



QUARTERLY REPORT  
SEPTEMBER 30, 2018

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## COMPANY INFORMATION

### Board of Directors

Chief Executive  
Chairman  
Directors

Mr. Faisal Ahmed  
Mr. Muhammad Iqbal Ahmed  
Mrs. Maliha Faisal  
Mr. Muhammad Yousuf Ahmed  
Mr. Muhammad Ali Ahmed  
Mr. Muhammad Iqbal-ur-Rahim  
Mr. Zafar-ul-Mukhtar Ahmed Khan

### Audit Committee

Chairman  
Members

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

### Human Resource and Remuneration Committee

Chairman  
Members

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

### Chief Financial Officer

Mr. Sagheer Ahmed

### Company Secretary

Mr. Muhammad Ozair Qureshi

### Chief Internal Auditor

Mr. Salman Arif

### Auditors

M/s. EY Ford Rhodes  
Chartered Accountants

### Legal Advisor

Monawwer Ghani  
Advocate

### Share Registrar

M/s. F.D. Registrar Services (SMC Pvt.) Limited  
17th Floor, Saima Trade Tower-A,  
I.I. Chundrigar Road, Karachi.  
Tel: (+92-21) 35478192-3 / 32271905-6

### Bankers

Allied Bank Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited  
Woori Bank

### Registered Office and Factory

Plot No. 5-9, 23-26, Sector 16,  
Korangi Industrial Area, Karachi.  
UAN: 111 236 236, Fax No. 3505 4652  
www.admdenim.com

## DIRECTORS' REVIEW

The Directors of Artistic Denim Mills Limited are pleased to present to the shareholders the un-audited condensed interim financial statements of the Company for the first quarter ended September 30, 2018.

### PERIOD UNDER REVIEW

Comparative financial results for the current period and that of the corresponding period last year are as follows:

	September 30, 2018 Rs. in ('000')	September 30, 2017 Rs. in ('000')
Net Sales	1,641,743	2,134,678
Gross profit	154,024	220,741
Finance costs	14,999	17,698
Net Profit	80,864	104,151
EPS (Rs. per share)	0.96	1.24

During the period under review, the Company's net sales decreased by Rs. 493 million as compared to the same period last year. The decrease in sales was due to slow demand in international market and stiff competition from Turkey who due to depreciation of its currency as against Euro in particular, has become a big competitor of Pakistani products in Europe and the Company's primary export market has been Europe. Gross profit to net sales ratio decreased from 10.34% to 9.38% compared to same quarter last year mainly due to decrease in sales, escalating labor costs and increase in prices of raw materials and other inputs. The finance costs however were reduced by 15.25% over similar period last year. Due to the reasons elucidated above, net profit decreased to Rs. 81 million as against Rs. 104 million in the corresponding period last year.

### FUTURE OUTLOOK

Moving forward, outlook for current financial year will be too tough / challenging for textile industry. The price of cotton in domestic market has been increased substantially in current financial year, hence, the cost of production has increased. The price of chemicals has also increased due to closure of chemical production plants in China. Pakistan's textile exports have become uncompetitive vis-à-vis regional countries particularly India and Bangladesh due to high cost of doing business and challenging macroeconomic factors & operational environment. We hope that our Government will make long term and consistent policies that support exports.

Despite all the challenges, the Company has been investing in value additions and for balancing, modernization and replacement (BMR) to offer quality products to its customers and to improve its operational efficiencies & minimize the production costs.

### ACKNOWLEDGEMENTS

The Board of Directors would like to take this opportunity to acknowledge and thank all employees and other stakeholders for their continued support and cooperation.



