GulAhmed

Since 1953

Annual Report 2019

TRANSFORMATION THROUGH TECHNOLOGY & TEAMWORK

Our mission in part, is to deliver value through innovative technology and teamwork in line with our vision to provide products and services responsibly. To this ideal, our company aims to help Transform our world by intertwining the driving forces of Technology and Teamwork and provide products, technologies and services that help our customers to better their environmental responsibility and improve their economic performance. We firmly believe that transformation is possible only when technology is fueled by teamwork.

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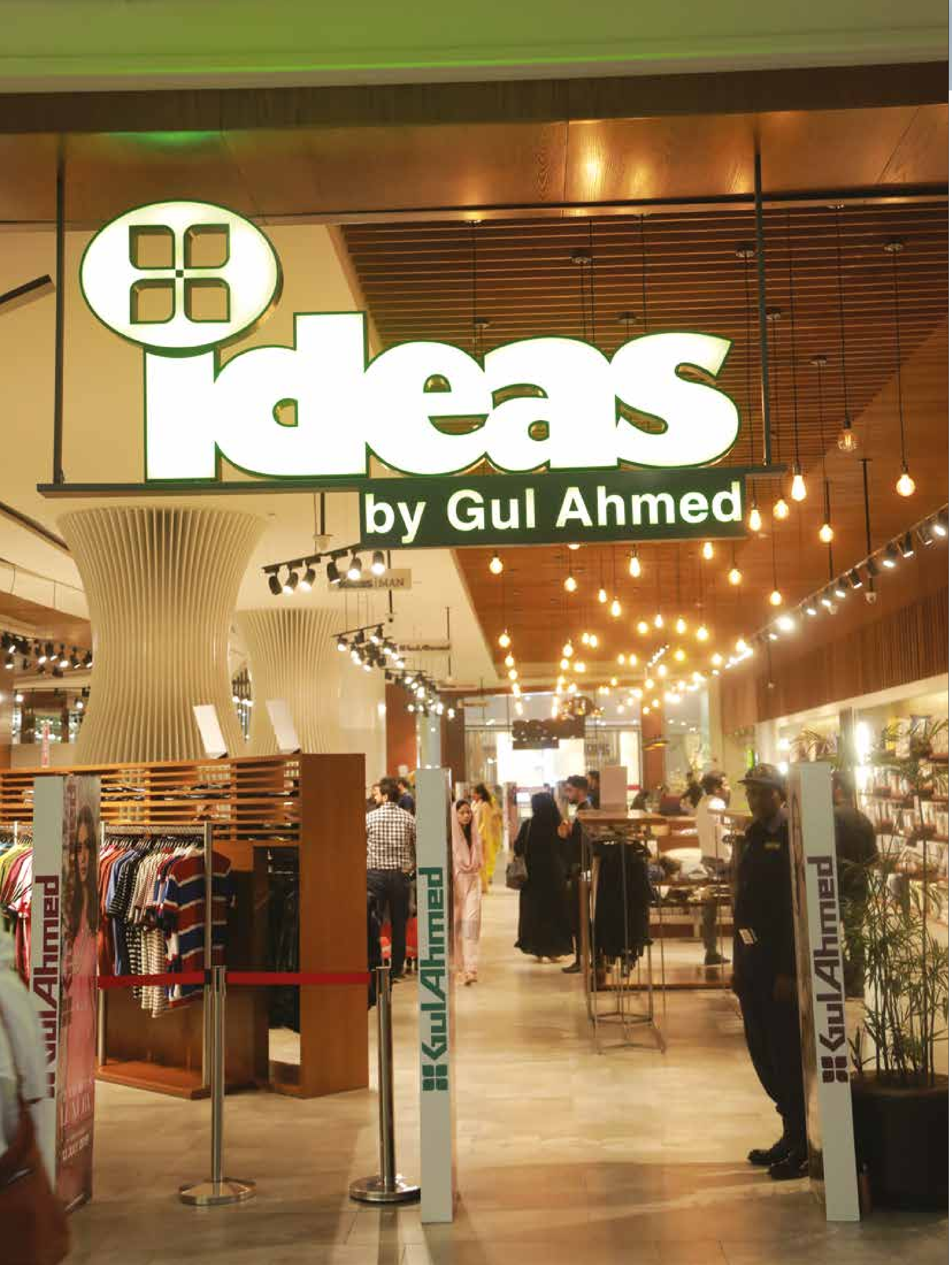
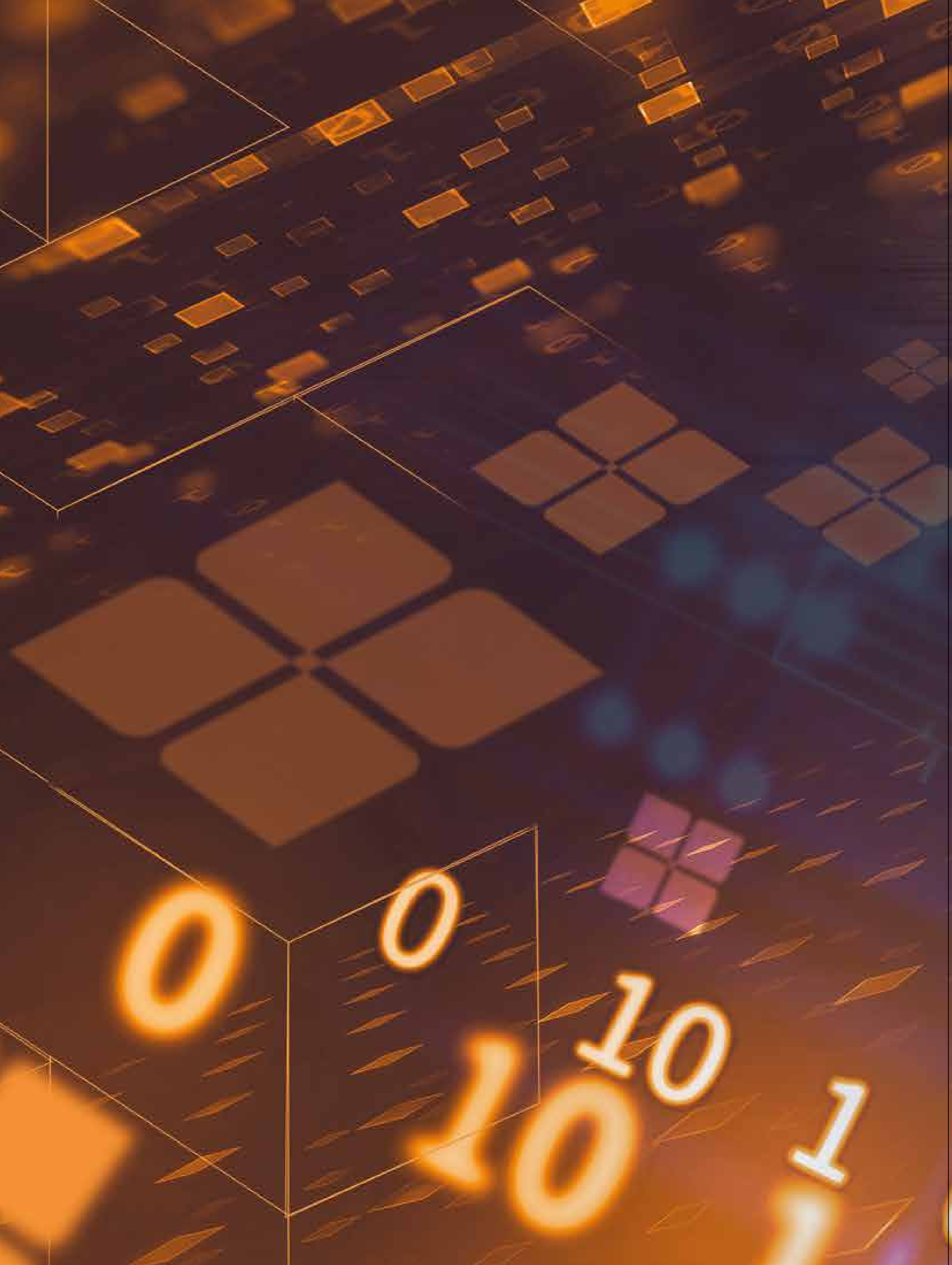


COMPANY INFORMATION

Board of Directors	Mohomed Bashir	- Chairman
	Zain Bashir	- Vice Chairman/ Executive Director
	Mohammed Zaki Bashir	- Chief Executive Officer
	Ziad Bashir	- Non Executive Director
	S.M. Nadim Shafiqullah	- Non Executive Director
	Dr. Amjad Waheed	- Independent Director
	Ehsan A. Malik	- Independent Director
Chief Financial Officer	Abdul Aleem	
Company Secretary	Salim Ghaffar	
Audit Committee	Dr. Amjad Waheed	- Chairman & Member
	Mohomed Bashir	- Member
	S.M. Nadim Shafiqullah	- Member
	Salim Ghaffar	- Secretary
Human Resource and Remuneration Committee	Ehsan A. Malik	- Chairman & Member
	Mohomed Bashir	- Member
	Zain Bashir	- Member
	Salim Ghaffar	- Secretary
Bankers	Al Baraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited BankIslami Pakistan Limited Citi Bank NA Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Industrial and Commercial Bank of China JS Bank limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank Of Pakistan Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank limited The Bank of Khyber The Bank Of Punjab United Bank Limited	
Auditors	Kreston Hyder Bhimji & Co. Chartered Accountants	
Internal Auditors	Grant Thornton Anjum Rahman Chartered Accountants	
Legal Advisors	A.K. Brohi & Co Advocates	
Registered Office	Plot No.82, Main National Highway, Landhi, Karachi-75120	
Share Registrar	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106	
Mills	Landhi Industrial Area, Karachi-75120	
E-Mail	finance@gulahmed.Com	
URL	www.gulahmed.com	



TECHNOLOGY

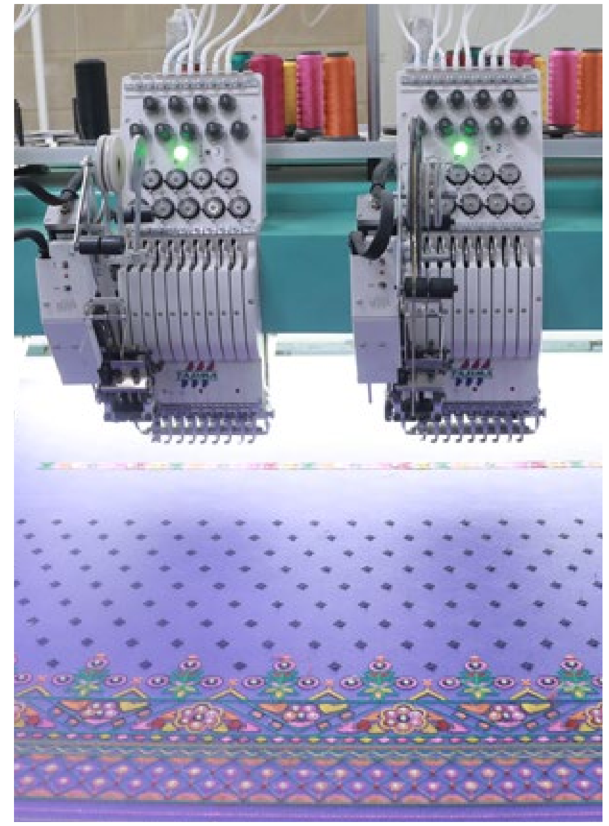
Gul Ahmed believes and strives for textile development by bringing in state-of-the-art machinery for greater quality and production. The latest development being the induction of spinning frames with exceptionally high speed, resulting in substantial reduction in energy consumption. Our collaboration with international experts gives us access to create a full range of dyes using textile fiber from used clothing and manufacturing waste, which help in better reproducibility and minimum wastages.

Sustainability

Gul Ahmed has installed both a Water Treatment Plant and a Water Recycling Plant. To ensure that waste water from our manufacturing units are treated, recycled and reused. Our water Treatment plant's capacity is approximately 1.2 million gallons/ day out of which the company will recycle and reuse half.

Innovaiton

We stay one step ahead of the competition by investing in the latest technology. Our digital printing factory is equipped with state-of-the-art machines that deliver the highest quality digital printing in the country. In our processing and dyeing operations our focus is to reduce liquor ratio which will reduce water consumption further in coming years.



Top of the line Spinning Technology

With state-of-the-art latest machines at spinning and most modern yarn dyeing, weaving, processing, digital printing, embroidery and stitching units, the Company is a composite unit – making everything from cotton yarn to finished products.

TRANSFORMATION

Being the largest consumers of BCI Cotton, Gul Ahmed Textile Mills is also keen on environmental concerns. Not only that, we also promote organic cotton farming to minimize the adverse impact of pesticides and fertilizers on our surroundings. To socially empower women and transform their lives, Gul Ahmed has set up a training center where women who have no work experience are provided training, free of cost and on successful completion, are also offered jobs. Those living in the neighborhood are given preference enabling them to devote more time to their families.

Global Footprint

Gul Ahmed products reach consumers in over 44 countries worldwide while maintaining highest quality and sustainable manufacturing.

TEAMWORK

Our Company not only relies on individuals but thrives on them working together as dynamic teams to deliver excellence within the organization. Bringing every individual on the same page, we are an equal opportunity employer, hiring people on the basis of sheer merit and are committed to providing equal access to all, regardless of race, religion, gender, nationality or disability. Our Person with Disability (PWD) project has collaborated with the Deaf Reach School to induct many individuals into our work force.

Equal Opportunity Workplace

Gul Ahmed is an equal opportunity workplace that offers a flexible and accommodating environment for people with disabilities in a variety of fields.






RELYING ON RETAIL

With over 100 retail stores all across the nation along with a presence in the e-commerce platform through our online store, we know what our customers are looking for and need. Our team of expert designers and tailors are continuously striving to bring the best of trends to our consumers everywhere.

VISION

Setting trends globally in the textile industry. Responsibly delivering the products and services to our partners.

MISSION

To deliver value to our partners through innovative technology and teamwork. Fulfilling our social and environmental responsibilites.

VALUES

Integrity — We always act with honesty and transparency in all that we do. We do what we say and believe in keeping our promises and commitments.

Respect — We treat our people and business partners with respect, fairness and humbleness. We also encourage people to share their opinions even if it differs from our own.

Passion — We believe passion is the fuel that inspires and drives us to lead and move forward.

Quality — We demonstrate quality and strive for excellence through all our actions

Teamwork — We are one team and committed to an environment where every person is a valued member and treated with respect. We encourage togetherness believe in recognizing team efforts.

OBJECTIVES AND STRATEGIES

Objectives

We are committed to delivering sustainable excellence in business performance by focusing on the following:

1. Be the textile industry leader of the Country
2. Be the trend setter
3. Be innovative in Fashion
4. Maintain and make Gul Ahmed's position stronger as the number one local brand in fabrics, apparel and home textile
5. Manufacture premium products to meet the customer requirements
6. Create new opportunities for business growth and diversification
7. Maintain operational, technological and managerial excellence
8. Be an environment friendly and socially responsible Company
9. Benefit our Shareholders

Strategies

1. Improving HR policies and practices enabling hiring and retaining competent individuals on competitive remuneration, thus ensuring willingness to work and quality output
2. Prioritizing female work force in certain areas to benefit from their acumen and dedication
3. Leading through innovation both by technology acquisition and phased out balancing
4. Adding facilities essential to our business and eliminating capacity imbalance thus improving smooth supply and reducing production cost
5. Adding new product range both for international and domestic customers
6. Diversification of products is the core strategy. The Company focuses on fulfilling requirements of different customers in line with the latest fashion trends.
7. Nurturing creative talent and skills in relevant human resource who can visualize and create new fashion trends
8. Multi-brand strategy to cater for the different categories of customers both in terms of purchasing power and local customs
9. Strong quality management system to ensure that products not only meet the customers' requirements but are also safe for use both by adults and children
10. Creating shareholder's value by securing highest growth rates in terms of sales and earnings per share
11. Invest in state of the art machinery to ensure quality

Tactics

1. Outsourcing activities to improve production and economic efficiency.
2. Investing in state-of-the-art machinery and latest technology to ensure quality, higher output and lower wastage besides economies in cost of production
3. Continuous improvement of systems and processes either by replacement or balancing, to enable greater output at minimum cost especially in areas of utility consumption
4. Ensure that the workforce is fully aware of the safety measures required while performing daily assigned jobs and/or in case of any emergency; thus avoiding accidents and creating sense of a secure work environment
5. Effective marketing by ensuring promotions and discounts on regular basis so as to always remain the priority choice for all walks of customers
6. Retain and develop a green environment
7. Ensuring maximum recycling of waste, saving of energy and water and minimum possible carbon emissions
8. Implement and upgrade periodically the Enterprise Resource Planning software to integrate all the operations of the Company, reduce reliance on manual controls and reporting while ensuring data security and integrity

STATEMENT OF BUSINESS CONDUCT AND ETHICS CODE

Our dealings with business partners, colleagues, shareholders and general public is based on good corporate conduct. The statement of business conduct and ethics, as given below, is the foundation of our business principles:

Ethical Decision Making

General guidelines may include using good judgment and avoiding even the appearance of improper behavior. If ever in doubt about an action whether it is compliant with/ is consistent with the guidelines of the Code, ask yourself:

- Is it consistent with the Code?
- Is it ethical?
- Is it legal?
- If it were made public, would I be comfortable?

