit or loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.

These investments are initially recognized at cost, being the fair value of the consideration given and transaction costs are charged to income when incurred. After initial recognition, these are remeasured at fair values and gains or losses are recognized directly in the profit and loss account.

4.3 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.

4.4 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.

4.5 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.

4.6 Loans, advances and other receivables

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

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate and cross currency swaps to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealised gains) are included in other asset and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the profit and loss account.

4.17 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 derecognised 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.

4.18 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.

4.19 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

Non-financial assets

The carrying value of non-financial assets other than inventories is assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

4.20 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.

4.21 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:

- (a) determining the residual values and useful lives of property, plant and equipment (Note 4.1);
- (b) impairment of inventories / adjustment of inventories to their Net realisable Value (Note 4.4);
- (c) recognition of staff retirement benefits (Note 4.11);
- (d) provisions (Note 4.12);
- (e) recognition of taxation and deferred taxation (Note 4.13) ;
- (f) impairment of assets (Note 4.19); and
- (g) contingencies (Note 23).

	Note	June 30, 2015	June 30, 2014
..... Rupees in '000			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,170,718	3,655,456
Capital work-in-progress	5.2	524,266	698,979
		4,694,984	4,354,435

5.1 Operating fixed assets

Note	C O S T			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	(On disposals)	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
5.1.1	Building on leasehold land	1,060,801	224,886	-	1,285,687	10	501,986	63,397	-	565,383	720,304
5.1.1	Plant and machinery	3,414,825	551,088	-	3,965,913	10	1,564,984	220,223	-	1,785,207	2,180,706
5.1.1	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	(2,977)	93,239	20	38,796	10,775	(1,908)	47,663	45,576
		6,007,576	842,540	(2,977)	6,847,139		2,352,120	326,209	(1,908)	2,676,421	4,170,718

Note	C O S T			Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE			
	As at July 01, 2013	Additions / Transfers	As at June 30, 2014		As at July 01, 2013	For the Year	(On disposals)	As at June 30, 2014	As at June 30, 2014		
	.....Rupees in '000.....				.....Rupees in '000.....						
June 30, 2014											
	Leasehold land	1,211,663	-	-	1,211,663	65 to 86 yrs	127,961	15,188	-	143,149	1,068,514
5.1.1	Building on leasehold land	1,060,801	-	-	1,060,801	10	439,895	62,091	-	501,986	558,815
5.1.1	Plant and machinery	2,883,049	531,776	-	3,414,825	10	1,405,320	159,664	-	1,564,984	1,849,841
5.1.1	Factory equipment	144,390	46,942	-	191,332	10	67,039	10,359	-	77,398	113,934
	Furniture and fixtures	13,826	776	-	14,602	10	5,750	842	-	6,592	8,010
	Office equipment, including Computers	20,873	5,462	-	26,335	33	17,144	2,071	-	19,215	7,120
	Vehicles	65,217	25,767	(2,966)	88,018	20	31,295	10,104	(2,603)	38,796	49,222
		5,399,819	610,723	(2,966)	6,007,576		2,094,404	260,319	(2,603)	2,352,120	3,655,456

ARTISTIC DENIM MILLS LIMITED

5.1.1 During the current year, the following amounts have been transferred from capital work-in-progress to:

	Note	June 30, 2015	June 30, 2014
..... Rupees in '000			
Building on leasehold land	5.1	224,886	-
Plant and machinery	5.1	551,088	531,776
Factory equipment	5.1	40,048	46,942
Furniture and fixtures	5.1	1,658	-
Vehicles	5.1	-	7,545
		817,680	586,263

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

Cost of sales	25.1	301,093	240,275
Distribution costs	26	652	521
Administrative expenses	27	24,464	19,523
		326,209	260,319