**FAISAL AHMED**  
Chief Executive

On Behalf Of The Board Of Directors



**MUHAMMAD IQBAL-UR-RAHIM**  
Director

Karachi: October 29, 2018

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT SEPTEMBER 30, 2018 (UN-AUDITED)

		September 30, 2018 ------(Rupees in '000)-----	June 30, 2018 ------(Rupees in '000)-----
ASSETS	Note	(Un-audited)	(Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	5,262,486	5,304,706
Intangible assets		6,055	6,468
Long-term loans		5,088	5,374
Long-term deposits		1,723	1,566
		<b>5,275,352</b>	<b>5,318,114</b>
<b>CURRENT ASSETS</b>			
Stores and spares		217,104	215,128
Stock-in-trade		2,442,423	1,717,868
Trade debts		1,526,465	1,807,006
Loans and advances		23,054	51,970
Trade deposits and prepayments		14,511	7,699
Other receivables		378,364	407,618
Sales tax refundable		142,002	112,074
Taxation - net		378,565	375,168
Cash and bank balances		208,781	86,896
		<b>5,331,269</b>	<b>4,781,427</b>
<b>TOTAL ASSETS</b>		<b>10,606,621</b>	<b>10,099,541</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	6	840,000	840,000
Reserve		5,341,009	5,260,145
		<b>6,181,009</b>	<b>6,100,145</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		812,139	813,274
Deferred liability		29,444	23,940
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,580,197	1,487,539
Unclaimed dividend		2,100	2,100
Accrued mark-up		10,141	16,927
Short-term borrowings		1,900,000	1,570,000
Current maturity of long-term financing		91,591	85,616
		<b>3,584,029</b>	<b>3,162,182</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,606,621</b>	<b>10,099,541</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



**Sagheer Ahmed**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

### FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	September 30, 2018	September 30, 2017
	------(Rupees in '000)-----	
<b>TURNOVER</b>	<b>1,641,743</b>	<b>2,134,678</b>
Cost of sales	(1,487,719)	(1,913,937)
<b>GROSS PROFIT</b>	<b>154,024</b>	<b>220,741</b>
Distribution costs	(44,514)	(52,991)
Administrative expenses	(25,582)	(30,051)
Other operating expenses	(8,065)	(8,389)
Other income	36,803	13,336
	(41,358)	(78,095)
<b>OPERATING PROFIT</b>	<b>112,666</b>	<b>142,646</b>
Finance costs	(14,999)	(17,698)
<b>PROFIT BEFORE TAXATION</b>	<b>97,667</b>	<b>124,948</b>
Taxation	(16,803)	(20,797)
<b>NET PROFIT FOR THE PERIOD</b>	<b>80,864</b>	<b>104,151</b>
<b>EARNINGS PER SHARE</b>		
- Basic and diluted (Rs. per share)	<b>0.96</b>	<b>1.24</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



**Sagheer Ahmed**  
Chief Financial Officer

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
Net profit for the period	80,864	104,151
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>80,864</b>	<b>104,151</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



**Sagheer Ahmed**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

### FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	97,667	124,948
<b>Adjustments for non cash charges and other items:</b>		
Depreciation / amortization	111,879	110,818
Provision for gratuity	6,444	6,202
Finance costs	14,999	17,698
Gain on disposal of operating fixed assets	(1,537)	(872)
	<u>131,785</u>	<u>133,846</u>
Profit before working capital changes	229,452	258,794
<b>(Increase) in current assets</b>		
Stores and spares	(1,976)	(34,945)
Stock-in-trade	(724,555)	51,037
Trade debts	280,541	(254,844)
Loans and advances	28,916	15,502
Trade deposits and prepayments	(6,812)	(6,213)
Other receivables	29,254	19,967
Sales tax refundable	(29,928)	38,058
	(424,560)	(171,438)
<b>Increase in current liabilities</b>		
Trade and other payables	92,658	186,401
<b>Cash (used in) / generated from operations</b>	(102,450)	273,757
Taxes paid	(20,199)	(22,286)
Gratuity paid	(940)	(202)
Finance costs paid	(21,785)	(22,956)
Long-term deposits	(157)	(220)
	(43,081)	(45,664)
<b>Net cash (used in) / generated from operating activities</b>	(145,531)	228,093
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(72,719)	(62,578)
Long-term loans	286	(1,128)
Sale proceeds from disposal of operating fixed assets	5,009	2,506
<b>Net cash used in investing activities</b>	(67,424)	(61,200)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term financing repaid	(35,607)	(650)
Long-term financing acquired	40,447	2,870
Dividend paid	-	(79)
Short-term borrowings (repaid) / acquired - net	330,000	(100,000)
<b>Net cash generated from / (used in) financing activities</b>	334,840	(97,859)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	121,885	69,034
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	86,896	63,232
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>208,781</u>	<u>132,266</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