If the answer is "No" to any of these questions, don't do it.

If you are still uncertain, ask for guidance. You can seek help from any of the following:

1. The Management
2. Legal Department
3. Human Resource Department
4. Company Secretary

Compliance with Laws, Policies and Procedures

1. Directors/employees shall not make, recommend or cause to be taken any action known or believed to be in violation of any law, regulation or corporate policy.
2. Directors/employees shall not make, recommend or cause to be made any expenditure of funds known or believed to be in violation of any law, regulation or corporate policy.

Integrity and Respect for others

1. Directors/employees shall conduct their activities with the highest principles of integrity, truthfulness, objectivity and honor.
2. Directors/employees shall neither use their position to engage in unfair, deceptive or misleading practices nor shall they offer, promise or provide anything to a customer or supplier in exchange for an inappropriate advantage for himself or even for the Company.
3. Any person representing the Company to the third parties shall not allow himself/herself to be placed in a position in which an actual or apparent conflict of interest exists.

Confidentiality

1. Directors/employees shall not use or disclose the Company's trade secrets, proprietary information, or any other confidential information gained in the performance of duty.
2. Every employee must be cautious and discreet when using information categorized as "classified" or "confidential-restricted access." Such information should be shared only with the Company's employees who have a legitimate "need to know." Outside parties should have access to such information only if they are under binding confidentiality agreements and have a "need to know."
3. Similarly, when handling sensitive information that has been entrusted to our Company by others, we must always treat it with the maximum care. Doing so, it can protect the Company from potential liability.
4. We must also comply with all laws, regulations and contractual commitments regarding the valid and enforceable intellectual property rights of third parties, including patents, copyrights, trade secrets and other proprietary information.
5. If anyone has a question about the use of patented or proprietary information, including computer software of third parties, he/she should contact Legal Department. In order to use copyright material such as articles, charts, maps, films and music, permission must be obtained from the copyright owner.

Avoiding Conflict of Interest

It is always expected from every director/employee to act in the best interests of the Company. This means that business decisions should be made free from any conflict of interest. They should also appear impartial. Decisions must be made on sound business reasoning.

1. Directors and employees — and their close relatives – must never:
   a) Compete against the Company.
   b) Use their position or influence to secure an improper benefit for themselves or others.
   c) Use Company information, assets or resources for their personal gain or for the unauthorized benefit of others.
   d) Take advantage of inside information.
2. It is also a conflict of interest for a director or employee to give or receive gifts or cash in any amount to or from people or companies doing or seeking to do business with the Company. Therefore, we must not:
   a) Accept fees or honoraria in exchange for services provided on behalf of the Company.
   b) Provide or accept gifts or entertainment from anyone doing or seeking business with the Company or any of its affiliates. Generally, modest forms of gifts and entertainment (like souvenirs of the company or magazines and lunch/dinner in connection while performing their duties to the Company) received from vendors are acceptable and do not create conflict of interest. Consult with Legal Department to learn about the guidelines.

Insider Trading

1. It is illegal to purchase or sell securities of the Company if you have "material nonpublic information" concerning the Company.
2. If anybody engages in insider trading then he/she will face disciplinary actions including significant civil and criminal penalties.

Company Records and Internal Controls

1. The Company's books and records must be prepared accurately and honestly, both by our accountants who prepare records of transactions and by any of us who contribute to the creation of business records.
2. The Company shall maintain accounting records and issue financial statements as required by the local laws to ensure transparency of information on the Company's financial performance.
3. Reliable internal controls are critical for security of Company's assets, proper, complete and accurate accounting and financial reporting. Everyone must understand the internal controls relevant to his/her position and follow the policies and procedures related to those controls. Everyone is encouraged to talk to their managers or supervisors immediately if ever in a doubt that a control is not adequately detecting or preventing inaccuracy, waste or fraud.
4. Audits performed by internal and external auditors help ensure compliance with established policies, procedures and controls. Audits also help identify potential weaknesses so these may be fixed promptly. Everyone is required to cooperate fully with internal and external auditors. This means always providing clear and truthful information and cooperating fully during the audit process.
5. Engaging in any scheme to defraud anyone — of money, property or honest services — violates Company's policy and carries severe penalties. These consequences apply to all dishonest or fraudulent activities, including misusing or stealing assets. The Company relies on its internal controls and the personal integrity of all its directors, employees and contractors to protect assets against damage, theft and other unauthorized use.

Dealing with Various Stakeholders

Every business unit or section of the Company shall follow policies and procedures which are consistent with the Code while dealing with different stakeholders.

1. Customers

a) Treat customers fairly and honestly.

b) Provide high standards of services and quality products.

c) Operate effective complaint processes to deal with situations where these standards are challenged.

d) Aim to provide and promote a range of products and services that meet customer requirements and needs.

e) Maintain the confidentiality of customer information, except where the law requires/permits disclosure, or the customer has given prior written consent.

2. Employees

a) The Company has maintained a suitable working environment that provides appropriate training, transparent career growth opportunities and competitive remuneration packages including benefits which are also in compliance with the employment related laws and regulations of Pakistan as well as other relevant countries.

b) It is ensured that all the values and standards required by our business practices are communicated to each employee.

c) Provide a clean, healthy and safe work environment, stressing the obligation on all employees to take every reasonable precaution to avoid injury to themselves, colleagues and members of the public.

d) Provide appropriate facilities to fulfill the needs of special employees

e) The Company follows the laws that prohibit discrimination in employment practices. It is Company's policy to provide equal employment opportunities and to treat applicants and employees without bias. It is our policy that no one is ever subject to discrimination on the basis of:

- Race
- Religion
- Color
- National origin
- Age
- Sex
- Disability
- Personal/Political preference

3. Suppliers of Goods and Services

a) Encourage dealing with those suppliers/vendors who operate with values and standards similar to those of the Company.

b) Work together with suppliers/vendors following the laws and policies to improve all aspects of performance.

c) Agree terms of payment when orders for goods and services are placed and pay in accordance with those terms.

d) No one shall engage in unfair, deceptive or misleading practices including receiving or demanding of any favors or benefits from a supplier as an advantage for him to win a bid or contract.

4. Communities

a) Contribute to the social and economic well being of communities connected to the places of business of the Company.

b) Encourage employees to participate in projects and initiatives for the welfare of these communities.

c) Work and plan operations of business to minimize adverse environmental impact.

5. Competitors

a) Conduct business in accordance with the Code and compete vigorously but honestly.

b) Avoid disclosing any confidential information except as required by the law.

c) The Company competes fairly and complies with all applicable competition laws wherever the Company operates. These laws often are complex, and vary considerably from country to country. Penalties for violation can be severe. Therefore, directors/employees should seek legal advise.

6. Governments and Regulators

a) Comply with all applicable laws, rules and regulations under which the Company operates.

b) Maintain a constructive and open relationship with regulators to foster mutual trust, respect and understanding.

KEY PERFORMANCE INDICATORS

Financial Performance Indicators Objective:

Increase shareholders wealth.

- **Export sales**

2019	Rs. 32,262 million	12%
2018	Rs. 28,717 million	

- **Local sales**

2019	Rs. 25,026 million	51%
2018	Rs. 16,620 million	

- **Gross profit**

2019	Rs. 11,982 million	29%
2018	Rs. 9,305 million	

- **Profit Before Tax**

2019	Rs. 4,008 million	72%
2018	Rs. 2,328 million	

- **EBITDA**

2019	Rs. 7,442 million	44%
2018	Rs. 5,185 million	

- **Earnings per share**

2019	Rs. 10.12 per share	74%
2018	Rs. 5.82 per share	

- **Return on equity**

2019	25.82%	46%
2018	17.63%	

Relevance: These KPIs will remain relevant in future.

Non-financial Performance Indicators

I. Internal Efficiency and Effectiveness

Objective: Promote Company's image by working ethically.

- **Compliance with Local Laws**

  The Company is in compliance with all applicable laws and regulations and has good working relationship with Regulators and Government Authorities.

- **Compliance with policies and procedures**

  The Company has policies and procedures to run business effectively and robust system to monitor effectiveness.

- **Zero tolerance against unethical practices**

  The Company has maintained zero tolerance policy against unethical practices such as harassment, fraud, misappropriation and serious violation of any policy.

Objective: Achieving production efficiencies.

- **Reduction in cost of manufacturing**

  During the year, the management continued to focus on reducing operational costs by replacing old machines with latest available machines as well as adding such components and accessories which consume less energy and require less man power to operate or help in reducing either. Certain difficult decisions to right size were taken along with streamlining the manufacturing processes and reducing waste including merger of operations and facilities to reduce turnaround time, inventory movement and level, longer runs as well as reduced supervision. Production of old spinning segment was reduced to cater to its own weaving requirement due to drop in yarn prices in the local and export markets. Accordingly, some of the machinery has been disposed of.

- **Outsourcing of activities and revisiting of in-house capabilities**

  A review of activities which can be partially outsourced has been undertaken and would continue to be undertaken to determine as to what extent and what activities may more conveniently and economically be outsourced or otherwise to save both cost and time. Similar exercise is also periodically undertaken to determine if certain activities can be carried internally or outsourced completely depending on the market rates vs cost comparison. Decisions for temporary closure are taken immediately after management consultation, whereas decision for permanent closure are based on experience over the period.

Relevance: These KPIs will remain relevant in future.

- **Certifications from independent organizations for quality management**

  Our product quality, creativity and innovation make our Company one of the best companies. The Company has been awarded and certified in the areas of environment and product quality. We will continue to undertake this activity unless we are confident that our team has been aligned with the buyers mind and requirements.

Relevance: These KPIs will remain relevant in future.

II. Long-Term Development and Innovation

Objective: To be the industrial leader.

- **Technological Advancement**

  The Company is continuously investing in modernization of its production facilities by adding latest machinery to produce goods without compromising on its quality along with reduction in environmental footprint. During the year, the Company has modernized and upgraded its spinning, weaving and processing facilities.

- **Product development and diversification**

  The Company is continuously engaged in product research and development.

- **Update MIS**

  The Company has successfully upgraded its ERP system resulting in timely reporting and better resource planning. In this connection, Microsoft Dynamics Cloud Version has recently been acquired and is being implemented in one business segment and based on experience the same may be extended to other business segments.

Relevance: These KPIs will remain relevant in future.

COMPANY'S PROFILE

Company Overview

The story of textiles in the subcontinent is the story of Gul Ahmed. The group began trading in textiles in the early 1900s. The group entered in the field of manufacturing with the establishment of today's iconic name of Gul Ahmed Textile Mills Limited (the Company) in the year 1953.

The Company was incorporated on April 1, 1953 in Pakistan as a private company with its liability limited by shares. The Company was converted into a public limited company on January 07, 1955 and got listed on the Karachi Stock Exchange (KSE). The Company is listed on Pakistan Stock Exchange Limited.

Group Structure

Gul Ahmed Textile Mills Limited is a subsidiary of Gul Ahmed Holdings (Private) Limited (GAHPL), which owns 67.10% shares.

The Company has following three wholly owned subsidiaries which are engaged in trading of textile related products:

1. Gul Ahmed International Limited (FZC) incorporated in UAE on December 11, 2002.
2. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).
3. GTM USA Corp. and Sky Home Corp., both incorporated in United States of America (USA) and JCCO 406 Limited incorporated in United Kingdom are wholly owned subsidiaries of GTM (Europe) Limited. Whereas Vantona Home Limited is 100% subsidiary of JCCO 406 Limited, UK

Gul Ahmed Holdings (Pvt.) Ltd.
67.10%

Gul Ahmed International Ltd. (FZC) - UAE
100%

GTM (Europe) Ltd. UK
100%

GTM USA Corp. USA, Sky Home Corp. USA
and JCCO 406 Limited UK

Vantona Home Limited, UK
100%

Nature of Business

With state-of-the-art latest machines at spinning & most modern yarn dyeing, weaving, processing, digital printing, embroidery and stitching units, the Company is a composite unit – making everything from cotton yarn to finished products. Besides, Gul Ahmed has its own captive power plant comprising of gas engines, gas and steam turbines, and backup diesel engines. Believing in playing its role in protecting the environment, Gul Ahmed has also set up a waste water treatment plant to treat 100% of its effluent, bringing it to NEQS levels.

Gul Ahmed is playing a vital role not only as a textile giant, but has its strong presence in the retail business as well. The opening of its flagship store – Ideas by Gul Ahmed– marked the group's entry into the retail business. Starting from Karachi, Gul Ahmed now has an extensive chain of more than 100 retail stores across the country, offering a diverse range of products from home accessories to fashion clothing.

More than 60 years since its inception, the name Gul Ahmed is still globally synonymous with quality, innovation & reliability. Gul Ahmed Textile Mills Limited 100%

Association

The Company is member of following Associations:

- All Pakistan Textile Mills Association (APTMA)
- Karachi Chamber of Commerce & Industry (KCCI)
- The Karachi Cotton Association (KCA)
- Pakistan Business Council (PBC)
- Employers' Federation of Pakistan
- Pakistan Textile Exporters Association
- All Pakistan Textile Processing Mills Association
- Pakistan Bed Wear Exporters Association (PBEA)
- Pakistan Hosiery Manufacturers & Exporters Association
- Karachi Centre for Dispute Resolution
- International Textile Manufacturers Federation
- Fellowship Fund for Pakistan

PRODUCT STEWARDSHIP

At Gul Ahmed, we focus on delivering high-quality products to our customers. Customers' satisfaction is our key objective. We have taken the following measures regarding product quality and consumer protection:

- Quality control checks at different stages of the process of production and final quality check at the time of packing;
- Damaged or broken products are replaced;
- Environment friendly and quality packing;
- Free product exchange service;
- Customer friendly and hygienic environment;
- Product safety guidelines for washable products to enhance their life.

Product Portfolio

The production of textile is a mix of technical expertise and the creative art required to make products acceptable to valued customers. At Gul Ahmed, efforts are made to strive and grow through learning, continuous improvement and innovation. Gul Ahmed is also equipped with the most advanced technology that enables it to cater to a vast spectrum of product varieties.

Yarn

Yarn produced by Gul Ahmed is exported to a host of countries around the globe. Gul Ahmed exports its yarn to different regions including China, other Asian, Middle East countries and Europe.

Gul Ahmed manufactures different qualities of yarn which include carded, combed, compact siro, fancy, plied, core spun, slub, package dyed/cone dyed, gassed mercerized/dyed yarn.

Fabric

Gul Ahmed has the facility to dye and print the whole range of home textile and apparel fabrics. In addition, we also have the set-up for back coating and flock printing which gives us an added opportunity to serve the needs of our customers. Our products under the fabric category are plain fabric, sheeting fabric, poplin, canvas, oxford, duck, bedford cord, herringbone, ottoman, twill, sateen, rib stops, slub fabric, stretch fabric and mélange fabric.

Made-ups

Gul Ahmed's fine textile products represent a unique fusion of the centuries-old traditions of the east and the latest textile technology of the west. The made-ups can be in white, dyed, printed or yarn-dyed form and in different styles of confectioning. Our made-ups section comprises:

- **Home Textiles**

  Home textile products furnish all home and office decoration needs and are designed to set new trends and fashion vibes.