5.1.3 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	46	4	42	42	-	Insurance claim	EFU General Insurance, Karachi.
Vehicle	1,638	729	909	1,650	741	Negotiation	Mr. Rashid Akhtar, Al-falah, Malir Halt, Karachi.
Vehicle	1,293	1,175	118	385	267	Negotiation	Mr. Fahad Sikandar, North Nazimabad, Block - L, Karachi.
June 30, 2015	2,977	1,908	1,069	2,077	1,008		
June 30, 2014	2,966	2,603	363	921	558		

5.2 Capital work-in-progress

	Civil works	Plant & machinery	Factory equipment	Furniture & Fixtures	Advances	Total
..... Rupees in '000'						
As at July 01, 2014	207,383	336,061	-	-	155,535	698,979
Additions during the year	236,539	214,693	38,499	-	153,236	642,967
Transfer from advances	107,221	4,800	1,549	1,658	(115,228)	-
Transfer to operating fixed assets	(224,886)	(551,088)	(40,048)	(1,658)	-	(817,680)
June 30, 2015	326,257	4,466	-	-	193,543	524,266
June 30, 2014	207,383	336,061	-	-	155,535	698,979

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
6. LONG-TERM LOANS			
Considered good - secured			
Executives	6.3	9,654	9,599
Employees		6,686	6,422
		16,340	16,021
Recoverable within one year shown under current assets			
Executives	11	(4,585)	(4,174)
Employees	11	(4,489)	(3,376)
		(9,074)	(7,550)
		7,266	8,471
6.1	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 (2014: 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.		
6.2	The maximum aggregate amount due from executives at the end of any month during the year was Rs. 9.654 (2014: Rs. 9.599) million.		
6.3 Reconciliation of carrying amount of loans to executives	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
Opening balance		9,599	5,546
Transfer of executives from employees		712	325
Disbursements during the year		6,725	7,827
		17,036	13,698
Recoveries during the year		(7,382)	(4,099)
		9,654	9,599
7. LONG-TERM DEPOSITS			
Security deposits			
Utilities		669	669
Others		287	287
		956	956
8. STORES AND SPARES			
Stores			
In hand		79,707	83,160
Spares			
In hand		105,560	61,477
In transit		36	-
		105,596	61,477
		185,303	144,637

9. STOCK-IN-TRADE

	June 30, 2015	June 30, 2014
Note	..... Rupees in '000	
Raw and packing materials		
In hand	543,532	432,333
In transit	24,556	45,815
	568,088	478,148
Work-in-process	381,787	426,431
Finished goods	82,707	192,259
	1,032,582	1,096,838
10. TRADE DEBTS - considered good		
Secured - against letters of credit		
Related party - Artistic Apparels (Private) Limited	-	8,092
Others	567,263	1,143,905
	567,263	1,151,997
Unsecured		
Related parties:		
- Casual Sportswear	20,332	102,455
- Artistic Apparels (Private) Limited	-	57
	20,332	102,512
Others	528,380	284,484
	548,712	386,996
	1,115,975	1,538,993

- 10.1** Trade debts including receivable from related parties are neither past due nor impaired and are aged within 90 days.

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
11. LOANS AND ADVANCES			
Considered good			
Loans - secured			
Current portion of long-term loans			
Executives	6	4,585	4,174
Employees	6	4,489	3,376
		9,074	7,550
Advances - unsecured			
Suppliers		51,563	71,341
Labour contractors		140	468
Others		6	-
		51,709	71,809
		60,783	79,359
12. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits			
Margin against letters of credit		-	6,320
Container deposits		2,295	316
		2,295	6,636
13. OTHER RECEIVABLES			
Duty draw back on export sales		100,017	62,257
Fair value gain on derivatives	18.1	572	8,697
Others		1,092	86
		101,681	71,040
14. TAXATION - net			
Provision for income tax - current	31	(18,371)	(8,481)
Advance income tax		273,748	175,773
		255,377	167,292
15. CASH AND BANK BALANCES			
Cash			
In hand		1,204	158
At banks in			
Current accounts		26,181	7,581
		27,385	7,739