  
**Sagheer Ahmed**  
 Chief Financial Officer



### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Share Capital	Revenue Reserve	
	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	(Rupees in '000)		
Balance as at July 01, 2017	840,000	4,918,905	5,758,905
Net profit for the period ended September 30, 2017	-	104,151	104,151
Other comprehensive income	-	-	-
Total comprehensive income	-	104,151	104,151
Balance as at September 30, 2017	840,000	5,023,056	5,863,056
Balance as at July 01, 2018	840,000	5,260,145	6,100,145
Net profit for the period ended September 30, 2018	-	80,864	80,864
Other comprehensive income	-	-	-
Total comprehensive income	-	80,864	80,864
Balance as at September 30, 2018	840,000	5,341,009	6,181,009

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



**Sagheer Ahmed**  
Chief Financial Officer

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)**

### **1 THE COMPANY AND ITS OPERATIONS**

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

The registered office and factory premises of the Company is situated at Plot No. 5 - 9, 23 - 26, Sector 16, Korangi Industrial Area, Karachi.

### **2 BASIS OF PREPARATION**

These condensed interim financial statements of the Company for the first quarter ended September 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2018.

#### 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires the management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

	Note	September 30, 2018 ------(Rupees in '000)----- (Un-audited)	June 30, 2018 ------(Rupees in '000)----- (Audited)
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>5,136,727</b>	5,194,049
Capital work-in-progress	5.2	<b>125,759</b>	110,657
		<b>5,262,486</b>	5,304,706
<b>5.1 The additions and disposals in property, plant and equipment are as follows:</b>			
Opening net written down value		<b>5,194,049</b>	5,206,444
Additions during the period / year	5.1.1	<b>57,616</b>	455,574
Disposals, at their written down values during the period / year		<b>(3,472)</b>	(2,393)
Depreciation / amortization charge during the period / year		<b>(111,466)</b>	(465,576)
		<b>(114,938)</b>	(467,969)
		<b>5,136,727</b>	5,194,049
<b>5.1.1 The following additions were made during the period / year</b>			
Building on leasehold land		-	167,768
Plant & machinery		<b>38,801</b>	208,044
Factory equipment		<b>4,786</b>	43,658
Furniture & fixtures		-	2,374
Office equipment, including computers		<b>195</b>	4,002
Vehicles		<b>13,834</b>	29,728
		<b>57,616</b>	455,574

	September 30, 2018 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2018 ----- (Rupees in '000) ----- (Audited)
<b>5.2 Capital work-in-progress</b>		
Balances at the beginning of the period / year	110,657	251,270
Additions during the period / year		
Civil works	18,190	44,115
Plant and machinery	25,806	139,736
Factory equipment	4,786	43,658
Advances to suppliers	9,907	51,348
	58,689	278,857
Transfers to operating fixed assets	(43,587)	(419,470)
	<u>125,759</u>	<u>110,657</u>

## 6 SHARE CAPITAL

No. of shares		September 30, 2018 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2018 ----- (Rupees in '000) ----- (Audited)
<b>September 30, 2018 (Un-audited)</b>	<b>June 30, 2018 (Audited)</b>		
100,000,000	100,000,000		
		<b>Authorised share capital</b>	
		Ordinary shares of Rs.10 each	1,000,000
			1,000,000
		<b>Issued, subscribed and paid-up capital</b>	
		Ordinary shares of Rs.10 each	
14,000,000	14,000,000	Issued for cash	140,000
			140,000
70,000,000	70,000,000	Issued as fully paid bonus shares	700,000
			700,000
<u>84,000,000</u>	<u>84,000,000</u>	<u>840,000</u>	<u>840,000</u>

## 7 CONTINGENCIES AND COMMITMENTS

### Contingencies

7.1	Outstanding counter guarantees - conventional banks	<u>238,403</u>	<u>299,069</u>
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### Commitments

7.2	Commitments in respect of building on leasehold land at the end of the period amounted to Rs. 29 million (June 30, 2018: Rs. 29 million).		
7.3	Outstanding letters of credit at the end of the period amounted to Rs. 1,014.084 million (June 30, 2018: Rs. 334.599 million).		