  This section includes:

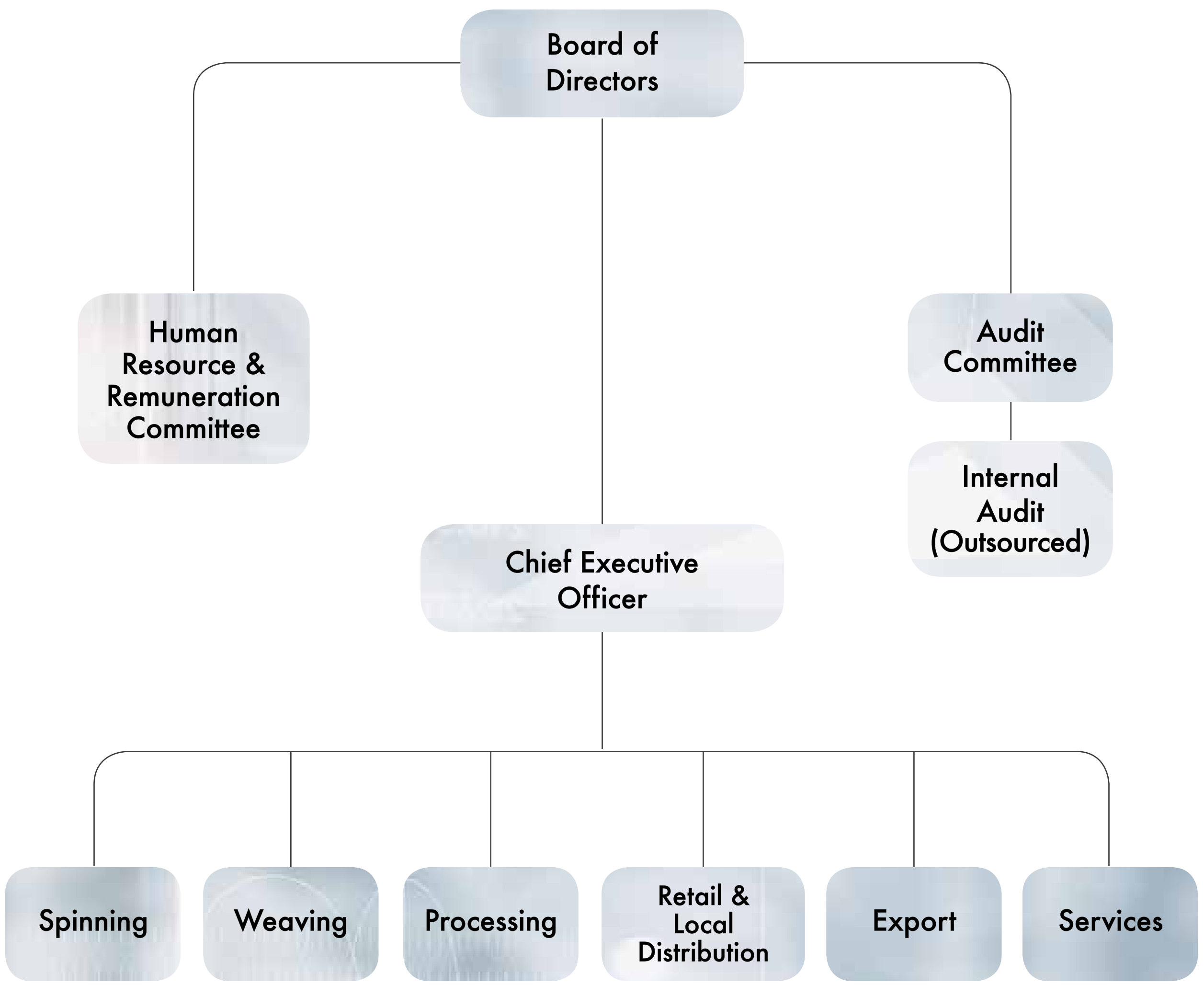
  - Sheets and Pillowcases
  - Comforters
  - Quilt/Duvet covers
  - Bed-in-a-Bag
  - Decorative pillows
  - Curtains
  - Upholstery fabrics

- **Apparel and Garments**

  We have always kept alive the passion of creative designers and invited young talent to express their talent in various forms of design. This is how the Company encourages them and also benefits from their ideas. Our value creation process and our human resource have never let us down. The passion of our customers to rush to the stores on every new launch is a testament to our success in creating appealing designs and new fashion trends.

  Getting impressive response from the local market, we have now gone for the export of garments. Designing products according to the fashion flow of the target countries and the GSP Plus status have helped us increase our exports.

ORGANOGRAM



PROFILE OF THE DIRECTORS

Mr. Mohomed Bashir

Chairman

Mr. Mohomed Bashir joined the Board of Gul Ahmed Textile Mills Limited in 1982. He is a fellow member of Chartered Institute of Management Accountants (CIMA), United Kingdom.

In recognition of his services he was awarded Sitara-e-Imtiaz by the President of Pakistan in 2006 and has also been conferred as Justice of Peace. On April 7, 2017 Mr. Mohomed Bashir was awarded with the Grade d' Officier in the National Order of Merit by the President of the French Republic.

Mr. Mohomed Bashir has a very rich and extensive experience in the commerce and textile industry. He is currently the Chairman of the Board of Directors of Gul Ahmed Textile Mills Limited. He is also serving on the Boards of the following companies;

- Pakistan Business Council
- Gul Ahmed Energy Limited
- Habib Metropolitan Bank Limited
- GTM (Europe) Limited – UK
- Gul Ahmed International Limited (FZC) – UAE
- GTM USA Corp – USA
- Habib University Foundation
- Education Fund for Sindh
- Gul Ahmed Holdings (Private) Limited

Presently, his honorary Government, Trade & Industry and Consular positions include:

- Member of The Prime Minister's Council of Business Leaders, Government of Pakistan, Ministry of Commerce and Textile.
- Co-Convener on Constitution of Sub Working Group on Textile under Joint Working Group on Industrial Cooperation under CPEC.
- Member on the Task Force on Textile Policy, Government of Pakistan, Ministry of Commerce and Textile.
- Honorary Consul General of Sweden – Karachi
- Member, Pakistan France Business Council
- Member, Pakistan German Business Council
- Member, Pakistan Swedish Business Council

Previously, he has also held the following honorary Government and Trade and Industry positions:

- Chairman, Pakistan Business Council (2014-2015)
- Vice Chairman, Pakistan Business Council (2013 – 2014)
- President, International Textile Manufacturers Federation (ITMF) (2010-2012)
- Vice President, International Textile Manufacturers Federation (2008-2010)
- Member, Tax Reform Commission, Ministry of Finance (2014-2016)
- Member, Tax Advisory Council, FBR (2014-2016)
- Founder, Trustee, Fellowship Fund For Pakistan till 2013
- Member, Advisory Committee, Federal Tax Ombudsman, Government of Pakistan (2011-2014)
- Member, Economic Advisory Council, Government of Pakistan (2008-2013/2001-2003)
- Member, Export Promotion Board, Government of Pakistan (2002-2007, 1995-1997)
- Member, National Strategy on Textiles (2006-2007)
- Chairman, Pakistan Britain Advisory Council (2002-2005)
- Chairman, All Pakistan Textile Mills Association (1989 -1990)
- Vice Chairman, All Pakistan Textile Mills Association (1982-1985)
- Chairman, Pakistan Swiss Trade and Industry Committee (1981-2000)

- Governing Board, Pakistan Design Institute (1981- 2000)
- Member, Advisory Board of CPLC, Government of Sindh (2010)

Mr. Zain Bashir

(Vice Chairman/Executive Director)

Mr. Zain Bashir joined the Board in May 1997. He is also the Vice Chairman of the Company and is a certified director from the Pakistan Institute of Corporate Governance (PICG). He is on the Board of Landhi Infrastructure Development and Management Company, which is responsible for enhancing the infrastructure of Landhi Industrial Area. In 2009-2010, 2015-2016 & 2018-2019, he remained the Chairman and President of the Landhi Association of Trade and Industry respectively. In 2012-2013, he remained the Chairman of the Pakistan Bedwear Exporters Association. He has also served as the Executive Committee Member of the Landhi Association of Trade and Industry.

His extensive association with the textile sector has provided him with an in-depth knowledge of the industry.

Mr. Mohammed Zaki Bashir

(Chief Executive Officer)

Mr. Mohammed Zaki Bashir joined Gul Ahmed Textile Mills in 2005 and subsequently joined the Board in 2008. He is currently the Chief Executive Officer of Gul Ahmed Textile Mills Limited. He holds a graduate degree from Regents Business School, UK, in the subject of International Business and is also a certified director from the Pakistan Institute of Corporate Governance (PICG).

Mr. Zaki Bashir is also a member of the Entrepreneurs Organization since 2014. The Entrepreneurs Organization (EO) is a global, peer-to-peer network of more than 12,000+ influential business owners with 173 chapters in 54 countries. Founded in 1987, EO is the catalyst that enables leading entrepreneurs to learn and grow, leading to greater success in business and beyond.

Through his thorough knowledge of the Company, he has contributed to the overall growth of the Company.

He is also serving on the board of the following companies:

- Arwen Tech International Limited (FZC) – UAE
- Gul Ahmed Power Company (Private) Limited
- Gul Ahmed International Limited (FZC) – UAE
- GTM (Europe) Limited – UK
- GTM USA Corp. – USA
- Ideas (Private) Limited
- Gul Ahmed Holdings (Private) Limited
- World Wide Developers (Private) Limited

Mr. Ziad Bashir

(Non-Executive Director)

Mr. Ziad Bashir has been on the Board since February 1999. A graduate from Babson College, USA, with a bachelor degree in Entrepreneurial Studies, he has a comprehensive experience of the textile sector and is involved in various developmental and operational activities of the Company.

He is also associated with the Information Technology (IT) industry and has played a key role in the transformation of the Company's IT infrastructure. He is a certified director from Pakistan Institute of Corporate Governance (PICG).

Over the years, he has served as Chairman of Landhi Association of Trade and Industry and on the Board of Central Managing Committee of All Pakistan Textile Mills Association (APTMA). He has also served as a President of Young Presidents Organization (YPO), Pakistan and Executive Committee of the Pakistan Board of Investment. He is currently serving on the Punjab Board of Investment. Presently he is the Chairman of Pakistan Retail Business Council and he has also served as the Director of the Landhi Trading Estate Development & Management Company.

Mr. S.M. Nadim Shafiqullah

(Non-Executive Director)

Mr. S.M. Nadim Shafiqullah joined the Board of Directors of the Company as an independent non-executive director in March 2008. He is a member of the Audit Committee and in the past he also has served as the Chairman of the Audit Committee of the Company. He is also a certified director from Pakistan Institute of Corporate Governance (PICG).

He had served as director and vice chairman on the Board of Security Leasing Corporation Limited in the past.

Dr. Amjad Waheed

(Independent Non-Executive Director)

Dr. Amjad Waheed joined the Board as an independent non-executive director on March 31, 2011. He is also the Chairman of the Audit Committee of the Company. He holds a Doctorate in Business Administration with a major in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst (CFA). Since the last fourteen years, he is CEO of NBP Fund Management Limited (NBP Funds), which is a subsidiary of National Bank of Pakistan. NBP Funds is presently managing several mutual and pension funds, and portfolios. Total assets under management of NBP Funds are presently about Rs. 107 billion. NBP Funds is one of the highest rated Asset Management Company in Pakistan.

Before joining NBP Funds, Dr. Amjad was Head of Equity Mutual Funds & Portfolios at Riyadh Bank, Saudi Arabia, for about five years where he was managing USD 7.5 billion invested in 22 mutual funds. Prior to that he was Head of Investments at NIT, and Chief Operation Officer of FC-ABN AMRO Equities for several years. Before moving back to Pakistan, Dr. Amjad Waheed was Assistant Professor of Finance at Tennessee State University, USA and he has published several articles in top journals of the world such as Journal of Banking & Finance and Financial Management.

Dr. Amjad Waheed has served on the boards of various companies including Siemens (Pakistan) Engineering Co.Ltd., Nishat Mills Ltd., PICIC, Askari Bank Ltd., Millat Tractors Ltd., Fauji Fertilizer Company Ltd., Pakistan Tobacco Company Ltd., Parke-Davis & Company Ltd., Treet Corporation Ltd., Atlas Investment Bank Ltd., Bata Pakistan Ltd.

Dr. Amjad Waheed is a certified director from Pakistan Institute of Corporate Governance (PICG).

Mr. Ehsan A. Malik

(Independent Non-Executive Director)

Mr. Ehsan A. Malik joined the Board of Directors of the Company as an independent non-executive director in June 2016. He is a certified director from the Pakistan Institute of Corporate Governance (PICG). Mr. Ehsan A. Malik is currently serving as the Chief Executive Officer of Pakistan Business Council. From 1st September 2006 to 31st October 2014, Mr. Ehsan A.Malik was the Chief Executive Officer of Unilever Pakistan Limited and a Director of Unilever Pakistan Foods Limited. Prior to this he was Chairman and CEO, Unilever Sri Lanka Limited. His earlier International appointments covered Unilever's regional business in Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. These preceded senior commercial and financial roles at Unilever Pakistan. He is also a Member of the Board of Directors of Abbott Laboratories Pakistan Limited, National Foods Limited and International Industries Limited.

Mr. Ehsan A. Malik is a fellow member of the Institute of Chartered Accountants of England and Wales and alumni of the Wharton and Harvard Business Schools.

BOARD COMMITTEES

Audit Committee

1. Composition

- Dr. Amjad Waheed - Chairman and Member
- Mr. Mohomed Bashir - Member
- Mr. S.M. Nadim Shafiqullah - Member
- Mr. Mohammed Salim Ghaffar - Secretary

2. Terms of Reference

The committee shall be responsible for:

- Reviewing the system of internal controls, risk management and the audit process besides assisting the Board in reviewing financial statements.
- Recommending to the Board of Directors the appointment of external auditors, determining audit fees and settling other related matters.
- Determination of appropriate measures to safeguard the Company's assets.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors.

Major judgmental areas:

- Significant adjustments resulting from the audit;
- The going concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements;
- Review of preliminary announcements of results prior to publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of the management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the Company;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations and management's response thereto;
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- Review of the Company's statements on internal control system prior to endorsement by the Board of Directors;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and considering remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue of matter as may be assigned by the Board of Directors.

Human Resource And Remuneration Committee

1. Composition

- Mr. Ehsan A. Malik - Chairman and Member
- Mr. Mohomed Bashir - Member
- Mr. Zain Bashir - Member
- Mr. Mohammed Salim Ghaffar - Secretary

2. Terms of Reference

The committee shall be responsible for:

- Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The senior management shall include the first layer of management below the chief executive officer level;
- Undertaking annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and
- Where human resource and remuneration consultants are appointed, their credentials shall be known by the Committee and a statement shall be made by them as to whether they have any other connection with the Company.
- Ensuring that appropriate procedures exist to assess the remuneration levels of the Chairman, Chief Executive Officer (CEO), Non-Executive Directors, Executive Directors, Board Committees and the Board of Directors as a whole.
- Ensuring that the Company adopts, monitors and applies appropriate remuneration policies and procedures.
- Ensuring that reporting disclosures related to remuneration meet the Board's disclosures objectives and all relevant legal requirements.
- Making recommendations to the Board on appropriate remuneration, in relation to both the amount and its compositions, for the Chairman, CEO, Non-Executive Directors, Executive Directors and Senior Executives.
- Developing and recommending to the Board performance-based remuneration incentive programs such as bonus schemes, long-term incentive plans.
- Developing, maintaining and monitoring appropriate Human Resource Policies and Procedures.
- Developing, maintaining and monitoring appropriate talent management programs including succession planning, recruitment, development, retention and termination policies and procedures for senior management.
- Developing remuneration related disclosure objectives for the Company and ensuring that publicly disclosed information meets those objectives, all legal requirements, and is accurate; and
- Developing and monitoring Workplace Health and Safety metrics and initiatives to ensure a safe working environment.

CHAIRMAN'S REVIEW

It gives me immense pleasure to communicate with our valued members and stakeholders to present the financial and other information for the year ended June 30, 2019, and to appraise them on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

The year under review, generally dominated by exchange volatility making it difficult to take even short to medium term decisions, rise in borrowing cost, higher inflation, negative changes in tax laws, floating hopes based on indications, major challenges and threats to the Country's economy as a whole etc. However, the strong commitment to deliver the best under any situation coupled with robust governance at the level of board and management, the company made progress all around, which is evident from growth in both top and bottom lines and of course by a much higher earning per share.

Your Board is fully cognizant of the fact, that the success and profitable continuity of Company is dependent greatly upon the capacity of Board to provide the vision and direction needed not only to survive, but to prosper and take the Company to new heights. To perform the statutory role and fulfill its obligations, the Board:

a) strived to maintain and strengthen a high level of corporate governance, continuously improving the corporate transparency, ensuring the healthy advancement of our Company and endeavoring to enhance corporate value.

b) established a strategy and business model which promote long-term value for shareholders

c) has worked very effectively during the entire year through two of its committees and had continuous interaction with the Chief Executive.

d) embedded effective risk management, considering both opportunities and threats, throughout the Company, reframed the risk management policy and reassessed the risk appetite.

e) has identified priorities for improvement in results as well as key indictors and ensured that the same is on agenda of Chief Executive.

f) as a strategic measure, approved the substantial new investment in few segments of the business, opportunity management, effective credit line management etc. which helped in having more efficient and effective platform and to position the Company for sustained growth.

g) ensured that between them, the directors have the necessary up-to-date experience, skills, capabilities, forward skills and experience requirements to ensure effectiveness of the role played by the Board in achieving the Company's objectives.

h) conducted annual review and discussions of its performance both individually and collectively, thus seeking ways to improve its contribution to the sustainable growth of Company. Also had annual evaluation of the Board in compliance with Code of Corporate Governance.

i) taken into account wider stakeholders and social responsibilities and their implications for long term success.

Here, I would like to place on record my sincere appreciation to our members and other stakeholders for their continued trust and support to the management and the Company.