16. SHARE CAPITAL

Numbers of shares			June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
June 30, 2015	June 30, 2014				..... Rupees in '000 .....	..... Rupees in '000
100,000,000	100,000,000	Authorised share capital			1,000,000	1,000,000
		Ordinary shares of Rs.10 each				
14,000,000	14,000,000	Issued, subscribed and Paid-up capital			140,000	140,000
		Ordinary shares of Rs.10 each fully paid in cash				
70,000,000	70,000,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares			700,000	700,000
84,000,000	84,000,000				840,000	840,000

17. RESERVES

	June 30, 2015	June 30, 2014
	..... Rupees in '000 .....	..... Rupees in '000
Revenue reserve		
Unappropriated profit	4,649,403	3,989,857
Actuarial loss on defined benefit plan	(32,750)	(27,075)
	4,616,653	3,962,782

18. LONG-TERM FINANCING

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000 .....	..... Rupees in '000
From Banking Companies and Financial Institutions - secured			
Term finance from a bank	18.1	33,333	101,216
Term finances from banks under the State Bank of Pakistan's (SBP's) scheme for Export Oriented Projects (EOP) and Long-Term Financing Facility (LTFF)	18.2	148,764	67,273
		182,097	168,489
Current maturities shown under current liabilities			
Term finance from a bank		(33,333)	(67,883)
Term finances from banks under the SBP's scheme for EOP and LTFF		(18,312)	(60,621)
		(51,645)	(128,504)
		130,452	39,985

18.1 Term finance from a bank

The balance outstanding of Rs. 33.333 (2014: Rs. 101.216) million at the end of the current year comprises of the following one (2014: two) separate local currency loans:

- (a) Represents loan obtained by the Company of Rs. 200 million in year 2012 for the purpose of capital expenditure and rationalising the financial structure of the Company. The said loan is repayable in 6 equal semi-annual installments, commencing January 25, 2013 to July 25, 2015. It carries mark-up at 6 months KIBOR plus 1.25% per annum, payable semi-annually. The said loan is secured against the hypothecation of plant and machinery, aggregating to Rs. 400 million, and a promissory note of Rs. 250 million.

Against the above mentioned loan of Rs. 200 million, the Company has entered into a cross currency interest rate swap agreement with a local commercial bank for a notional amount of Rs. 200 million, maturing up to July 2015. Under swap arrangement the principal payable amount of Rs. 200 million is swapped with US dollar component at Rs. 86.50 per US dollar making loan amount to US dollar 2.312 million. Besides foreign currency component, the Company would receive six months KIBOR rate and pay six months LIBOR plus spread of 2.50% as per the respective arrangement, which will be settled semi-annually. The swap is being used to hedge the exposure to change in the interest payments of Company's loan obligation which is based on KIBOR. The outstanding balance of this arrangement is Rs. 33.333 (2014: Rs.100) million as at the balance sheet date. The net fair value of this cross currency interest rate swap was Rs. 0.572 favorable (2014: Rs. 8.697 favorable) million to the Company as of the balance sheet date. The fair value loss of Rs. 8.125 (2014: Gain of Rs. 9.320) million has been taken to the profit and loss account (see note 30).

18.2 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.148.764 (2014: Rs. 67.273) million at the end of the current year comprises of the following seven (2014: ten) separate local currency loans:

- (a) Rs. 1.567 (2014: Rs. 4.711) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing March 22, 2009 to October 22, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1 % (2014: 3 to 7.5 years (i.e. 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 18 million.

- (b) Rs. 0.549 (2014: Rs. 1.277) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing September 26, 2009 to December 26, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1% (2014: 3 to 7.5 years (i.e. 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. 4.090 million.

- (c) Rs.0.530 (2014: Rs. 1.238) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing August 15, 2009 to November 15, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1 % (2014: 3.0 to 7.5 years (i.e. 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. 3.892 million.

- (d) Rs. 125.317 (2014: Nil) million obtained against the import of eligible plant and machinery 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 16 equal quarterly installments, commencing February 24, 2016 to November 24, 2019, carrying mark-up at the SBP Refinance rate for 3 to 5 years (i.e. 6.5%) plus 1.5 %) 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. 130 million and a demand promissory note of Rs.211 million.