**7.4** Post dated cheques issued in favour of Custom Authorities aggregating to Rs. 240.437 million (June 30, 2018: Rs. 315.925 million), against various statutory notifications.

## **8 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. Details of transactions with related parties, are given below:

	September 30, 2018	September 30, 2017
	------(Rupees in '000)-----	
	(Un-audited)	(Un-audited)
<b>Directors and Key Management Personnel</b>		
Managerial remuneration and others	<u>3,695</u>	<u>3,695</u>
<b>Associated undertaking / Common directorship</b>		
Sales	<u>254,847</u>	617,648
Services rendered	<u>5,959</u>	5,868
Reimbursement of expenses	<u>15,315</u>	<u>32,305</u>

The above transactions are at arm's length using admissible valuation methods.

## **9 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements have been authorised for issue on October 29, 2018 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



**Sagheer Ahmed**  
Chief Financial Officer

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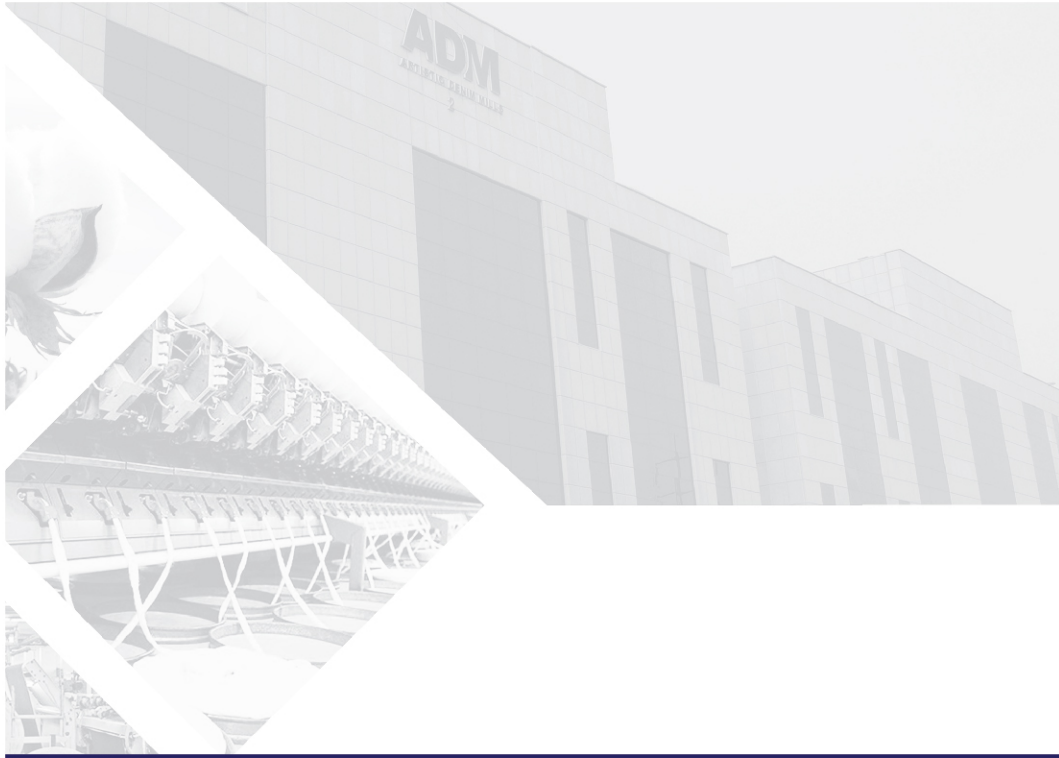


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\*Mobile apps are also available for download for android and ios devices



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**ADM**  
ARTISTIC DENIM MILLS

CORPORATE