



QUARTERLY  
REPORT  
SEPTEMBER 30,  
**2014**



**ADM**  
ARTISTIC DENIM MILLS

## **CONTENTS**

COMPANY INFORMATION .....	2
DIRECTORS' REVIEW REPORT TO THE MEMBERS .....	3
CONDENSED INTERIM BALANCE SHEET .....	4
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT .....	5
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME .....	6
CONDENSED INTERIM CASH FLOW STATEMENT .....	7
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY .....	8
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS .....	9

## Artistic Denim Mills Limited

**ADM**  
ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

### COMPANY INFORMATION

#### Board of Directors

Chief Executive  
Chairperson  
Directors

Mr. Faisal Ahmed  
Mrs. Maliha Faisal  
Mr. Muhammad Yousuf Ahmed  
Mr. Muhammad Ali Ahmed  
Mrs. Hajra Ahmed  
Mr. Muhammad Iqbal-ur-Rahim  
Ms. Sarah Faisal Ahmed

#### Audit Committee

Chairman  
Members

Mr. Muhammad Iqbal-ur-Rahim  
Mrs. Maliha Faisal  
Ms. Sarah Faisal Ahmed

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

## Artistic Denim Mills Limited

### **DIRECTORS' REVIEW**

The Directors of your Company are pleased to present the un-audited financial information for the quarter ended September 30, 2014.

#### **PERIOD UNDER REVIEW**

A comparison of the key financial results of the Company for the quarter ended September 30, 2014 with the same period last year are as follows:

	September 30, 2014 Rs. in million	September 30, 2013 Rs. in million
Net Sales	<b>2,299</b>	1,742
Gross profit	<b>414</b>	427
Finance costs	<b>33</b>	36
Net Profit	<b>282</b>	324
EPS (Rs. per share)	<b>3.36</b>	3.86

The net sales of your Company during the quarter recorded a growth of 31.93% over the comparative prior period. The increase in sales was driven mainly by product mix, volume growth and aggressive marketing efforts. Gross profit has declined by Rs. 13 million as compared to the same period last year. The decrease in gross profit was due to increase in cost of fuel & power, utilities, labor and other inputs. The finance cost reduced by 7.92% over similar period last year. The net profit during the period under review reported to be Rs. 282 million as against Rs. 324 million during the corresponding period of preceding year.

#### **FUTURE OUTLOOK**

Despite the challenging overall economic and political environment of the country, the Company is focused on increasing productivity through continuous investments in innovation, people, systems and markets deliver profitable growth and to maintain profitability during the later period of the current year. As we pursue our mission and vision, we are confident that the strategic directions we have chosen are sound. We will continue with BMR to make us more competitive and to enable our products to win in the market and achieve leadership positions.

#### **ACKNOWLEDGEMENTS**

The Board wish to place on record their appreciation for the continued support and patronage received from shareholders and its valued customers. We wish to acknowledge the dedication and commitment of all the employees who contributed valuable services, to sustain all its operations.

ON BEHALF OF THE BOARD



**FAISAL AHMED**  
Chief Executive

Karachi: October 28, 2014

**ADM**  
ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

Artistic Denim Mills Limited

**ADM**  
ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

04

**CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2014 (UN-AUDITED)**

		September 30, 2014	June 30, 2014
		----- (Rupees in '000) -----	
<b>ASSETS</b>	Note	Un-audited	Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	4,493,646	4,354,435
Long-term loans		8,416	8,471
Long-term deposits		955	956
<b>CURRENT ASSETS</b>			
Stores and spares		147,843	144,637
Stock-in-trade		1,027,272	1,096,838
Trade debts		1,963,539	1,538,993
Loans and advances		115,048	79,359
Trade deposits and prepayments		11,904	6,636
Other receivables		205,898	218,548
Taxation - net		193,805	167,292
Cash and bank balances		24,748	7,739
		<b>3,690,057</b>	<b>3,260,042</b>
<b>TOTAL ASSETS</b>		<b>8,193,074</b>	<b>7,623,904</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	5	840,000	840,000
Reserve		4,245,023	3,962,782
		<b>5,085,023</b>	<b>4,802,782</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		3,888	39,985
Deferred liability		86,130	85,788
<b>CURRENT LIABILITIES</b>			
Trade and other payables		929,877	802,444
Accrued mark-up		20,906	24,347
Short term borrowings		1,954,841	1,740,054
Current maturity of long-term financing		112,409	128,504
		<b>3,018,033</b>	<b>2,695,349</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,193,074</b>	<b>7,623,904</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director