- (e) Rs. 17.134 (2014: Nil) million obtained against the import of eligible plant and machinery 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 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.

- (f) Rs. 1.984 (2014: Nil) million obtained against the import of eligible plant and machinery 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 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.

- (g) Rs. 1.683 (2014: Nil) million obtained against the import of eligible plant and machinery 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 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.

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
19. DEFERRED LIABILITY			
Employees' Gratuity	19.1	<u>112,164</u>	<u>85,788</u>

19.1 In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2015, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Following significant assumptions were used for the valuation of above-mentioned scheme:

	June 30, 2015	June 30, 2014
	Per annum	
Discount rate	10.5%	13.5%
Salary increase	10.5%	13%
	Gratuity	
	2015	2014
	..... Rupees in '000	

Necessary disclosures in respect of defined benefit plan are as follows:

(a) Movement in the liability finalised in the balance sheet

Provision at beginning of the year	85,788	64,334
Expense for the year	27,330	19,341
Benefits paid	(6,629)	(6,053)
Actuarial loss on defined benefit plan	5,675	8,166
Provision at end of the year	<u>112,164</u>	<u>85,788</u>

(b) The amount finalised in the profit and loss account is determined as follows:

Current service cost	16,196	12,291
Interest cost	11,134	7,050
Expense for the year	<u>27,330</u>	<u>19,341</u>

(c) Amounts for the current and previous four years are as follows:

As at June 30	2015	2014	2013 (Restated)	2012 (Restated)	2011
	..... Rupees in '000				
Present value of defined benefit obligation	112,164	85,788	64,334	44,478	39,319
Experience adjustment					
Actuarial loss on obligation	5,675	8,166	10,591	8,318	284

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

20. TRADE AND OTHER PAYABLES	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
Trade			
Creditors		239,718	442,676
Other payables			
Accrued liabilities	20.1	276,516	208,075
Advances from customers		11,162	48,702
Workers' Profit Participation Fund	20.2	40,425	46,257
Workers' Welfare Fund	20.3	58,656	52,497
Retention money		-	900
Tax deducted at source		3,681	2,041
Unclaimed dividend		1,417	1,296
		391,857	359,768
		631,575	802,444

20.1 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.

Subsequent to the year end, 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, 2015	June 30, 2014
		..... Rupees in '000	
20.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		46,256	42,314
Allocation for the year	28	40,425	46,256
Interest on WPPF	28	2,597	2,251
		89,278	90,821
Payments made during the year		(48,853)	(44,564)
		40,425	46,257
20.3 Workers' Welfare Fund			
Balance at the beginning of the year		52,498	39,137
Allocation for the year	28	6,158	18,502
		58,656	57,639
Payments made during the year		-	(5,142)
		58,656	52,497

20.3.1 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 up to 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 had been accruing liability for WWF on the basis of 2% of profit before tax up till tax year 2014. 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 has 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% of 4% of total receipts. Hence the Company has recorded WWF liability for the current year in the same manner.

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
21. ACCRUED MARK-UP			
Accrued mark-up on secured:			
Long-term financing - Term finance from a bank		1,374	4,747
Long-term finance - SBP's EOP and LTFF		2,716	1,766
Short-term running finances		3,320	889
Short-term loans		8,558	16,945
		15,968	24,347
22. SHORT-TERM BORROWINGS - secured			
From Banking Companies			
Short-term loans	22.1	700,000	800,000
Short-term running finances	22.2	17,587	178,403
Short-term running finances under FE-25	22.3	470,943	761,651
		1,188,530	1,740,054

	Note	June 30, 2015	June 30, 2014
		Rupees in '000	
22.1 Short-term loans			
Export refinance - II	22.1.1	600,000	100,000
Export refinance - II		-	700,000
Export refinance - II	22.1.2	100,000	-
		<u>700,000</u>	<u>800,000</u>