Karachi
October 01, 2019

Mohomed Bashir
Chairman

چیئرمین کا جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2019 کو ختم ہونے والے مالی سال کے لئے مالیاتی اور دیگر معلومات اپنے معزز اراکین اور اسٹیک ہولڈرز کے روبرو پیش کررہا ہوں، اس موقع پر کمپنی کے مقاصد کے حصول میں بہترین کارکردگی دکھانے پر میں بورڈ کی کارکردگی کو ازحد سراہتا ہوں۔

زیر جائزہ سال، جس میں عموماً تبادلے کی غیر یقینی کیفیت غالب ہے جو مختصر تا وسط مدت کے فیصلوں کو مشکل بناتی ہے، قرضہ جات کی لاگت میں اضافہ، بڑھتی ہوئی مہنگائی، ٹیکس قوانین میں منفی تبدیلیاں، انڈیکیٹرز کی بنیاد پر موجزن اُمیدیں، ملک کی معیشت کو درپیش خطرات وغیرہ مجموعی طور پر بڑے چیلنجز ہیں۔ تاہم بورڈ اور مینجمنٹ کی سطح پر کسی بھی صورتحال میں بہترین خدمات کے لئے پائیدار عزم اور مستحکم گورننس کے ساتھ، کمپنی نے ہر سمت میں ترقی حاصل کی ہے۔ جو بالا اور زیریں دونوں خطوط میں نمو سے اور فی حصص آمدن میں اضافے سے ظاہر ہے۔

آپ کا بورڈ اس بات سے بخوبی آگاہ ہے کہ کمپنی کی کامیابی، ترقی اور خوشحالی کا تسلسل بورڈ کی اپنی صلاحیت اور نا صرف بقاء بلکہ کمپنی کو خوشحالی اور کامیابی کی نئی بلندیوں پر لے جانے کے لئے ان کی جانب سے فراہم کئے گئے نظریئے اور درست سمت پر بہت زیادہ منحصر ہے۔ قانونی تقاضوں کی تکمیل اور اپنی ذمہ داریوں کو احسن طریقے سے ادا کرنے کے لئے، بورڈ نے:

(الف) اعلیٰ پیمانے پر کارپوریٹ گورننس کو برقرار رکھنے، کارپوریٹ شفافیت میں مسلسل بہتری کے لئے، ہماری کمپنی کی صحت مند ترقی کو یقینی بنانے اور کارپوریٹ ویلیو کو بڑھانے کی بھرپور کوششیں کیں۔

(ب) ایک حکمتِ عملی اور کاروباری ماڈل کا قیام عمل میں لایا گیا جو کہ حصص داران کے لئے طویل مدتی مالیت کو فروغ دیتا ہے۔

(ج) اپنی دو کمیٹیوں کے ذریعے سے پورے سال میں بہت موثر طریقے سے کام کیا ہے اور چیف ایگزیکٹو کے ساتھ مسلسل گفت وشنید کی ہے۔

(د) تمام کمپنی میں، موثر رسک مینجمنٹ نے، مواقع اور خطرات دونوں پر غور کرتے ہوئے رسک مینجمنٹ کی پالیسی کو یکسر مسترد کرتے ہوئے درپیش خطرات کا ازسرِ نو جائزہ لیا۔

(ہ) نتائج میں بہتری کے لئے اہم عوامل اور ان کی ترجیحات کی نشاندہی کی ہے تاکہ یہ یقینی بنایا جاسکے کہ وہ چیف ایگزیکٹو کے ایجنڈا کے مطابق ہیں۔

(و) حکمتِ عملی کے اقدام کے طور پر، کاروبار کے کچھ حصوں، مواقعوں کے انتظام، کریڈٹ لائن کے موثر انتظام وغیرہ میں خاطر خواہ نئی سرمایہ کاری کی منظوری دی گئی۔ جس نے زیادہ کارآمد اور موثر پلیٹ فارم رکھنے اور کمپنی کو مستحکم ترقی کے لئے مقام فراہم کرنے میں معاونت کی۔

(ز) ان دونوں کے مابین اس بات کو بھی یقینی بنایا گیا کہ ڈائریکٹر حضرات کے پاس لازمی درکار اَپ ٹو ڈیٹ تجربہ، مہارت، قابلیت، آئندہ کے لئے درکار صلاحیت و ضروری تجربہ باہم موجود ہے تاکہ کمپنی کے مقاصد کے حصول میں بورڈ کے موثر کردار کی ادائیگی کو یقینی بنایا جاسکے۔

(ح) انفرادی واجتماعی دونوں سطح پر اپنی کارکردگی کے جائزے کے لئے سالانہ جائزوں اور مباحثوں کا انعقاد کیا گیا۔ اس طرح سے کمپنی کی مستحکم ترقی میں اپنی شراکت کو مزید بہتر بنانے کی راہوں کو تلاش کیا گیا۔ کوڈ آف کارپوریٹ گورننس کی تعمیل کے مطابق بورڈ کی سالانہ تشخیص کا بھی اہتمام کیا گیا۔

(ط) وسیع تر اسٹیک ہولڈرز اور معاشرتی ذمہ داریوں اور ان کے مضمرات کو طویل مدتی کامیابیوں کے لئے خاص طور پر مدنظر رکھا گیا۔

میں اس موقع پر تہہ دل سے اپنے اراکین اور دیگر اسٹیک ہولڈرز کا شکریہ ادا کرتا ہوں، جنہوں نے ہمیشہ کمپنی اور مینجمنٹ کو اپنا بھرپور تعاون فراہم کیا اور اعتماد اسی طور پر قائم رکھا۔

کراچی: مورخہ یکم اکتوبر 2019ء

محمد بشیر
چیئرمین

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2019 together with auditors' report thereon.

Economic And Industrial Overview

Stabilization and improvement measures taken by government as a part of its agenda for economic reforms as well as in light of IMF Program have helped in lowering the trade deficit, which in addition to higher inflows of workers' remittances and compression in imports resulted in an even larger reduction in current account deficit. However, these measures, although critically essential, had some short-term costs in terms of larger fiscal deficit, higher inflation and lower GDP growth and accordingly for fiscal year (FY) 2018-19, Pakistan's GDP growth plunged to 3.29% and average inflation rose to 7.3% in current FY as compared to an average of 3.9% in last FY.

The agriculture, manufacturing (industry) and services sectors showed stable or enhanced performance with growth rate of 0.85%, 1.40% and 4.71% respectively. Large Scale Manufacturing (LSM) growth declined to 2.93% in contrast to growth of 6.33% during last FY. The decline in LSM is attributed by lower expenditure on Public Sector Development Program (PSDP), muted private sector construction activities and lower consumer spending on durable goods among others. The rise in inflation rates along with the long overdue PKR devaluation acted as catalysts in deteriorating the economic condition of the country. Net Foreign Direct Investment (FDI) also took a hit as it declined by a staggering 52% in FY 2018-19 amounting to US$ 1.67 billion against US$ 3.47 billion last year. However, amid decline in FDI, external financing from bilateral sources were quite helpful. Meanwhile, Pakistan has also improved its position on ease of doing business index and jumped to 136th position as compared to 147th position last year. It will surely attract foreign investors and boost FDI in the near future.

Nonetheless, the shrinkage in the Current Account Deficit (CAD) has proved to be silver lining in the current economic condition of the country. The CAD shrunk by 32.11% to US$ 13.51 billion in FY 2018-19 from US$ 19.89 billion in FY 2017-18. This is mainly attributed to healthy remittance inflows which grew by 9.68% and low import bills which squeezed by 7.43%. Exports showed slight growth of 2.20%. Although the external balance has improved, the net foreign exchange reserves however declined by 25.45% to US$ 7.28 in FY 18-19 from US$ 9.77 during the same period last year. The corrective measures put into play have not completely bore fruit as yet as exports seem to grow at a lower rate than expected, however the decline in imports have paved way for competitiveness in the local industry.

Textile Industry

In 2018-2019, Pakistan's largest export industry was the textile industry with hosiery and readymade garments contributing 544 billion PKR or 3.47 billion USD to total trade. Although the textile industry was the biggest contributor to country's exports, the industry itself did not demonstrate any impressive performance. In fact, the textile industry contracted by 0.2% in FY 2018-19 as compared to a growth of 0.5% last year. The growth subdued on account of lackluster performance of the cotton yarn and cotton cloth. Cotton production declined by 17.5% whereas the area under cultivation for cotton shrunk by 12.1% reflecting the performance of the crop on which the textile industry is heavily relying. Textile export increased by 1.4% to US$ 13.56 billion in FY 2018-19 with knitwear/ bed wear and readymade garments export increased by 4.67% and 3.63% respectively.

The Chinese investors recognizing Pakistan's potential as the world's fourth largest cotton producer have signed a cooperation framework agreement with government of Punjab with keen interest in developing business in the textile sector of Punjab that may change the textile landscape of the country.

Company's Market Share In Exports

The Company is among the country's largest composite textile mills and a leading exporter of value added textile products. The Company has contributed approximately 10% in the bed wear exports of the country.

Performance Overview

Key performance indicators (KPI's) which we monitor include:

Description	Units	2019	2018
Export sales	Rs. in millions	32,216	28,717
Local sales	Rs. in millions	25,026	16,620
Gross profit	Rs. in millions	11,982	9,305
Profit before tax (PBT)	Rs. in millions	4,008	2,328
Profit after tax (PAT)	Rs. in millions	3,609	2,075
EBITDA	Rs. in millions	7,157	4,969
Earnings per share (EPS)	Rupees	10.12	5.82
Debt to equity	Time	0.58	0.55
Current ratio	Time	1.16	1.14
Beak-up value per share	Rupees	43.01	35.40

Your Company was blessed with the required volume of export orders as well as extended demand in local and retail sector which helped in full utilization of operational capacities and absorption of fixed production overheads. During FY 2018-19, the management focused on profitable avenues, maximizing efficiency in production activities and cost rationalization through various measures. These endeavors as well as new and BMR investments made in the past few years proved beneficial as sales increased by 26% and gross profit increased by an impressive amount of PKR 2.67 billion which is a 28% increase as compared to last year gross profit. Accordingly, profit before tax increased by 72% exhibiting increase from Rs. 2,328 million to Rs. 4,003 million, while profit after tax increased from Rs. 2,075 million to Rs. 3,646 million. Resultantly, the Company's EPS improved from Rs. 5.82 to Rs. 10.12.

The management continued with its policy of taking advantage of historically low & subsidized mark-up rates, which would remain locked over the term of loan. Hence, net long-term financing was enhanced by 28% during the year to fund BMR investments and acquire latest technology in various production. As at the year ended June 30, 2019, debt to equity and financial leverage ratios were at 0.58 (2018: 0.55) and 1.89 (2018: 1.85) respectively. The investment has yielded extra margin to the Company both during the year under review and should yield favorable results in the coming quarters of the ensuing financial year. Considering the Rupee Dollar subsequent party and prices of raw material, management invested substantial amount in building raw material inventories, which has increased the amount invested in working capital. At the year ended June 30, 2019, working capital was Rs. 4,818 million as compared to Rs. 3,192 million as at last year. Despite of increase in working capital the current ratio improved to 1.16 (2018: 1.14).

Subsequent Events

The Board of Directors of the Company in its meeting held on October 1, 2019 has proposed the following:

a) **Dividend**

Pay cash dividend @ Rs. 2.50 per share i.e. 25% for the year ended June 30, 2019.

b) **Bonus Shares**

Issuance of bonus shares in the proportion of "one" share for every "five" shares held i.e. 20%.

Capital Structure

During the year there was no change in paid-up capital, however, overall shareholders' equity increased by Rs. 2,712 million to Rs. 15,333 million as a result of the profits retained in the business.

Funds Management

The company managed to meet its cash obligations including debt servicing and payment of dividend to shareholders through effective and efficient monitoring of working capital requirements and cash flow forecasts. The Company manages liquidity risk by maintaining sufficient cash and ensuring that adequate short term credit facilities are available. At the year-end, the Company had Rs. 3,233 million (2018: Rs. 6,873 million) unutilized credit lines and Rs. 492 million (2018: Rs. 470 million) cash in hand and balances in banks to cover any temporary mismatches.

Business Segments

Spinning

The spinning segment reaped benefits of investments in latest technology and capacity enhancement made during previous as well as current year as sales grew by Rs 2,779 million (34%) as compared to last year.

Spinning	2019	2018	Change
	Rs. in millions		
Sales	10,989	8,210	34%
Cost of sales	(9,251)	(7,008)	(32%)
Gross profit	1,739	1,202	45%
Distribution & Admin expenses	(153)	(148)	(4%)
Operating profit / (loss) of the segment before other operating expenses	1,585	1,055	50%

Gross and Operating profits have also improved considerably as depicted above. The Management is hopeful that there is still untapped potential and this segment will grow further in the coming years.

Weaving

This business segment primarily caters to in-house requirements of export divisions. Sales revenue increased by 38% mainly on account of in house requirements. Financial performance of the segment is summarised in the table below:

Weaving	2019	2018	Change
	Rs. in millions		
Sales	2,339	1,695	38%
Cost of sales	(2,269)	(1,568)	(45%)
Gross profit	70	127	(45%)
Distribution & Admin expenses	(69)	(70)	1%
Operating profit / (loss) of the segment before other operating expenses	1	57	(98%)

Retail and Distribution

This segment is involved in retails sales through chain of IDEAS retails outlets and its distribution channels. Considering the tough competition faced in textile retail sector, the segment performed well in enhancing its market share and improving profitability through innovation and creativity.

Retail and Distribution	2019	2018	Change
	Rs. in millions		
Sales	20,539	15,701	31%
Cost of sales	(14,113)	(10,741)	(31%)
Gross profit	6,425	4,960	30%
Distribution & Admin expenses	(4,634)	(4,042)	(15%)
Operating profit / (loss) of the segment before other operating expenses	1,792	919	95%

Processing, Home Textile and Apparel

This segment deals in processing of value-added textiles, which are mainly exported as well as sold in local market. During FY 2018-19 sales revenue increased by Rs 5,243 million i.e. 17% as compared to last year. The 24% improvement in gross profit margin and an increment in distribution & admin expenses by 24%, the overall profitability increased to Rs 1,278 million.

Processing, Home Textile and Apparel	2019	2018	Change
	Rs. in millions		
Sales	36,742	31,499	17%
Cost of sales	(32,994)	(28,484)	(16%)
Gross profit	3,748	3,015	24%
Distribution & Admin expenses	(2,469)	(1,992)	(24%)
Operating profit / (loss) of the segment before other operating expenses	1,278	1,023	25%

Management Objectives and Strategies

Gul Ahmed has been one of the leading names in the textile industry of Pakistan for decades. This has been made possible only through the management's commitment to increase shareholders' wealth while improving quality standards, use of latest technology and creativity. However, this has not deterred the company in its service to the environment and society.

The objectives and related strategies are discussed separately in detail on page 21 of the Annual Report.

Materiality Approach

Determining materiality levels is subjective and the methodology varies from one organization to the other. Authorization for transactions and delegation of powers have been clearly defined and documented through formalized processes in the Company. The Company has an approved materiality policy which is reviewed annually to confirm its relevance.

Risk Management and Opportunities

The Company operates in a challenging environment as discussed and analyzed in detail in PESTEL and SWOT analysis on page 74 and page 75 of the Annual Report. The management has set up a robust mechanism for identification, evaluation and mitigation of risks which enables smooth operations and ensures that focus remains on business growth.

a) Credit Risk

The company is exposed to the risk of default of receivables against its local sales (excluding retail outlet sales which are only on cash basis). This is managed through proper due diligence of customers to whom credit is extended. Other debts are managed through prepayments or adequate securities.

b) Market Risk

The company is subject to risk of changes in prices of its primary raw materials i.e. cotton & yarn. This is managed by planning stock levels and purchasing through various sources at time and intervals found appropriate. Further, risk of exchange rate fluctuation is managed through use of financial instruments such as forward contracts, bills discounting, FCY credit, monitoring of net exposure etc.

c) Liquidity Risk

The Company has arranged sufficient working capital lines with various banks to cater to the mismatch between receipts of sales and payments for purchases, meet its obligations and ensure normal business operations.

The Risk Management System of the Company comprises:

The Board Of Directors And Its Committees

The Board periodically reviews major risks faced by the business and takes action where required. Whereas, the Audit Committee reviews financial and compliance risks. The Remuneration and Human Resource Committee reviews compensation and reward policies to ensure that these are competitive and are effective for retention and attraction of talented and experienced staff.

The remuneration of non-executive directors is fixed by the BOD keeping in view current market pay rates and business needs of the Company.

Details with respect to the names of directors, composition of the BoD and committees are mentioned on page 34 of the Annual Report.

Policies and Procedures

The Board has established and implemented effective procedures and controls for all business and support cycles after identification of related risks. These are reviewed periodically and updated in line with latest risk assessment and risks faced by the business.

Information and Monitoring System

Latest information systems are in place that provide information timely and accurately, thus enabling the management to continuously and effectively monitor results and variances.

Internal Audit

The internal audit function has been outsourced by the Company which reports to the Audit Committee on the effectiveness of internal controls and suggests improvements required therein. Periodic audit reports are submitted to the Audit Committee for their perusal.

Risk management is discussed in detail on page 76 of the Annual Report.

Human Resource (HR)

Unique and extraordinary products and services provide competitive advantage, but the one advantage that stands the test of time is our people. The commitment and drive of our employees to innovate, lead and achieve has contributed the most towards our success. Our aim is to maintain a high performing organization that attracts, develops and retains talented resources.

Personal development of our employees is facilitated by empowering them with bigger roles and challenging assignments, as well as through coaching, mentoring and a challenging appraisal system.

We strongly believe in an inclusive and diverse working environment and that this has been pivotal in the Company's success over the years.

Information Technology (IT)

IT has become a vital and integral part of every business and is more than just a support function to maximize competitive edge. Understanding its importance, the company has also invested in its IT framework which is upgraded as and when required. Better systems and use of technology has strengthened the control environment and made financial / operational reporting accurate and timely, while providing an opportunity to continuously improve business processes and innovate.

The Company implemented "Microsoft Dynamics 365" for its retail operations to meet the demands of rapidly changing retail business environment. Other operations of the Company use Oracle EBS as their prime system and platform for driving information for strategic and operational decision making. The emphasis is on process improvements and establishment of internal controls.

IT Governance Policy

IT governance policy is in place to safeguard against loss and unauthorized access of information as well as to address Cyber Security Risks. Compromised protections are also monitored and improved through this policy. The objective of this policy is to guide the creation, storage, use, archiving and deletion of information.