Artistic Denim Mills Limited

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

	September 30, 2014	September 30, 2013
Note	----- (Rupees in '000) -----	
<b>NET SALES</b>	<b>2,298,593</b>	1,742,257
Cost of sales	(1,884,771)	(1,315,197)
<b>GROSS PROFIT</b>	<b>413,822</b>	427,060
Distribution costs	(69,254)	(52,127)
Administrative expenses	(25,328)	(16,438)
Other operating expenses	(21,244)	(26,946)
Other operating income	17,265	45,892
	<b>(98,561)</b>	(49,619)
<b>OPERATING PROFIT</b>	<b>315,261</b>	377,441
Finance costs	(33,020)	(35,859)
<b>PROFIT BEFORE TAXATION</b>	<b>282,241</b>	341,582
Taxation	7 -	(17,687)
<b>NET PROFIT FOR THE PERIOD</b>	<b>282,241</b>	323,895
<b>EARNINGS PER SHARE</b>		
- Basic and diluted (Rs. per share)	<b>3.36</b>	3.86

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

  
**Faisal Ahmed**  
Chief Executive

  
**Muhammad Iqbal-ur-Rahim**  
Director

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ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

Artistic Denim Mills Limited

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	
Net profit for the period	282,241	323,895
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u>282,241</u>	<u>323,895</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director

QUARTERLY REPORT SEPTEMBER 30, 2014

Artistic Denim Mills Limited

**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

	September 30, 2014	September 30, 2013
------(Rupees in '000)-----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	282,241	341,582
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	72,989	60,593
Provision for gratuity	4,835	3,481
Finance costs	33,020	35,859
(Gain) on revaluation of short term investments	-	(2,931)
(Gain) on disposal of operating fixed assets	-	(154)
	<b>110,844</b>	<b>96,848</b>
Profit before working capital changes	<b>393,085</b>	<b>438,430</b>
<b>Decrease / (Increase) in current assets</b>		
Stores and spares	(3,206)	(3,463)
Stock-in-trade	69,566	106,742
Trade debts	(424,546)	(469,977)
Loans and advances	(35,689)	5,506
Trade deposits and prepayments	(5,268)	(5,293)
Other receivables	12,650	(46,548)
	<b>(386,493)</b>	<b>(413,033)</b>
<b>Increase / (Decrease) in current liabilities</b>	<b>127,428</b>	<b>(94,383)</b>
<b>Cash generated from / (used in) operations</b>	<b>134,020</b>	<b>(68,986)</b>
Taxes paid	(26,514)	(17,131)
Gratuity paid	(4,492)	(399)
Finance costs paid	(36,461)	(49,822)
Long-term deposits	1	(65)
	<b>(67,466)</b>	<b>(67,417)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>66,554</b>	<b>(136,403)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(212,199)	(339,872)
Long-term loans	55	(1,922)
Sale proceeds of operating fixed assets	-	300
<b>Net cash used in investing activities</b>	<b>(212,144)</b>	<b>(341,494)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term financing repaid	(52,192)	(58,343)
Dividend paid	4	-
Short-term borrowings (repaid) / acquired	214,787	536,516
<b>Net cash generated from financing activities</b>	<b>162,599</b>	<b>478,173</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>17,009</b>	<b>276</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>7,739</b>	<b>18,653</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,748</b>	<b>18,929</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

  
**Faisal Ahmed**  
Chief Executive

  
**Muhammad Iqbal-ur-Rahim**  
Director

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ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

07



Artistic Denim Mills Limited

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

	Share Capital	Revenue Reserve	Total
	Issued, subscribed and paid-up	Unappropriated profit	
----- (Rupees in '000) -----			
Balance as at July 01, 2013 - (restated)	840,000	3,202,451	4,042,451
Net profit for the period ended September 30, 2013	-	323,895	323,895
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	323,895	323,895
<b>Balance as at September 30, 2013</b>	<b>840,000</b>	<b>3,526,346</b>	<b>4,366,346</b>
Balance as at July 01, 2014	840,000	3,962,782	4,802,782
Net profit for the period ended September 30, 2014	-	282,241	282,241
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	282,241	282,241
<b>Balance as at September 30, 2014</b>	<b>840,000</b>	<b>4,245,023</b>	<b>5,085,023</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director

## Artistic Denim Mills Limited

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

**ADM**  
ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

#### **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 BASIS OF PREPARATION**

These condensed interim financial information is un-audited and is being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of the Karachi Stock Exchange. This condensed interim financial information of the Company for the quarter ended September 30, 2014 has been prepared in accordance with the requirements of International Accounting Standards (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case where requirements differ, the provision of or directives issued under the Ordinance have been followed.

This condensed interim financial information does not include all the information and disclosures required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014.

#### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2014.

#### **4 PROPERTY, PLANT AND EQUIPMENT**

	Note	September 30, 2014 ----- (Rupees in '000) ----- Un-audited	June 30, 2014 ----- Audited
Operating fixed assets	4.1	3,920,424	3,655,456
Capital work-in-progress	4.2	573,222	698,979
		4,493,646	4,354,435

## Artistic Denim Mills Limited

**ADM**  
ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

	September 30, 2014	June 30, 2014
	----- (Rupees in '000) -----	
	Un-audited	Audited
<b>4.1 The additions and disposals in property, plant and equipment are as follows:</b>		
Opening net written down value	3,655,456	3,305,415
Additions during the period / year 4.1.1	337,957	610,723
Disposals, at their written down values during the period / year	-	(363)
Depreciation charge during the period / year	(72,989)	(260,319)
	<u>3,920,424</u>	<u>3,655,456</u>
<b>4.1.1 The following additions were made during the period / year</b>		
Plant & machinery	330,916	531,776
Factory equipment	1,704	46,942
Furniture & fixtures	-	776
Office equipment, including computers	-	5,462
Vehicles	5,337	25,767
	<u>337,957</u>	<u>610,723</u>
<b>4.2 Capital work-in-progress</b>		
Balances at the beginning of the period / year	698,979	209,681
Additions during the period / year		
Civil works	98,562	71,252
Plant and machinery	35,830	867,837
Factory equipment	1,704	46,942
Advances to suppliers	70,767	89,530
	<u>206,863</u>	<u>1,075,561</u>
Transfers to operating fixed assets	(332,620)	(586,263)
	<u>573,222</u>	<u>698,979</u>
<b>5 SHARE CAPITAL</b>		
<b>No. of shares</b>		
<b>September 30, 2014</b>	<b>June 30, 2014</b>	
100,000,000	100,000,000	
		<b>Authorised share capital</b>
		Ordinary shares of Rs.10 each
		<u>1,000,000</u>
		<u>1,000,000</u>
		<b>Issued, subscribed and paid-up capital</b>
		Ordinary shares of Rs.10 each
14,000,000	14,000,000	fully paid in cash
		<u>140,000</u>
70,000,000	70,000,000	fully paid bonus shares
		<u>700,000</u>
<u>84,000,000</u>	<u>84,000,000</u>	<u>840,000</u>
		<u>840,000</u>

## Artistic Denim Mills Limited

		September 30, 2014	June 30, 2014
		------(Rupees in '000)----- Un-audited	Audited
<b>6</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	<b>Contingencies</b>		
6.1	Outstanding counter guarantees	<u>119,073</u>	<u>115,073</u>
6.2	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 November 05, 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. Therefore, the Company has been paying Workers' Welfare Fund (WWF) on total receipt basis (which is 2% on 4% of total receipts) instead of paying 2% of profit before tax. The Company is expecting a favorable outcome of the suit. However, if the suit will be decided against the Company, it has to pay default surcharge of Rs. 14.457 million (June 30, 2014: Rs. 12.928 million) in addition to the remaining liability of WWF for which no provision has been made in these financial statements.		
	<b>Commitments</b>		
6.3	Commitments in respect of building on leasehold land at the end of the period amounted to Rs. 451.668 (June 30, 2014: Rs.592.584) million.		
6.4	Outstanding letters of credit at the end of the period amounted to Rs. 357.775 (June 30, 2014: Rs.531.360) million.		
6.5	Post dated cheques issued in favour of Custom Authorities, aggregated to Rs. 335.778 (June 30, 2014: Rs.324.457) million, against zero rated supplies for export purposes.		
<b>7</b>	<b>Taxation</b>		
	Provision for taxation has not been made in these condensed interim financial information due to tax credit on investment in plant and machinery under Section 65B of the Income Tax Ordinance 2001.		
<b>8</b>	<b>TRANSACTIONS WITH RELATED PARTIES</b>		
	Related parties of the Company comprise associated undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than remuneration and benefits to the directors and key management personnel under the terms of their employments, are given below:		

## Artistic Denim Mills Limited

**ADM**  
ARTISTIC DENIM MILLS

QUARTERLY REPORT SEPTEMBER 30, 2014

	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	
	Un-audited	Un-audited

**Aggregate amount in respect of:**

Sales of goods and services provided	<b>82,120</b>	64,919
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The above transactions are at arm's length using admissible valuation methods.

**9 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information has been authorised for issue on October 28, 2014 by the Board of Directors of the Company.

**10 GENERAL**

Figures have been rounded-off to the nearest thousand rupees.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director

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

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ARTISTIC DENIM MILLS

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