- 22.1.1** During the year, the Company arranged a facility of short-term loan under export refinance, amounting to Rs. 600 million (2014: Rs. 100 million), from a commercial bank on mark-up basis, repayable by August 31, 2015. The said export refinance facility and short term running finance under Foreign Exchange Circular No. 25 dated June 20, 1998 [note 21.3] are 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 (2014: 0.50% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

- 22.1.2** During the year, the Company arranged a facility for short-term loan under export refinance, amounting to Rs.100 million (2014: Nil), from a commercial bank on mark-up basis, repayable by August 31, 2015. The said export refinance facility, running finance [note 22.2.1] and short-term running finance under Foreign Exchange Circular No. 25 dated June 20, 1998 [note 22.3] are 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 above the SBP's Minimum Export Refinance rate, payable quarterly.

	Note	June 30, 2015	June 30, 2014
		Rupees in '000	
22.2 Short-term running finances			
From a commercial bank	22.2.1	17,587	175,036
From a commercial bank		-	1,866
From a commercial bank		-	1,501
		<u>17,587</u>	<u>178,403</u>

- 22.2.1** This represents utilised portion of a running finance facility, amounting to Rs. 300 (2014: Rs. 300) million, arranged by the Company from a commercial bank, repayable / renewable latest by September 30, 2015 and is secured along with short term running finance under Foreign Exchange Circular No. 25 dated June 20, 1998 [note 22.3] against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs. 1,377 million and a demand promissory note of Rs. 360 million.

This carries mark-up at the rate of 0.50% (2014: 0.75%) per annum over and above 3 month average KIBOR rate, payable quarterly.

- 22.3** The Company has also borrowed short-term running finances under Foreign Exchange Circular No.25, dated June 20, 1998 for the purpose of meeting import requirements. The facilities availed are for an amount of USD 4.628 million equivalent to Rs. 470.943 million (2014: Rs. 761 million). The rates of mark-up on these finances range between 2% and 2.25% (2014: 1.95% to 3.75%) per annum. These facilities are secured against the first pari passu hypothecation charge over the movables and receivables [note 22.1.2].

	June 30, 2015	June 30, 2014
	..... Rupees in '000	
23. CONTINGENCIES AND COMMITMENTS		
Contingencies		
23.1 Outstanding counter guarantees	141,354	115,073
23.2 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 is made in these Financial Statements which amounts to Rs. 29.763 million (2014: Nil).		
Commitments		
23.3 Commitments in respect of building on leasehold land at the end of the current year amounted to Rs. 223.365 million (2014: Rs. 592.584 million).		
23.4 Outstanding letters of credit at the end of the current year amounted to Rs. 535.497 (2014: Rs. 531.360) million.		
23.5 Postdated cheques issued in favour of Custom Authorities, aggregated to Rs. 111.179 (2014: Rs. 324.457) million, against zero rated supplies for export purposes.		

		June 30, 2015	June 30, 2014
		..... Rupees in '000	
24. NET SALES	Note		
Exports	24.1	6,765,289	6,178,516
Local		431,216	467,258
		7,196,505	6,645,774
Less:			
Sales tax		(37,482)	(30,990)
Sales return		(6,359)	(6,160)
Sales commission		(154,020)	(141,033)
		(197,861)	(178,183)
		6,998,644	6,467,591

- 24.1** Included herein is a sum of Rs. 832.961 (2014: Rs. 698.282) 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.