Considering the needs of users and the role of IT in the success of our business, the Company regularly reviews and upgrades the management information system which is geared to:

- monitor and improve performance;
- provide up-to-date information on which to base strategic decisions;
- verify and demonstrate departmental effectiveness; and
- Create service-wide checks and balances to safeguard assets and ensure accountability.

Business Continuity Plan (BCP)

We are amongst the largest composite textile mills in the industry, having several production locations running with systems, fixed assets and inventories worth billions of rupees. Accordingly, we realize that some disasters may cause severe losses to the company and its operations.

Hence, a Business Continuity Plan (BCP) is in place which is an action plan formulated in advance with the aim of preventing the stoppage of important and crucial company operations or restoring and restarting them in as little time as possible if they are interrupted by the occurrence of an unexpected event such as a natural disaster or an incident. A comprehensive schedule has been implemented to impart trainings to employees including mock exercises to prepare for any situation, where business continuity may be compromised.

Safety of Records

Records include books of accounts, documentation pertaining to secretarial, legal, contractual, taxation and other matters, which have been archived where needed, for periods as legally required in a well preserved and secure manner. We have also outsourced our record keeping operations after ensuring its safe retention and easy retrieval.

EMC VNX series storage has been successfully deployed and remote backup sites of all primary data have also been established.

Corporate Social Responsibility

Corporate social responsibility is discussed in detail on page 52 of the Annual Report.

Holding Company

The Company continues to be the subsidiary of Gul Ahmed Holdings (Private) Limited (the Holding Company) which owns 67.10% shares of the Company.

Subsidiary Companies

The Company has the following four wholly owned subsidiaries which are engaged in trading of textile related products:

1. Gul Ahmed International Limited (FZC) incorporated in UAE on December 11, 2002.
2. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).
3. GTM USA Corp. incorporated in United States of America (USA) on March 19, 2012 is a wholly owned subsidiary of GTM (Europe) Limited.
4. Sky Home Corporation incorporated in USA on February 28, 2017 is a wholly owned subsidiary of GTM (Europe) Limited
5. JCCO 406 Limited incorporated in USA on September 29, 2017 is a wholly owned subsidiary of GTM (Europe) Limited
6. Vantona Home Limited Incorporated in UK on April 22, 2013 is a wholly owned subsidiary of JCCO 406 Limited

Code Of Corporate Governance (CCG)

The management of the Company is committed to good corporate governance and complying with best practices. As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts 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, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The directors of the Board are well aware of their duties and responsibilities as outlined by corporate laws and listing regulations. In compliance with the provisions of the Listing Regulations, six of our directors have attended and completed Corporate Governance Leadership Skills program under the Board Development Series of Pakistan Institute of Corporate Governance (PICG).
- One director, i.e. Chairman, having the required knowledge and experience is exempt from the requirement of attending the directors' training program.
- There are no significant doubts on 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.
- The value of investment of provident fund based on its un–audited accounts as on June 30, 2019 is Rs. 1,076.744 million (FY2018: As per audited accounts Rs. 865.821 million)
- Statements regarding the following are annexed in the notes to the financial statements:
  - Number of Board meetings held and attendance by directors.
  - Key financial data for the last six years.
  - Pattern of shareholding.
  - Trading in shares of Company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary and their spouses and minor children.

Investors' Grievance and Complaints

The Company allows full access to all shareholders including potential investors, to call for relevant information or details on Company's operations, in addition to details relating to their specific investment, dividend or circulation of regulatory publications by the Company. The required information is provided immediately or a query/grievance is resolved promptly in accordance with the statutory guidelines.

Investor grievances are managed centrally through an effective grievance management mechanism.

Board's Evaluation

Complying with Code of Corporate Governance, 2017 the Board has approved a comprehensive mechanism for evaluation of its performance. The Company has introduced a questionnaire covering the Board's scope, objectives, function and Company's performance and monitoring. The Board has evaluated all factors based on inputs received from every director.

Conflict of Interests

All the directors exercise their due rights of participation in the Board proceedings and decisions are made through consensus. Concerns of the Board members on any agenda point are duly noted in the minutes of the meeting.

Further, there is an approved Code of Business Ethics which, in addition to compliance of regulatory requirements, requires formal disclosure of interests if any, to allow avoidance of known or perceived conflict of interests.

Review of Related Party Transactions

In compliance with the CCG and other applicable laws and regulations, details of all related party transactions are placed periodically before the Audit Committee and upon their recommendation, the same are placed before the Board for review and approval. The details of transactions where majority of directors are interested are also placed annually before the members for approval.

CEO'S Performance Review

Each year the Board establishes a list of goals and strategies aligned to achieve the mission of the Company. Each milestone is thus measured in order to assess performance. This helps in assessing how each objective is contributing towards the growth of the Company. The factors to be evaluated are adherence to the mission, long and short term objectives, ensuring long term profitability, increasing shareholders' value and ensuring good governance and statutory reporting. The Board provides honest feedback in order to strengthen and develop the role of the CEO.

Role Of Chairman and CEO

Chairman acts as the custodian of the Company on behalf of the Board and stakeholders. He heads the Board of Directors and is responsible for ensuring the Board's effectiveness. The chairman ensures the development of business and protection of goodwill of the Company and its subsidiaries. He also ensures the balance of membership of the Board in terms of versatile exposure to various business operations and economic and business acumen.

CEO has the prime responsibility of driving for achievement of the Company's vision, mission and its long term goals. He acts as a link between the Board and management of the Company and communicates with the Board on behalf of the management. The CEO is responsible for day to day management of the Company's affairs and execution of long term strategy, plans and budgets to increase shareholders' value.

CEO also represents the Company to shareholders, government authorities and the public. He is the leader and decision maker who motivates employees, drives change within the Company and takes decisions to achieve targets.

Issues Raised In Last Annual General Meeting (AGM)

Annual General Meeting of the Company was held on October 27, 2018. All the following agenda items of the meeting were approved without any specific issues raised by the members:

1. Audited consolidated and unconsolidated financial statements for the year ended June 30, 2018 together with the Directors' and Auditors' report thereon.
2. Final cash dividend for the year ended June 30, 2018 @ 25%.
3. Appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants as statutory auditors for the year ended June 30, 2019 and fixation of their remuneration.

Auditors

The present auditors of the Company M/s Kreston Hyder Bhimji & Co., Chartered Accountants have completed the annual audit for the year ended June 30, 2019 and have issued an unqualified audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending June 30, 2020.

Consolidated Financial Statements

Consolidated Financial Statements for the year ended June 30, 2019 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) UAE, GTM (Europe) Limited UK, GTM USA Corporation USA, Sky Home Corporation USA, and Vantona Home Limited, UK are attached.

Pattern of Shareholding

Please refer page 184 of the Annual Report.

Forward Looking Statement

The business of the Company is directly linked with economic activity in Pakistan and its exporting countries. The management is geared up for challenges such as uncertainties in the economic environment, fluctuation in exchange rates and tough competition.

Accordingly, strategies are in place and are regularly reviewed to ensure that the Company stays on the path of growth and progress. We believe there is further potential in the yarn segment and retail business and will look to increase our market share. The focus is on stringent controls on the cost of production mainly through modernizing and replacement of old machines, lesser interruptions and abnormal wastages, and process improvements using the Kaizen approach. We are optimistic that the Company's performance will improve further in the next FY, both in terms of revenue and profits.

Future Outlook

The year 2018-19 was not promising at all in view of lot of challenges and struggles for Pakistan owing to the economic, political and diplomatic situation. The economic growth was slow and disappointing but now to turnaround in the coming fiscal year is expected. With the Government's determination to bring the economy on smooth road for sustainable sailing and effective monitoring by IMF and other financing agencies we too are optimistic about positive changes as well as boost in the economy.

The textile industry, one of the major contributors in LSM, needs to focus on value added products, as there is potential in the international market. However, this would only be possible with the support of the Government with commitment to policy implementation, improved energy supply and helping exporters to build competitive cost advantage.

For the Company, investment in the balancing and modernisation of production machinery, and measures to rationalise costs will bear fruit in the next financial year as well. Production efficiency would improve further, and we expect that focus on retail and spinning segments will boost revenues. Hence, we are looking forward to the next year with immense optimism and enthusiasm.

Acknowledgement

We acknowledge and appreciate the efforts of the employees and valuable support of our customers, financial institutions, shareholders and members of the board of directors.

For and on behalf of the Board

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

Karachi

October 1, 2019

بورڈ کی تشخیص:

کارپوریٹ گورننس 2017 کے ضابطہ اخلاق کے مطابق بورڈ نے اپنی کارکردگی کی جانچ کے لئے ایک جامع طریقہ کار کی منظوری دی ہے۔ کمپنی نے ایک سوالنامہ بھی متعارف کروایا ہے جو بورڈ کی وسعت، مقاصد، کام اور کمپنی کی کارکردگی نیز نگرانی سے متعلق ہے۔ بورڈ کی جانچ سے موصول شدہ آراء کی بنیاد پر تمام عوامل مدِ نظر رکھتے ہوئے کی جاتی ہے۔

مفاد کا تصادم:

بورڈ کی کاروائیوں میں تمام ڈائریکٹرز اپنے مقررہ اختیارات کو استعمال کرتے ہوئے حصہ لیتے ہیں اور عمومی طور پر فیصلے اتفاق رائے سے کئے جاتے ہیں۔ کسی بھی نقطے یا ایجنڈے پر بورڈ کے اراکین کی جانب سے کیئے جانے والے اعتراض کو اجلاس کی کاروائی میں باقاعدہ طور پر تحریر کیا جاتا ہے۔

مزید برآں، منظور شدہ کارپوریٹ کوڈ آف گورننس اور قانونی چارہ جوئی کی تکمیل کے ساتھ ساتھ مفادات کا رسمی انکشاف کیا جاتا ہے تاکہ کسی بھی نامعلوم یا معلوم مفادات کے تصادم سے بچا جا سکے۔

متعلقہ پارٹی کے مالی لین دین پر نظرثانی:

CCG اور دیگر قابل اطلاق قوانین اور قواعد کی رو سے تمام متعلقہ پارٹی کی لین دین آڈٹ کمیٹی کے سامنے پیش کی جاتی ہے اور اس کی منظوری پر اسے بورڈ کے سامنے منظوری اور نظرثانی کے لئے رکھا جاتا ہے۔
مالی لین دین کی تفصیلات جہاں ڈائریکٹروں کی اکثریت دلچسپی رکھتی ہے ہر سال ارکان کے سامنے بھی منظوری کے لئے رکھی جاتی ہے۔

CEO کی کارکاردگی کا جائزہ:

بورڈ ہر سال اپنے مقاصد کے حصول اور ان کی حکمتِ عملی کا تعین کرتا ہے تاکہ کمپنی کے مشن کی تکمیل ہو سکے۔ ہر سنگِ میل کے ذریعے کارکردگی کو جانچا جاتا ہے۔ اس تجزیئے کی بنیادی وجہ کمپنی کے ترقی میں کردار ادا کرنے والے عوامل کی کارکردگی پر گفت وشنید کرنا ہے۔ جن عوامل کا تجزیہ کیا جاتا ہے ان میں مشن کا حصول، طویل اور مختصر المدت مقاصد، طویل المدت نفع کو یقینی بنانے کا عمل، حصص یافتگان کی مالیت میں اضافہ، بہترین ضابطہ اخلاق اور قانون کے مطابق رپورٹنگ شامل ہیں۔ بورڈ CEO کے کردار کو مضبوط بنانے اور اس کے ارتقاء کے لئے اپنی دیانت دارانہ رائے کا اظہار کرتا ہے۔

چیئرمین اور CEO کا کردار:

چیئرمین، بورڈ اور اسٹیک ہولڈر کی جانب سے کمپنی کے نگران کے طور پر کام کرتا ہے۔ یہ بورڈ آف ڈائریکٹرز کی سربراہی کرتا ہے اور بورڈ کی موثریت کو قائم رکھنے کا ذمہ دار ہوتا ہے۔ اس کے ذیلی اداروں کو بورڈ کی موزوں توجہ حاصل ہوتی ہے۔ یہ بورڈ کی رکنیت کو مختلف کاروباری آپریشنز اور اقتصادی نیز کاروباری باریک بینی کو ظاہر کرنے کے حوالے سے متوازن رکھنے کو بھی یقینی بناتا ہے۔

CEO کی بنیادی ذمہ داری کمپنی کے نظریئے، مشن اور اس کے طویل المعیاد مقاصد کے حصول کے لئے کوشش کرنا ہے۔ CEO کمپنی کے بورڈ اور مینجمنٹ کے درمیان رابطہ کا کردار ادا کرتا ہے، اسی وجہ سے یہ مینجمنٹ کی جانب سے بورڈ سے گفت وشنید کرتا ہے۔ CEO کمپنی کی روز بروز کے امور کے انتظام وانصرام اور طویل المعیاد لائحہ عمل، منصوبہ بندی اور حصص یافتگان کی مالیت میں اضافے کے لئے بجٹ پر عمل درآمد کی ذمہ داری انجام دیتا ہے۔

CEO حصص یافتگان، سرکاری حکام اور عوام کے سامنے کمپنی کی نمائندگی کرتا ہے۔ درحقیقت CEO ایک راہنما اور فیصلہ ساز کے طور پر کام کرتا ہے جو ملازمین میں جستجو پیدا کرتا ہے، کمپنی کو بہتری کی جانب لے جاتا ہے اور ترقیاتی اہداف کو حاصل کرنے کے لئے فیصلے کرتا ہے۔

گزشتہ سالانہ اجلاس عام (AGM) میں سامنے لائے جانے والے معاملات:

کمپنی کا سالانہ اجلاسِ عام 27 اکتوبر 2018 کو منعقد ہوا۔ اجلاس کے مندرجہ ذیل تمام ایجنڈے پر کسی بھی رکن کی جانب سے کسی مخصوص معاملے کی نشاندہی کے بغیر منظوری دی گئی۔

1۔ پڑتال شدہ مجموعی (Consolidated) اور غیر مجموعی (Unconsolidated) مالی گوشوارے برائے 30 جون 2018 کو ختم ہونے والے سال بمع ڈائریکٹرز اور آڈیٹرز کی رپورٹ۔

2۔ 30 جون 2018 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ کا بھی بحساب 25 فیصد اعلان کیا گیا تھا۔

3۔ 30 جون 2019 کو ختم ہونے والے سال کے لئے میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کا بطور قانونی آڈیٹرز تقرر اور ان کے مشاہرے کا تعین۔

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2019 کو مکمل ہونے والے سال کے لئے سالانہ آڈٹ مکمل کر لیا ہے اور ایک غیر مشروط آڈٹ رپورٹ تیار کی ہے۔ آڈیٹرز کمپنی کے سالانہ اجلاسِ عام کے اختتام پر ریٹائر ہو جائیں گے اور خود کو 30 جون 2020 کو ختم ہونے والے سال میں دوبارہ تقرری کے لئے پیش کرنے کے اہل ہوں گے۔

مجموعی (Consolidated) گوشوارے:

30 جون 2019 کو ختم ہونے والے سال کے لئے کمپنی اور اس کے ذیلی اداروں گل احمد انٹرنیشنل لمیٹڈ (FZC) یو اے ای، GTM (یورپ) لمیٹڈ یو کے، GTM یو ایس اے کارپوریشن USA اور اسکائی ہوم کارپوریشن USA اور وینٹونا ہوم لمیٹڈ UK کے ساتھ منسلک ہیں۔

پیٹرن آف شیئر ہولڈنگ:

براہِ کرم سالانہ رپورٹ کا صفحہ نمبر 184 ملاحظہ کریں۔

۲۲ مستقبل کے خدوخال:

اقتصادی، سیاسی اور سفارتی صورتحال کی بناء پر پاکستان کو درپیش بہت سارے چیلنجوں اور جدوجہد کے پیشِ نظر سال 2018-19 بہت زیادہ امید افزا نہیں رہا۔ معاشی نمو کی رفتار سست اور مایوس کُن تھی تاہم آئندہ مالی سال میں بہتری کی امید ہے۔ آئی ایم ایف اور دیگر مالیاتی اداروں کے ذریعے مستحکم بہاؤ اور موثر نگرانی سے معیشت کو ہموار شاہراہ پر لانے کے لئے حکومت کے عزم کے ساتھ، ہم بھی معیشت میں مثبت تبدیلیوں کے ساتھ ساتھ معیشت کے فروغ کے لئے پُر امید ہیں۔

بڑے پیمانے پر مینوفیکچرنگ (LSM) کے شعبے میں ٹیکسٹائل کا شعبہ اہم ترین ہے۔ اس میں ویلیو ایڈڈ پراڈکٹس پر توجہ مرکوز رکھنے کی ضرورت ہے کیونکہ اس کی مارکیٹ میں خاصی طلب نظر آتی ہے۔ تاہم ایسا صرف اس وقت ممکن ہے جب حکومت مکمل سپورٹ مہیا کرے پالیسیوں کا نفاذ یقینی بنائے، توانائی کی سپلائی بہتر ہو اور برآمد کنندگان کو مسابقتی فائدہ اٹھانے میں معاونت کرے۔