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
25. COST OF SALES			
Opening stock - finished goods		192,259	84,297
Cost of goods manufactured	25.1	5,710,750	5,426,423
		<u>5,903,009</u>	<u>5,510,720</u>
Closing stock - finished goods		(82,707)	(192,259)
		<u>5,820,302</u>	<u>5,318,461</u>
25.1 Cost of goods manufactured			
Raw and packing materials consumed	25.1.1	2,890,383	3,217,121
Stores and spares consumed	25.1.2	255,031	252,895
Salaries, wages and other benefits	25.1.3	1,442,700	1,138,746
Fuel and power		560,123	521,964
Weaving and sarning charges		34,067	27,884
Repairs and maintenance		30,743	28,251
Printing and stationery		8,017	4,188
Telephone and telex		3,884	3,485
Rent, rates and taxes		5,468	10,916
Insurance		9,701	6,842
Water charges		99,048	85,221
Transportation		16,705	12,158
Depreciation / amortisation	5.1.2	301,093	240,275
Security charges		5,700	3,330
Travelling, boarding and lodging		659	4,467
Miscellaneous		2,784	3,758
		<u>5,666,106</u>	<u>5,561,501</u>
Opening work-in-process		426,431	291,353
Closing work-in-process		(381,787)	(426,431)
		<u>5,710,750</u>	<u>5,426,423</u>
25.1.1 Raw and packing materials consumed			
Opening stock		432,333	231,952
Purchases		3,087,069	3,479,379
Duty draw back on export sales		(85,487)	(61,877)
		<u>3,001,582</u>	<u>3,417,502</u>
		<u>3,433,915</u>	<u>3,649,454</u>
Closing stock		(543,532)	(432,333)
		<u>2,890,383</u>	<u>3,217,121</u>
25.1.2 Stores and spares consumed			
Opening stock		144,637	114,587
Purchases		295,661	282,945
		<u>440,298</u>	<u>397,532</u>
Closing stock		(185,267)	(144,637)
		<u>255,031</u>	<u>252,895</u>

25.1.3 Included herein is a sum of Rs. 21.820 (2014: Rs. 15.221) million in respect of staff retirement benefits.

		June 30, 2015	June 30, 2014
		..... Rupees in '000	
26. DISTRIBUTION COSTS	Note		
Salaries, allowances and other benefits	26.1	8,925	8,129
Insurance		2,105	1,750
Freight and transportation		122,615	121,852
Export development surcharge and clearing charges		23,906	21,832
Postage, courier and stamps		13,598	14,217
Depreciation / amortisation	5.1.2	652	521
Travelling, boarding and lodging		13,321	18,830
Advertisement and publicity		8,626	11,128
Quality control and testing charges		10,398	4,752
Miscellaneous		115	387
		<u>204,261</u>	<u>203,398</u>
26.1	Included herein is a sum of Rs.1.048 (2014: Rs. 0.840) million in respect of staff retirement benefits.		
27. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	27.1	37,894	31,660
Depreciation / amortisation	5.1.2	24,464	19,523
Legal and professional charges		10,780	7,697
Auditors' remuneration	27.2	1,466	1,563
Donations	27.3	5,392	6,015
Miscellaneous		5,644	6,154
		<u>85,640</u>	<u>72,612</u>
27.1	Included herein is a sum of Rs. 4.462 (2014: Rs. 3.279) million in respect of staff retirement benefits.		
27.2 Auditors' remuneration			
Audit fee		750	750
Fee for half yearly review		131	100
Special certifications		116	105
Tax services		216	385
Out-of-pocket expenses		153	223
Others		100	-
		<u>1,466</u>	<u>1,563</u>
27.3	Donations do not include any donee in whom any director or his spouse has any interest.		
28. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	20.2	40,425	46,256
Interest on WPPF	20.2	2,597	2,251
Workers' Welfare Fund	20.3	6,158	18,502
		<u>49,180</u>	<u>67,009</u>

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
29. OTHER INCOME			
Scrap sales		27,806	29,620
Gain on sale of fixed assets		1,008	558
Exchange gain - net		29,552	125,796
Dividend income		-	712
Gain on sale of investments		-	6,943
		<u>58,366</u>	<u>163,629</u>
30. FINANCE COSTS			
Mark-up on secured:			
Long-term financing		12,432	25,549
Short-term running finances		19,470	2,347
Short-term loans		65,838	64,457
		<u>97,740</u>	<u>92,353</u>
Fair value loss/ (gain) on derivatives		8,125	(9,320)
Bank charges		29,845	25,729
		<u>135,710</u>	<u>108,762</u>
31. TAXATION			
Current		17,849	8,669
Prior		522	(188)
		<u>18,371</u>	<u>8,481</u>

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% (2014: 1%) on total sales, including scrap sales net of tax credits under section 65B of the Income Tax Ordinance, 2001.

32. 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, 2015	June 30, 2014
	..... Rupees in '000	
Net profit for the year	743,546	852,497
	Number of shares	
Number of Ordinary shares	84,000,000	84,000,000
	(Rupees)	
Earnings per shares - basic and diluted	8.85	10.15

	Note	June 30, 2015	June 30, 2014
		..... Rupees in '000	
33. CASH GENERATED FROM OPERATIONS			
Profit before taxation		761,917	860,978
Adjustments for non-cash charges and other items:			
Depreciation / amortisation		326,209	260,319
Provision for gratuity		27,330	19,341
Finance costs		135,710	108,762
Fair value gain on derivatives		8,125	(9,320)
Dividend income		-	(712)
Gain on disposal of operating fixed assets		(1,008)	(558)
		496,366	377,832
Profit before working capital changes		1,258,283	1,238,810
(Increase) / decrease in current assets			
Stores and spares		(40,666)	(29,919)
Stock-in-trade		64,256	(456,770)
Trade debts		423,018	(153,605)
Loans and advances		18,576	(27,647)
Trade deposits and prepayments		4,341	(4,651)
Other receivables		(38,766)	(16,780)
Sales tax refundable		45,108	(52,926)
Short-term investments		-	14,849
		475,867	(727,449)
Increase / (decrease) in current liabilities			
Trade and other payables		(170,989)	275,802
Cash generated from operations		1,563,161	787,163
34. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	27,385	7,739
Short-term running finances	22.2	(17,587)	(178,403)
		9,798	(170,664)
35. UNAVAILED CREDIT FACILITIES			
Short-term running finances		982,416	721,597

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

	2015			2014		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	..... Rupees in '000					
Managerial remuneration	4,355	-	73,330	4,364	-	57,630
Medical	436	-	7,333	436	-	5,763
Bonus	400	-	5,221	400	-	5,283
Retirement benefits	400	-	7,458	400	-	6,012
	<u>5,591</u>	<u>-</u>	<u>93,342</u>	<u>5,600</u>	<u>-</u>	<u>74,688</u>
Number of persons	<u>1</u>	<u>-</u>	<u>86</u>	<u>1</u>	<u>-</u>	<u>77</u>

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

37. 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:

37.1 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.

37.1.1 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. To manage the interest rate risk on long-term loan, the Company has entered into cross currency interest rate SWAP agreement as discussed in note 18.1 (a) to the financial statements.

Change in interest rate by 100bps may have a positive or negative impact of approximately Rs.0.948 (2014: Rs.1.807) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

37.1.2 Foreign currency risk

Foreign 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, 2015	June 30, 2014
	..... Rupees in '000	
Trade debts	988,172	1,385,534
Cash and bank balances	4,479	5,946
Short-term running finance under FE - 25	(470,943)	(761,651)
Trade and other payables	(33,308)	(91,608)
	488,400	538,221
	June 30, 2015	June 30, 2014

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

Exchange rates (PKR / USD)	101.50	98.55
----------------------------	---------------	-------

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 and the Company's equity.

	Change in US Dollar Rate (%)	Effect on profit / (loss)	Effect on equity
		..... Rupees in '000	
June 30, 2015	+10	48,840	48,840
	-10	(48,840)	(48,840)
June 30, 2014	+10	53,822	53,822
	-10	(53,822)	(53,822)

37.1.3 Equity risk

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

37.2 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.