کمپنی کے لئے پروڈکشن مشینری میں جدت اور تجدید کے لئے سرمایہ کاری اور لاگت کے اخراجات کو کم کرنے کے لئے عوامل آئندہ آنے والے سالوں میں فائدہ مند ثابت ہوں گے، پیداوار کی کارکردگی میں مزید بہتری آئے گی، نیز ہمیں توقع ہے کہ ریٹیل اور اسپننگ سیگمنٹ پر توجہ مرکوز کرنے سے ہمارا ریونیو مزید بہتر ہو جائے گا۔ ہم آئندہ آنے والے سال کے لئے نہایت مثبت سوچ کے ساتھ سرگرم عمل ہیں۔

تسلیم وتحسین:

ہم اپنے ملازمین کی کاوشوں اور ساتھ ہی اپنے کسٹمرز، مالیاتی اداروں، حصص یافتگان اور بورڈ آف ڈائریکٹرز کے اراکین کی جانب سے معاونت کو سراہتے ہوئے ان کا شکریہ ادا کرتے ہیں۔

مورخہ یکم اکتوبر 2019ء

منجانب:
بورڈ آف ڈائریکٹرز،
کراچی:

محمد بشیر
چیئرمین:

محمد ذکی بشیر
چیف ایگزیکٹو آفیسر:

ریٹیل اور ڈسٹری بیوشن	2019	2018	تبدیلی
	روپے ملین میں		
سیلز	20,539	15,701	31%
سیلز کی لاگت	(14,113)	(10,741)	(31%)
مجموعی نفع	6,425	4,960	30%
ترسیل اور انتظامی اخراجات	(4,634)	(4,042)	(15%)
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	1,792	919	95%

پروسیسنگ، ہوم ٹیکسٹائل اور اپیرل:

یہ شعبہ ویلیو ایڈڈ ٹیکسٹائلز کی پروسیسنگ کے بارے میں ہے جو کہ بنیادی طور پر مقامی اور بین الاقوامی دونوں طرح کی مارکیٹس میں فروخت کی جاتی ہیں۔ مالی سال 19-2018 کے دوران اس شعبے میں سیلز ریونیو 5,243 ملین روپے بڑھا جو کہ گزشتہ سال کے مقابلے میں 17 فیصد ہے۔ کُل منافع کے مارجن میں 24 فیصد کی بہتری اور ڈسٹری بیوشن اور ایڈمن کے اخراجات میں 24 فیصد تک اضافے کی وجہ سے، مجموعی منافع میں 1,278 ملین روپے کا اضافہ ممکن ہوا۔

پروسیسنگ، ہوم ٹیکسٹائل اور اپیرل	2019	2018	تبدیلی
	روپے ملین میں		
سیلز	36,742	31,499	17%
سیلز کی لاگت	(32,994)	(28,484)	(16%)
مجموعی نفع	3,748	3,015	24%
ترسیل اور انتظامی اخراجات	(2,469)	(1,992)	(24%)
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	1,278	1,023	25%

انتظامی مقاصد اور حکمتِ عملی:

گل احمد کئی دہائیوں سے پاکستان کی ٹیکسٹائل کی صنعت میں ایک اہم نام رہا ہے۔ یہ سب کچھ صرف حصص یافتگان کے سرمائے میں پُر قدر اضافے کے لئے مینجمنٹ کے عزم اور لگن نیز جدت، کوالٹی کے معیار اور بہترین ٹیکنالوجی کے استعمال کو مزید بہتر بنانے کے باعث ہی ممکن ہو سکا ہے۔ تاہم، اس سے کمپنی کی راہ میں ماحول اور سوسائٹی کے لئے اپنی خدمات پیش کرنے میں کوئی رکاوٹ حائل نہیں ہے۔

سالانہ رپورٹ کے صفحہ نمبر 21 پر مقاصد اور متعلقہ حکمتِ عملیوں کے حوالے سے علیحدہ بحث کی گئی ہے۔

نقطہ نظر:

مادیت (Materialitity) سطحوں کا تعین کرنا مشروط کام ہے اور یہ مختلف اداروں کے لحاظ سے مختلف ہوتا ہے۔ مالی لین دین اور اختیارات کی تفویض کے حوالے سے اجازت واضح طور پر جاری کی گئی ہے۔ اور اس پر کمپنی میں تیار کردہ طریقہ کار کے مطابق عمل کیا جاتا ہے۔ کمپنی نے مادیت (Materialitity) کے حوالے سے پالیسی کی منظوری دی ہے جس پر مطابقت کے لئے سالانہ بنیاد پر نظر ثانی کی جاتی ہے۔

رسک مینجمنٹ اور مواقع:

کمپنی ایک چیلنج والے ماحول میں کام کرتی ہے، جس کی PESTEL اور SWOT تجزیہ پر مبنی تفصیل اور سیر حاصل گفتگو سالانہ رپورٹ کے صفحہ نمبر 74 اور 75 پر موجود ہے۔ اس لئے انتظامیہ نے ان اندیشوں کی علیحدہ سے شناخت تخمینیت اور انہیں بروقت اٹھانے کے لئے ایک مضبوط نظام مرتب کیا ہے جو ہموار آپریشن کو ممکن بناتا ہے اور اس بات کو بھی یقینی بناتا ہے کہ توجہ کاروباری ترقی پر مرکوز ہے۔

کمپنی کا رسک مینجمنٹ سسٹم مندرجہ ذیل پر مشتمل ہے:

(الف) کریڈٹ رسک:

کمپنی اپنی مقامی فروخت کے لئے وصول کنندگان کے ڈیفالٹ ہو جانے کے خطرے سے نمٹنے کے لئے بالکل تیار ہے (ریٹیل سیلز کے علاوہ جو کہ صرف نقد بنیاد پر ہیں)، اس طرح کے امور کا انتظام مکمل مطلوبہ احتیاط سے ان کسٹمرز کے ساتھ کیا جاتا ہے جن کے لئے قرض کو بڑھایا جا رہا ہو۔ دیگر واجبات پہلے سے کی جانے والی ان ادائیگیوں یا مناسب سیکیورٹیز کے ساتھ کی جاتی ہیں۔

(ب) مارکیٹ رسک:

کمپنی کا منافع اپنے بنیادی خام مال جیسے کپاس اور سوت کی قیمتوں میں تبدیلی کی شرح سے مشروط ہے۔ اس کا انتظام اسٹاک لیولز کی پلاننگ اور مناسب وقت اور وقفے پر مختلف ذرائع سے خریداری کے ذریعے سے کیا جاتا ہے، مزید یہ کہ ایکسچینج ریٹ میں اتار چڑھاؤ فنانشل انسٹرومنٹس جیسے فارورڈ کنٹریکٹس، بلز ڈسکاؤنٹنگ، FCY کریڈٹ اور نیٹ ایکسپوزر کی مانیٹرنگ وغیرہ کے ذریعے کیا جاتا ہے۔

(ج) لیکوڈیٹی رسک:

کمپنی نے ادائیگیوں اور وصولیوں کے توازن کو برقرار رکھنے کے لئے وافر سرمائے کا انتظام اور متعدد اہم بینکوں کی معاونت حاصل کر رکھی ہے تاکہ عمومی کاروباری آپریشنز وغیرہ کو یقینی بنایا جا سکے۔

کمپنی کا رسک مینجمنٹ سسٹم مندرجہ ذیل پر مبنی ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں:

بورڈ کاروبار کو درپیش اہم نقصان کے اندیشوں پر وقتاً فوقتاً نظر ثانی کرتا ہے اور جہاں ضرورت دَرپیش ہو وہاں کاروائی کرتا ہے۔ جبکہ آڈٹ کمیٹی مالی اور کمپلائنس رِسک پر نظر ثانی کرتی ہے۔ مشاہرہ اور افرادی قوت کے حوالے سے قائم کمیٹی ہنر مند اور تجربہ کار عملے کو برقرار رکھنے اور رغبت دلانے کے لئے مارکیٹ سے مطابقت کے عمل کو یقینی بنانے کے لئے مشاہرہ اور ریوارڈ کی پالیسیز پر نظر ثانی کرتی ہے۔

نان ایگزیکٹو ڈائریکٹرز کے مشاہرے حالیہ مارکیٹ کی ادائیگی کی شرح اور کمپنی کی کاروباری ضروریات کو مدِ نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز کی جانب سے مقرر کئے گئے ہیں۔

ڈائریکٹران کے ناموں کی تفصیلات، بورڈ آف ڈائریکٹرز اور کمیٹیوں کی تشکیل سالانہ رپورٹ کی صفحہ نمبر 34 پر مندرج ہے۔

پالیسیاں اور طریقہ کار:

بورڈ نے متعلقہ خطرات کی شناخت کے بعد مخصوص پالیسیاں اور طریقہ کار وضع کئے ہیں اور ان پر عملدرآمد کیا ہے جس سے تجارت کو درپیش نئے خطرات کی تشخیص کا وقتاً فوقتاً جائزہ لے کر نئے اقدامات کئے جاتے ہیں۔

معلوماتی اور نگہداشت کا انتظام:

ہمارا جدید معلوماتی نظام بروقت اور درست معلومات فراہم کرتا ہے جو انتظامیہ کی موثر انداز میں نتائج اور تغیرات کی جانچ میں معاونت کرتا ہے۔

انٹرنل آڈٹ:

اندرونی معاملات پر موثر کنٹرول رکھنے کے لئے انٹرنل آڈٹ فنکشنز کی رپورٹ آڈٹ کمیٹی کو پیش کی جاتی ہے اور ساتھ ہی بہتری کے لئے مزید موزوں اقدامات کی تجویز بھی دی جاتی ہے۔ آڈٹ رپورٹس، آڈٹ کمیٹی کے پاس جمع کروائی جاتی ہے۔

رسک منیجمنٹ کے حوالے سے مزید تفصیل صفحہ نمبر 76 پر ہے جو سالانہ رپورٹ کا جزو ہے۔

افرادی قوت (HR):

منفرد اور غیر معمولی پراڈکٹس اور سروسز مسابقتی فائدہ پہنچاتی ہیں، تاہم اس کا سب سے بڑا فائدہ ہمارے لوگوں کو ہوتا ہے۔ جدت، کاوش اور حصول کے لئے ہمارے ملازمین کا خلوص اور لگن ہی ہماری کامیابی ہے۔ ہمارا مقصد ایک ایسے اعلیٰ کارکردگی والے ادارے کی تخلیق ہے جو فنِ مہارت کے حامل افراد کو مواقع فراہم کرتے ہوئے انہیں اپنے ساتھ جوڑے رکھے۔

ہمارے ملازمین کی انفرادی تربیت و ترقی کے لئے انہیں اعلیٰ عہدوں کے ساتھ اختیارات تفویض کئے جاتے ہیں تاکہ مشکل مراحل میں فیصلہ سازی پر عبور حاصل ہو۔ انہیں مسلسل رہنمائی بھی مہیا کی جاتی ہے۔

ہم مکمل طور کام کے باہمی تعاون اور متنوع ماحول پر یقین رکھتے ہیں اور یہی ہماری کامیابی کا اہم سبب ہے۔

انفارمیشن ٹیکنالوجی (IT):

آئی ٹی ہر کاروبار کا ایک اہم اور لازمی جزو بن گیا ہے، نیز سبقت کے حصول کے لئے یہ ایک اہم پیش قدمی بن چکا ہے۔ اس کی اہمیت کے پیشِ نظر کمپنی اپنے آئی ٹی فریم ورک میں بھی سرمایہ کاری کرتی ہے جسے جب اور جہاں بھی ضرورت دَرپیش ہو اَپ گریڈ کیا جاتا ہے۔ بہتر سسٹمز اور ٹیکنالوجی کے استعمال نے کنٹرول انوائرمنٹ کو مضبوط کیا ہے فنانشیل / آپریشنل رپورٹنگ کو موثر اور بروقت بنایا ہے، جبکہ کاروبار کو مسلسل بہتر بنانے اور جدت لانے میں بھی معاونت کرتا ہے۔

کمپنی نے ریٹیل بزنس کے تیزی سے تغیر پذیر ہوتے ماحول کی طلب کی تکمیل کے لئے اپنے ریٹیل آپریشن میں 'مائیکروسافٹ ڈائنامکس 365' کو اپنایا ہے۔ کمپنی کے دیگر آپریشنز، اسٹریٹیجک اور آپریشنل فیصلہ سازی کی رواں معلومات کے پلیٹ فارم کی صورت میں اوریکل EBS بطور پرائم سسٹم استعمال کیا جاتا ہے۔ عوامل میں بہتری اور اندرونی کنٹرول کے قیام پر زور دیا گیا ہے۔

آئی ٹی کے نظم وضبط کی پالیسی:

آئی ٹی کے نظم وضبط کی پالیسی نقصانات اور معلومات تک غیر مجاز رسائی کے خلاف حفاظت کے ساتھ ساتھ سائبر سیکیورٹی کے خطرات سے نبرد آزما ہونے کی پالیسی ہے۔ اس پالیسی کے ذریعے سے تحفظات کی نگرانی اور ان میں بہتری لائی جاتی ہے۔ اس پالیسی کا مقصد تخلیق، اسٹوریج، استعمال، آرکائیونگ کی تنسیخ کی راہنمائی کرتا ہے۔

استعمال کنندگان کی ضرورت اور کاروبار کی کامیابی میں آئی ٹی کے کردار کے پیشِ نظر کمپنی باقاعدگی سے مینجمنٹ انفارمیشن سسٹم پر نظر ثانی کرتے ہوئے اسے بہتر بناتی ہے جس سے مندرجہ ذیل فوائد حاصل ہوتے ہیں۔

- رواں کارکردگی کی نگرانی اور اس میں بہتری۔
- تازہ ترین معلومات کی فراہمی، جس کی بنیاد پر منصوبے کے تحت فیصلہ سازی ہو۔
- شعبوں میں کارکردگی کی تصدیق اور ان کا ثبوت حاصل کرنا، اور
- اثاثہ جات کے تحفظ اور احتساب کو یقینی بنانے کی غرض سے سروس کے لحاظ سے چیک اینڈ بیلنس کے نظام کی تخلیق۔

کاروبار کو جاری وساری رکھنے کا منصوبہ (BCP):

جیسا کہ ہمارا شمار ٹیکسٹائل کے شعبے میں سب سے بڑی جامع ٹیکسٹائل ملز میں ہوتا ہے، جس کی متعدد پروڈکشن لوکیشنز پر قائم فیکٹریاں ایک مربوط نظام کے تحت، غیر منقولہ اثاثہ جات اور اربوں روپے کی انوینٹریز کے ساتھ کام کر رہی ہیں اور اس کے مطابق، ہم یہ سمجھتے ہیں کہ کسی بھی قسم کی آفات ہمارے آپریشنز کو شدید نقصان پہنچا سکتی ہیں۔

کاروباری کو جاری رکھنے کے منصوبے کے ذریعے کسی بھی قسم کی قدرتی آفت یا دیگر کسی واقعات کی صورت میں کاروبار جاری رکھنے کو یقینی بنایا جاتا ہے، ساتھ ہی شدید نوعیت کی خرابی کے حامل سسٹم اور پراسس کو چلانے کی سہولت بھی فراہم کرتا ہے۔ ہم اپنے ملازمین کو کسی بھی قسم کے حالات سے نبرد آزما ہونے کے لئے (جس میں کاروبار کو جاری رکھنے پر سمجھوتہ کیا جا سکتا ہے) نہ صرف تربیت دیتے ہیں بلکہ اس کی مکمل مشق بھی کرواتے ہیں۔

ریکارڈز کی حفاظت:

ریکارڈز، جس میں اکاؤنٹس کی کتب، سیکریٹریئل، لیگل، کنٹریکچوئل، ٹیکسیشن اور دیگر معاملات کی دستاویزات شامل ہیں، کو مدتوں کے لئے قانونی ضرورت اور حفاظتی نقطہ نظر سے محفوظ کر دیا جاتا ہے۔ ہم نے اپنے ریکارڈ کیپنگ آپریشنز کو اس کی محفوظ سنبھال اور آسان حصول کو یقینی بنانے کے بعد بیرونی ذرائع کی خدمات بھی حاصل کی ہیں۔

اس حوالے سے EMC VNX سیریز کا کامیابی کے ساتھ اطلاق کیا جا چکا ہے اور تمام ابتدائی ڈیٹا کا ریموٹ بیک اپ بھی قائم کیا جا چکا ہے۔

ادارے کی سماجی ذمہ داری:

ادارے کی سماجی ذمہ داری کی تفصیل صفحہ نمبر 52 پر دی گئی ہے جو کہ سالانہ رپورٹ کا جزو ہے۔

ہولڈنگ کمپنی:

گل احمد ہولڈنگز (پرائیوٹ) لمیٹڈ (ہولڈنگ کمپنی) کا ذیلی ادارہ ہے۔ یہ ایک ایسی ہولڈنگ کمپنی ہے جو کمپنی کے 67.10 فیصد حصص کی حامل ہے۔

شیئر ہولڈرز کے لئے ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2019 کو ختم ہونے والے مالی سال کے لئے سالانہ رپورٹ اور پڑتال شدہ مالیاتی حسابات بمعہ آڈیٹرز رپورٹ پیش کررہے ہیں۔

معاشی اور صنعتی جائزہ:

حکومت کی جانب سے اس کے ایجنڈے کے کلیدی جزو کے طور پر اقتصادی اصلاحات اور آئی ایم ایف پروگرام کی روشنی میں استحکام اور بہتری کے اقدامت نے تجارتی خسارہ کم کرنے میں معاونت فراہم کی ہے، تاہم یہ اقدامات اگرچہ نہایت ضروری ہیں، اور اس لحاظ سے مالی سال 19-2018 کے لئے، بڑے مالیاتی خسارے، بلند افراطِ زر اور کم ترین جی ڈی پی نمو کے لحاظ سے کچھ قلیل مدتی لاگت آئے گی، پاکستان کے جی ڈی پی کی شرح نمو 3.29 فیصد رہ گئی ہے اور گزشتہ مالی سال کی اوسطاً 3.9 فیصد کے مقابلے میں موجودہ مالی سال میں مہنگائی میں اوسطاً 7.3 فیصد تک اضافہ ہوا ہے۔

زراعت، مینوفیکچرنگ (صنعت) اور خدمات کے شعبوں میں بالترتیب 0.85 فیصد، 1.40 فیصد اور 4.71 فیصد کی شرح نمو کے ساتھ مستحکم یا بہتر کارکردگی کا اظہار کیا گیا۔ گزشتہ مالی سال کے دوران 6.33 فیصد اضافے کے برخلاف لارج اسکیل مینوفیکچرنگ (LSM) کی شرح نمو گھٹ کر 2.93 فیصد ہوگئی۔ لارج اسکیل مینوفیکچرنگ (LSM) میں کمی کی وجہ پبلک سیکٹر ڈویلپمنٹ پروگرام (PSDP) پر کم اخراجات، نجی شعبے کی منجمد تعمیراتی سرگرمیاں اور ایک دوسرے کے مابین پائیدار ساز و سامان پر صارفین کے کم اخراجات ہیں۔ افراطِ زر میں اضافے کے ساتھ ساتھ طویل عرصے سے پاکستانی روپے کی گرتی ہوئی قدر نے ملک کی معاشی حالت کو بگاڑنے میں عمل انگیز کا کام کیا ہے۔ براہ راست غیر ملکی سرمایہ کاری (FDI) بھی اس سے کافی متاثر رہی اور مالی سال 19-2018 میں گزشتہ سال 3.47 بلین امریکی ڈالر کے مقابلے میں 1.67 بلین امریکی ڈالر یعنی 52 فیصد تک کی حیرت انگیز کمی دیکھنے میں آئی۔ تاہم FDI میں کمی کے دوران، دوطرفہ ذرائع سے بیرونی سرمایہ کاری کافی مددگار ثابت ہوئی۔ دریں اثناء، پاکستان نے کاروباری انڈیکس میں اپنی پوزیشن کو بہتر بنایا اور وہ گزشتہ سال کی 147 ویں پوزیشن کے مقابلے میں 136 ویں پوزیشن پر آ گیا ہے۔ یہ یقینی طور پر غیر ملکی سرمایہ کاروں کے لئے رغبت کا باعث ہوگا اور مستقبل قریب میں FDI کو فروغ دے گا۔ بہرحال، کرنٹ اکاؤنٹ خسارہ (CAD) کا سکڑنا ملک کی موجودہ معاشی صورتحال میں سلور لائن ثابت ہوا ہے۔ مالی سال 19-2018 میں سی اے ڈی مالی سال 18-2017 میں 19.89 بلین امریکی ڈالر کی نسبت 32.11 فیصد گھٹ کر 13.51 بلین امریکی ڈالر رہا۔ جو کہ خاص طور پر صحت مند ترسیلات زر کی آمد سے منسوب کیا گیا ہے جس میں 9.68 فیصد کی نمو اور زر یں درآمدی بلوں میں 7.43 فیصد کمی ہوئی۔ برآمدات میں 2.20 فیصد معمولی اضافہ نظر آیا۔ اگرچہ بیرونی توازن میں بہتری آئی ہے لیکن مالی سال 19-2018 میں خالص زر مبادلہ کے ذخائر 25.45 فیصد کم ہو کر 7.28 امریکی ڈالر ہوگئے جو گزشتہ سال کی اسی مدت کے دوران 9.77 امریکی ڈالر تھے۔ اصلاحی اقدامات کو عملی جامہ نہیں پہنایا جاسکا کیونکہ برآمدات توقع سے کم شرح سے بڑھ رہی ہیں۔ تاہم درآمدات میں کمی نے مقامی صنعت میں مسابقت کی راہ ہموار کردی ہے۔

ٹیکسٹائل انڈسٹری:

19-2018 میں، پاکستان کی سب سے بڑی برآمدی صنعت ٹیکسٹائل کی صنعت تھی جس میں ہوزری اور ریڈی میڈ گارمنٹس نے مجموعی تجارت میں 544 بلین پاکستانی روپے یا 3.47 بلین امریکی ڈالر کا حصہ ڈالا تھا۔ اگرچہ ٹیکسٹائل کی صنعت ملک کی برآمدات میں سب سے زیادہ کی شراکت دار تھی، اس صنعت نے خود کوئی متاثر کن ترقی نہیں کرسکی۔ درحقیقت، مالی سال 19-2018 میں ٹیکسٹائل انڈسٹری میں 0.2 فیصد کی کمی واقع ہوئی ہے جبکہ اس سے گزشتہ سال 0.5 فیصد اضافہ ہوا تھا۔ سوت اور کاٹن کے کپڑے کی ناقص کارکردگی کے باعث اس ترقی کو نمایاں حیثیت حاصل نہ رہی۔ کپاس کی پیداوار میں 17.5 فیصد کمی واقع ہوئی ہے جبکہ کاٹن کے زیر کاشت رقبے میں فصل کی کارکردگی کی عکاسی کرتے ہوئے 12.1 فیصد کمی واقع ہوئی ہے جس پر ٹیکسٹائل انڈسٹری بہت زیادہ بھروسہ کررہی ہے۔ مالی سال 19-2018 میں ٹیکسٹائل کی برآمد میں 1.4 فیصد اضافے سے 13.56 بلین امریکی ڈالر کا اضافہ ہوا ہے جس کے ساتھ ہی نٹ ویئر/بیڈ ویئر اور ریڈی میڈ گارمنٹس کی ایکسپورٹ میں بالترتیب 4.67 فیصد اور 3.63 فیصد کا اضافہ ہوا ہے۔ چینی سرمایہ کاروں نے دنیا کے چوتھے بڑے کپاس پروڈیوسر کی طور پر پاکستان کی مسلمہ حیثیت کو تسلیم کرتے ہوئے پنجاب کے ٹیکسٹائل سیکٹر میں کاروبار کو فروغ دینے میں گہری دلچسپی ظاہر کی اور اس کے ساتھ ہی حکومت پنجاب کے ساتھ ایک فریم ورک معاہدے پر دستخط کئے ہیں جو کہ ملک کے ٹیکسٹائل کے منظر نامے کو یکسر تبدیل کرسکتا ہے۔

برآمدات میں کمپنی کا مارکیٹ شیئر:

یہ کمپنی ملک کی سب سے بڑی جامع ٹیکسٹائل ملوں میں شامل ہے اور ویلیو ایڈڈ ٹیکسٹائل مصنوعات کی نمایاں ایکسپورٹر ہے۔ کمپنی نے ملک کی بیڈ ویئر ایکسپورٹ میں تقریباً 10 فیصد کا حصہ ڈالا ہے۔

کارکردگی کا مجموعی جائزہ:

ہماری جانب سے دیکھے جانے والے کارکردگی کے اہم عوامل (KPI's) مندرجہ ذیل ہیں:

صراحت	یونٹس	2019	2018
ایکسپورٹ سیلز	روپے ملین میں	32,216	28,717
لوکل سیلز	روپے ملین میں	25,026	16,620
مجموعی نفع	روپے ملین میں	11,982	9,305
نفع قبل از محصول (PBT)	روپے ملین میں	4,008	2,328
نفع بعد از محصول (PAT)	روپے ملین میں	3,609	2,075
EBITDA	روپے ملین میں	7,157	4,969
آمدنی فی حصص (EPS)	روپے	10.12	5.82
Debt to Equity	تناسب	0.58	0.55
Current Ratio	تناسب	1.16	1.14
بریک اَپ ویلیو فی حصص	روپے	43.01	35.40

مطلوبہ حجم کے ایکسپورٹ آرڈرز کے ساتھ ساتھ مقامی اور ریٹیل سیکٹر میں وسیع طلب کے باعث آپ کی کمپنی بہت بہتر ثابت ہوئی، جس نے عملیاتی صلاحیتوں اور مقررہ پیداواری اخراجات (fixed production overheads) کے انجذاب کے مکمل استعمال میں معاونت فراہم کی۔ مالی سال 19-2018 کے دوران، انتظامیہ منافع بخش راستوں پر، متعدد اقدامات کے ذریعے پیداواری سرگرمیوں میں کارکردگی کو بڑھانے اور معقول لاگت پر توجہ کو مرکوز رکھا۔ ان کاوشوں کے ساتھ ساتھ گزشتہ چند سالوں میں BMR میں سرمایہ کاری بھرپور فائدہ مند ثابت ہوئی، جس کی وجہ سے گزشتہ سال کے مقابلے میں سیلز میں 26 فیصد اور مجموعی منافع میں 2.67 بلین پاکستانی روپے کی خطیر رقم کا اضافہ ہوا جو کہ گزشتہ سال کی مجموعی رقم کے مقابلے میں 28 فیصد اضافہ ہے۔ اس کے مطابق، منافع قبل از ٹیکس 72 فیصد تک نمایاں اضافے کے بعد 2,328 ملین روپے سے بڑھ کر 4,003 روپے ہو گیا، جبکہ منافع بعد از ٹیکس 2,075 ملین روپے سے بڑھ کر 3,646 روپے ہو گیا۔ جس کے نتیجے میں آمدنی فی حصص (EPS) میں 5.82 سے 10.12 تک بہتری ہوگئی۔

انتظامیہ نے تاریخ کی سب سے کم ترین اور سبسڈائزڈ شرح سود سے استفادہ حاصل کرنے کی پالیسی کو جاری رکھا جو کہ قرض کی مدت کے دوران بند ہو جائے گی۔ لہٰذا سال کے دوران BMR سرمایہ کاری کے فنڈ کے لئے اور متعدد پیداواری جگہوں پر جدید ترین ٹیکنالوجی کے حصول کے لئے طویل مدتی کُل فنانسنگ میں 28 فیصد اضافہ ہوا۔ 30 جون 2019 کو ختم ہونے والے سال کے دوران debt to equity اور فنانشل لیوریج تناسب بالترتیب (2018: 0.55) 0.58 اور (2018: 1.85) 1.89 رہے۔ اس سرمایہ کاری سے کمپنی کو اضافی مارجن ملا ہے، زیر غور سال اور آئندہ مالی سال دونوں کے دوران آنے والی سہ ماہیوں میں اس کے موافق نتائج مرتب ہوں گے۔ مابعد روپے ڈالر Parity اور خام مال کی قیمتوں پر غور کرتے ہوئے، انتظامیہ نے خام مال کی انوینٹریز میں کافی مقدار میں سرمایہ کاری کی ہے، جس کی وجہ سے ورکنگ کیپیٹل میں اضافہ ہوا ہے۔ 30 جون 2019 کو ختم ہونے والے مالی سال میں ورکنگ کیپیٹل 3,192 ملین روپے کے مقابلے میں، 4,818 ملین روپے تھا۔ جبکہ ورکنگ کیپیٹل میں اضافے کے باوجود موجودہ تناسب میں (2018: 1.16 (1.14 تک بہتری نظر آئی۔ کمپنی نے دونوں طرح سے، سال کے دوران نظر ثانی کے تحت اور اگلے مالی سال کی پہلی سہ ماہی میں بھی سازگار نتائج کے حصول کے لئے اضافی حد تک سرمایہ کاری حاصل کی ہے۔

آئندہ کا ماحاصل:

کمپنی کے بورڈ آف ڈائریکٹرز نے مورخہ یکم اکتوبر 2019 کو منعقدہ اجلاس میں مندرجہ ذیل تجاویز پیش کیں:

(الف) منافع منقسمہ:

30 جون 2019 کو ختم ہونے والے سال کے لئے بحساب -/2.50 روپے فی حصص جو کہ 25 فیصد ہے نقد منافع منقسمہ ادا کیا جائے گا۔

(ب) بونس شیئرز:

بونس شیئر کا ایک اجراء جو کہ 20 فیصد ہے یعنی ایک حصص برائے فی پانچ حصص کی شرح سے؛

اصل سرمایہ کاری کے خدوخال:

سال کے دوران پیڈ اَپ کیپیٹل میں کوئی تبدیلی رونما نہیں ہوئی، جبکہ مجموعی شیئر ہولڈرز کی ایکویٹی 2,712 ملین روپے سے بڑھ کر 15,333 ملین روپے ہوگئی جس کے نتیجے میں کاروبار میں منافع برقرار رہا۔

فنڈز کا انتظام و انصرام:

کمپنی ورکنگ کیپیٹل کی ضروریات، بشمول ڈیبٹ سروسنگ اور حصص یافتگان کو منافع کی ادائیگی اور کیش فلو کی پیش گوئی کی موثر اور منظّم نگرانی کے ذریعے سے اپنے نقد فرائض کو احسن طور پر ادا کرنے میں کامیاب رہی۔ کمپنی مناسب نقد رقم کو برابر رکھ کر اور مناسب کریڈٹ کی سہولیات کی دستیابی کے ذریعے زرِ نقد (لیکویڈیٹی) رِسک کا بندوبست کرتی ہے۔ سال کے اختتام پر، کمپنی کے پاس 3,233 ملین روپے (2018: Rs. 6,873 million) غیر استعمال شدہ کریڈٹ لائنز کی مد میں اور 492 ملین (2018: Rs. 470 million) بینک میں بقایا جات کی صورت میں موجود تھے تاکہ کسی بھی قسم کے عارضی عدم تناسب کو پورا کیا جا سکے۔

کاروباری شعبہ جات:

اِسپننگ:

اِسپننگ کے کاروباری طبقے نے پچھلے سال کے دوران جدید ترین ٹیکنالوجی اور صلاحیتوں کو بڑھانے میں سرمایہ کاری کے فوائد سے استفادہ حاصل کیا ہے، گزشتہ سال کے مقابلے میں سیلز میں 2,779 ملین روپے (34 فیصد) اضافہ ہوا۔

اسپننگ	2019	2018	تبدیلی
	روپے ملین میں		
سیلز	10,989	8,210	34%
سیلز کی لاگت	(9,251)	(7,008)	(32%)
مجموعی نفع	1,739	1,202	45%
ترسیل اور انتظامی اخراجات	(153)	(148)	(4%)
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	1,585	1,055	50%

مجموعی اور آپریٹنگ منافع میں بھی قابل قدر بہتری آئی ہے، جیسا کہ اوپر دکھایا گیا ہے۔ مینجمنٹ پُر امید ہے کہ اب بھی غیر فعال صلاحیت موجود ہے اور آنے والے سالوں میں یہ حصہ مزید بڑھ جائے گا۔

ویونگ:

یہ کاروباری شعبہ بنیادی طور پر ایکسپورٹ ڈویژن کی اندرونی ضروریات کی تکمیل میں اپنا کردار ادا کرتا ہے۔ اندرونی ضروریات کے حساب سے مجموعی سیلز میں اضافے کی صورت میں سیلز ریونیو میں 38 فیصد اضافہ ہوا۔ مالی کارکردگی ذیل میں درج جدول کے مطابق ہے:

ویونگ	2019	2018	تبدیلی
	روپے ملین میں		
سیلز	2,339	1,695	38%
سیلز کی لاگت	(2,269)	(1,568)	(45%)
مجموعی نفع	70	127	(45%)
ترسیل اور انتظامی اخراجات	(69)	(70)	1%
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	1	57	(98%)

ریٹیل اور ڈسٹری بیوشن:

یہ سیگمنٹ آئیڈیاز ریٹیل آؤٹ لیٹ اور اس کے ڈسٹری بیوشن چینلز کے ذریعے سے ریٹیل سیلز میں شامل ہے۔ ٹیکسٹائل ریٹیل سیکٹر میں سخت مسابقت کو پیشِ نظر رکھتے ہوئے اس سیگمنٹ نے جدت اور تخلیقیت کے ذریعے اپنے مارکیٹ شیئر اور منافع کو بڑھانے میں عمدہ کارکردگی کا مظاہرہ کیا ہے۔

SUSTAINABILITY REPORT

While sustainability is about the future of our society, for today's industries and businesses, it is also about commercial success. The mandate to transform businesses to respect environmental limits while fulfilling social wants and needs has become an unparalleled platform for innovation on strategy, design, manufacturing and brand, offering massive opportunities to compete and to adapt to a rapidly evolving world.

This is a big challenge, and not just for business and economics. It is a call for massive social, political, technological, cultural and behavioral transition. To achieve this transformation, we need the capacity of business to innovate and to execute, meeting market needs swiftly, effectively and on a global scale. This will mean managing for the long-term as well as the short-term, developing strategies that balance competition and cooperation, designing and delivering products and services that meet social and environmental needs, shifting to more resilient business models based on closed-loop, open-source, peer-to-peer or service-based principles (to name a few), incorporating the true costs of environmental and social resources, and seeing transparency and collaboration as sources of competitive advantage.