37.2.1 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, 2015	June 30, 2014
..... Rupees in '000			
Trade debts			
Customers with no defaults in the past one year		1,115,975	1,538,993
Bank balances			
A1+	PACRA	23,582	7,465
A-1+	JCR - VIS	2,599	116
		26,181	7,581

37.3 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. 982.416 (2014: Rs. 721.597) 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	-	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
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
..... Rupees in '000						
Long-term financing	-	52,193	76,311	39,985	-	168,489
Trade and other payables	131,566	605,220	65,658	-	-	802,444
Accrued mark-up	-	24,347	-	-	-	24,347
Short-term borrowings	-	1,740,054	-	-	-	1,740,054
2014	131,566	2,421,814	141,969	39,985	-	2,735,334

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

37.4 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, 2015 and June 30, 2014.

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, 2015	June 30, 2014
	..... Rupees in '000	
Long-term financing	130,452	39,985
Current maturities of long-term financing	51,645	128,504
Cash and bank balances	(27,385)	(7,739)
Net debt	154,712	160,750
Issued, subscribed and paid-up capital	840,000	840,000
Reserves	4,606,641	3,962,782
Total capital	5,446,641	4,802,782
Capital and net debt	5,601,353	4,963,532
Gearing ratio	2.76%	3.24%

38. 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, 2015	June 30, 2014
	..... Rupees in '000	
Casual Sportswear		
Associated undertaking / Common directorship		
Sales	148,852	310,027
Artistic Apparels (Private) Limited		
Associated undertaking / Common directorship		
Sales	23	9,753

39. PLANT CAPACITY AND PRODUCTION	June 30, 2015	June 30, 2014
Spinning		
Number of rotors installed	864	864
Number of spindles installed	20,448	20,448
Capacity of yarn (Lbs.)	22,119,000	22,119,000
Production of yarn (Lbs.)	13,754,343	14,182,459
Weaving		
Number of looms installed	154	154
Capacity of fabric (meters)	23,973,200	23,973,200
Production of fabric (meters)	15,272,590	16,439,587
	June 30, 2015	June 30, 2014
Garments		
Number of machines installed	973	933
Capacity of garments (pcs)	3,000,000	2,310,000
Production of garments (pcs)	2,643,690	1,845,482

Under utilisation of available capacity was due to global recession, quality change down time and type of quality produced.

40. NUMBER OF EMPLOYEES	June 30, 2015	June 30, 2014
At year end	390	376
Average for the year	386	348

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 41.1** The Board of Directors in its meeting held on September 19, 2015 proposed final cash dividend of Rs. 4.00 per share for the year ended June 30, 2015 amounting to Rs. 336.000 million for approval of the members at the Annual General Meeting to be held on October 24, 2015.
- 41.2** The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid-up capital. However, this tax shall not be applied in case of a public company which distributes cash dividend equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, within the prescribed time after the end of the relevant tax year.

Based on the fact the Board of Directors of the Company has proposed 40% dividend for the financial and tax year 2015 which exceeds the prescribed minimum dividend requirement as aforesaid, the Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2015.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 19, 2015 by the Board of Directors of the Company.

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



Faisal Ahmed
Chief Executive



Muhammad Iqbal-ur-Rahim
Director

FORM OF PROXY

I/We _____ of _____
 _____ being member(s) of ARTISTIC DENIM MILLS LIMITED
 and holder of _____ Ordinary Shares as per Share Register Folio/CDC Account
 No. _____ hereby appoint _____ Folio/CDC Account No. _____
 of _____ CNIC No. or Passport No. _____ or failing whom
 _____ Folio/CDC Account No. _____ of _____ CNIC No.
 or Passport No. _____ who is also a member of the Company as my/our proxy to
 attend and vote for me/us and on my/our behalf at the 23rd ANNUAL GENERAL MEETING of the
 Company to be held on Saturday, October 24, 2015 at 04:00 PM and at any adjournment thereof.

Signed this _____ day of _____ 2015.

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

**Rs 5/-
Revenue
Stamp**

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

IMPORTANT

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

For CDC Account Holders/Corporate Entities:

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

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

The logo for Artistic Denim Mills Limited (ADM) is displayed in a bold, blue, sans-serif font.

**AFFIX
CORRECT
POSTAGE**

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

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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