For these businesses, sustainability means not only eco-efficiency, but also eco-effectiveness. Sustainability is absolutely about marketing and branding – when that means identifying market needs based on long-term prosperity and creating tribes of sustainable consumers. Sustainability needs to be about 'greening'– because businesses and communities depend on healthy, productive ecosystems. Sustainability can also encompass corporate philanthropy – when that philanthropy is strategic. Above all, we believe that for tomorrow's enduring businesses, sustainability will be about making money by meeting real and fundamental human needs.

As a socially responsible entity, Gul Ahmed Textiles Mills Limited (the Company) recognizes its duty towards safety and protection of the environment. Safeguarding the environment for human race is of utmost importance to the Company. Sustainability Policy of the Company provides the guidelines for maintaining coherence with the objective of conducting nature friendly practices. This report updates the stakeholders about the steps taken by the Company to ensure compliance.

Better Cotton Initiative (BCI)

BCI is a programme which aims to improve the environment along with the livelihood of the farmers. This is achieved by observing the following guidelines:

- Reduce the environmental impact of cotton production
- Improve livelihood and economic development in cotton producing areas
- Reinforce commitment of keeping the flow of better cotton throughout the supply chain
- Endure the credibility and sustainability of BCI

BCI is a project advancing the development of Organic cotton which is handled without the utilization of pesticides, bug sprays, defoliants, artificial fertilizers, or dioxin-delivering bleach. The purpose is to develop, gather and process crops without harming the environment.

The Company is member of BCI and strictly promotes BCI's objective by purchasing cotton which is produced according to its guidelines. The Company purchased BCI cotton equaling 24,450 tonnes in FY 2019 and 15,016 tonnes in FY 2018.

Contribution to National Exchequer

The Company is contributing to the national growth by sharing its revenues in the form of taxes, rates and duties and exports also contribute towards improving foreign reserves. Contribution by the Company was a total of Rs. 1,207.53 million in FY 2019 (FY 2018: 2,279 million) in various federal, provincial and local taxes, rates and duties.

Education

Being a strong advocate of imparting quality education in today's era, the Company is a regular contributor to the "Fellowship Fund for Pakistan" and often contributing to good institutions for the purpose. This serves towards the task of showcasing the problems of public interest in media and foster the think tanks for the country.

The Company also strives to promote the youth by way of aids and sponsorship in various fields.

Women Empowerment

The company believes women make the most of every opportunity that comes their way, therefore the management has proudly stepped up to bring a change in the society by introducing numerous Women Empowerment programs. These include aiding a Boxing Club for training in a neglected area of Karachi, Saylani Worker Training Program which is a joint collaboration with Saylani to facilitate women to learn, grow and enhance their skills, "KheloKricket" for women cricketers, and commemorating Women's Day in Gul Ahmed Textile Mills.

Special Persons

The company also gives importance on providing an opportunity with dignity to people with special needs who are trained to serve the company as valuable human capital. We have included a yearly quota for special person as a part of our diverse human resource. In joint collaboration with Deaf Schools, PWDs and SWADs, our special person programs connect competent and qualified disable students with our organization.

Conservation of Resources

Pakistan is facing severe energy crisis and efforts to increase power generation are yet to fully materialize. This is besides the everyday increasing drinking water shortage faced by the citizens. This is resulting in load-shedding and power shutdowns in all sectors whether Industrial or Residential as well as weekly scheduling of drinking water supply. Considering the importance of energy and water and to cater energy and water needs, the Company has been heavily investing in power generation which includes installation of turbines, fuel efficient generators and addition of energy efficient machines to our various manufacturing units, as well as using and converting to processes and machineries that require less water consumption.

Every decision of machine acquisition involves due consideration to the energy savings and conservation. Beside this, the Company has been investing in power generation to reduce burden on the already deficient resources of the country. Other such measures include:

- Installation of hot water chiller at our powerhouse which uses hot water from generating sets and thus has replaced high electric consuming electrical chiller.
- Installation of duplex waste heat recovery boiler enabling our engines to utilize their flue gases to generate steam.

Further, erecting Water Recycling Plant with a capacity to recycle approximately 600,000 gallons of water per day with an investment of around 400 million PKR has been completed. This will be in addition to the effluent treatment plant already operational since 2006 which meets all the NEQS standards. We intend to double the capacity of recycling after two years.

Combined Cycle Gas Turbine

Combined Cycle Gas Turbine are running in the Company which helps in utilizing the energy of hot flue gases into waste heat recovery boiler, to produce high pressure steam generation thereby reducing our carbon footprint which can also produce the electricity. Steam turbine operates to generate 2.25 MW of electricity whereas combined cycle is recycling 30,000 tons/Nautical Mile of carbon dioxide.

Caustic Recovery Plant

The Company has installed two Caustic Recovery Plants (CRP) at its processing facility to recover caustic from weak lye generated from the newly installed mercerizing machines. CRP helps in recovering caustic from waste water and also helps in reducing chemicals cost required to control the pH of waste water.

Pollution Prevention and Control

The Company recognizes the significance of pollution prevention programs in providing economic and environmental benefits and is actively reducing water usage and using efficient processing chemical for cleaner production processes and pollution prevention measures. To contribute in this area, our activities are:

- Using good quality surfactant and avoid using less-degradable surfactants (in washing and scouring operations).
- Using transfer printing for synthetics and water-based printing pastes to reduce and control water and chemical (dyes) usage.
- Using Dyeing Pad Steam which helps to reduce water and energy consumption.
- Using jet dyers instead of winch dyers to reduce water consumption.
- Avoiding use of benzidine-based azo dyes and dyes containing cadmium and other heavy metals.
- Avoid using chlorine based dyes.
- Recovering and reusing process chemicals and dye solution.
- Using peroxide-based bleaches instead of sulphur and chlorine based in its processing process.

AUDIT COMMITTEE REPORT

The Audit Committee (the Committee) has concluded its annual review of the conduct and operations of the Company during 2019 and reports that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with Company codes and policies have been affirmed by the members of the Board, the management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, for the financial year ended June 30, 2019, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- The Chief Executive and the Chief Financial Officer have endorsed the financial statements of the Company, consolidated financial statements They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Directors' Report is drafted and endorsed by the Board of Directors, and is presented in compliance with the requirements of Companies Act, 2017. The Committee has reviewed and endorsed the report as to the compliance with regulations and acknowledges that business of the Company is fairly discussed in the Directors' Report.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 . The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors and Executives or their spouses were notified to the Company Secretary along with the required information which was notified by the Company Secretary to the Board. All such holdings /have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution to shareholders or any other business decision, which could materially affect the share price of the Company, along with maintenance of confidentiality of all business information.

Internal Audit

- The internal control framework has been effectively implemented through an independent outsourced Internal Audit function established by the Board which is independent of the External Audit function.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Audit Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to the management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, Kreston Hyder Bhimji & Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2019 and shall retire on the conclusion of the 67th Annual General Meeting.
- The Audit Committee has discussed Audit observations with the External Auditors. Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting. Audit observations for interim review were also discussed with the Auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meeting of the Company during the year and have confirmed attendance of the 67th Annual General Meeting scheduled for October 28, 2019 and have indicated their willingness to continue as Auditors.
- The Audit Committee has recommended the appointment of Kreston Hyder Bhimji & Co., Chartered Accountants as External Auditors of the Company for the year ending June 30, 2020.

Karachi:

October 01, 2019

Dr. Amjad Waheed

Chairman Audit Committee

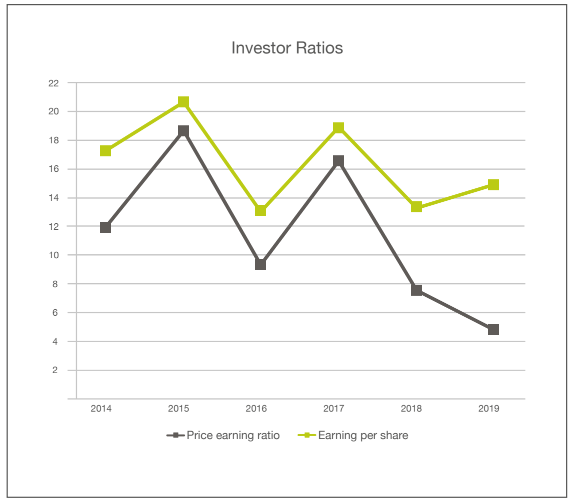
FINANCIAL HIGHLIGHTS

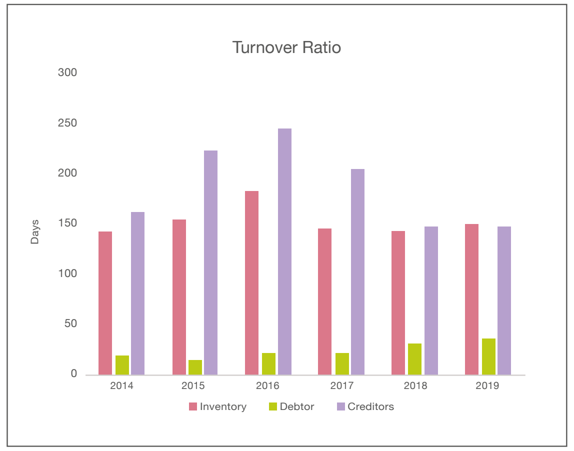
Profit & Loss		2019	2018	2017	2016	2015	2014
Sales	Rs. Million	57,288	45,626	40,066	32,275	33,355	33,013
Gross profit	Rs. Million	11,982	9,576	7,207	7,306	6,094	5,976
Operating profit	Rs. Million	5,482	3,315	1,686	2,245	2,118	2,659
Earnings before interest and tax	Rs. Million	5,482	3,315	1,686	2,245	2,118	2,659
Profit before tax	Rs. Million	4,008	2,328	809	1,335	783	1,496
Profit / (loss) after tax	Rs. Million	3,609	2,075	818	1,141	605	1,235
Cash dividend	Rs. Million	891	891	356	555	343	81
Bonus share	Rs. Million	-	-	-	-	-	457
Balance Sheet							
Property, plant and equipment	Rs. Million	18,994	16,104	15,969	12,050	9,039	8,210
Intangible	Rs. Million	45	24	34	13	11	20
Long term investment, loans, advances and deposits	Rs. Million	492	299	291	236	165	151
Net current assets	Rs. Million	4,843	3,211	2,088	1,394	756	890
Total assets employed	Rs. Million	24,374	19,638	18,382	13,693	9,971	9,271
Represented by:							
Share capital	Rs. Million	3,565	3,565	3,565	2,971	2,285	1,828
Reserves	Rs. Million	11,768	9,056	7,349	5,746	4,884	4,832
Shareholders' equity	Rs. Million	15,333	12,621	10,914	8,717	7,169	6,660
Long term loans	Rs. Million	8,857	6,912	7,146	4,630	2,408	2,239
Deferred liabilities	Rs. Million	158	87	322	345	394	372
Total capital employed	Rs. Million	24,348	19,620	18,382	13,692	9,971	9,271
Cash Flow Statement							
Operating activities	Rs. Million	160	(1,083)	2,071	(2,085)	670	2,090
Investing activities	Rs. Million	(4,899)	(1,956)	(5,275)	(4,159)	(1,783)	(1,833)
Financing activities	Rs. Million	875	100	4,097	2,407	108	217
Cash and cash equivalents at the end of the year	Rs. Million	(18,470)	(14,606)	(11,665)	(12,559)	(8,721)	(7,715)

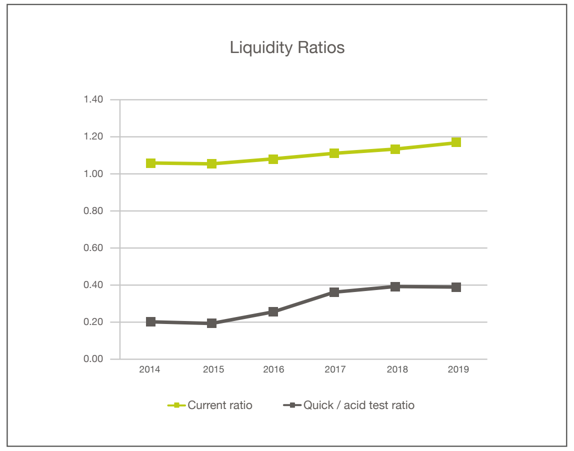
FINANCIAL RATIOS

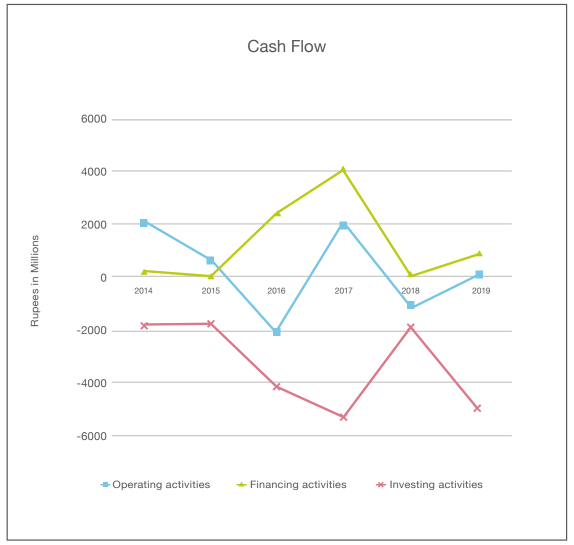
Profitability ratios		2019	2018	2017	2016	2015	2014
Gross profit ratio	%	20.92	20.99	17.99	22.64	18.27	18.10
Operating leverage ratio	Times	0.08	0.08	(1.03)	(1.86)	(19.65)	2.77
EBITDA margin to sales	%	12.99	11.37	8.16	10.44	9.28	10.66
Net profit to sales	%	6.30	4.55	2.04	3.54	1.81	3.74
Return on equity	%	25.82	17.63	8.34	14.37	8.75	20.43
Return on capital employed	%	24.94	17.45	10.52	18.97	22.01	30.91
Liquidity ratios							
Current ratio		1.16	1.14	1.11	1.08	1.05	1.06
Quick / acid test ratio		0.39	0.40	0.37	0.26	0.20	0.20
Cash to current liabilities		0.02	0.02	0.01	0.02	0.01	0.01
Cash flow from operations to sales		0.00	(0.02)	0.05	(0.06)	0.02	0.06
Capital structure ratios							
Financial leverage ratio		1.89	1.85	1.81	2.06	1.67	1.62
Weighted average cost of debt		0.05	0.04	0.04	0.04	0.11	0.09
Debt to equity ratio		0.58	0.55	0.65	0.53	0.34	0.34
Interest cover ratio		3.72	3.36	1.92	2.47	1.59	2.29
Turnover ratios							
Inventory turnover	Days	151	145	146	184	155	145
Inventory turnover ratio		2.42	2.52	2.50	1.99	2.35	2.52
Debtor turnover	Days	40	35	26	24	18	22
Debtor turnover ratio		9.19	10.44	14.04	15.09	20.33	16.76
Creditors turnover	Days	149	148	204	243	223	163
Creditors turnover ratio		2.45	2.46	1.79	1.50	1.64	2.24
Fixed assets turnover ratio		3.02	2.83	2.51	2.68	3.69	4.02
Total assets turnover ratio		1.05	1.05	1.09	1.00	1.34	1.36
Operating cycle	Days	42	32	(31)	(35)	(50)	4
Investor information							
Earnings per share	Rupees	10.12	5.82	2.50	3.92	2.30	5.40
Price earning ratio		4.65	7.38	16.36	9.23	18.53	11.85
Price to book ratio		0.31	0.35	0.40	0.33	0.45	0.48
Dividend yield ratio		0.05	0.06	0.02	0.03	0.03	0.02
Cash dividend per share	Rupees	2.50	2.50	1.00	1.00	1.50	1.50
Bonus shares issued	%	-	-	-	-	-	25
Dividend payout ratio	%	0.25	0.43	0.40	0.26	0.65	0.28
Dividend cover ratio	Times	4.05	2.33	2.50	3.92	1.77	4.50
Break - up value per share *	Rupees	43.01	35.40	33.40	29.93	27.22	29.14
Market value per share							
at the end of the year	Rupees	47.12	42.93	40.98	36.19	49.05	64.01
high during the year.	Rupees	58.4	49.5	61.2	53.2	73.25	72.35
low during the year	Rupees	38.25	32.52	36.00	32.99	44.65	20.50
EBITDA	Rs. Million	7,442	5,186	3,267	3,371	3,094	3,519

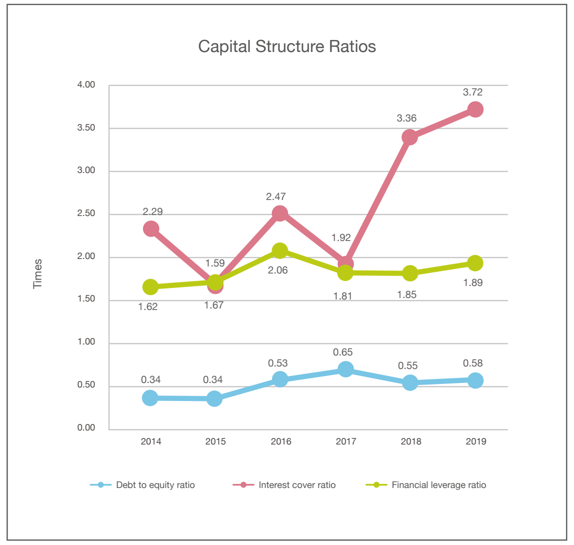
GRAPHICAL ANALYSIS

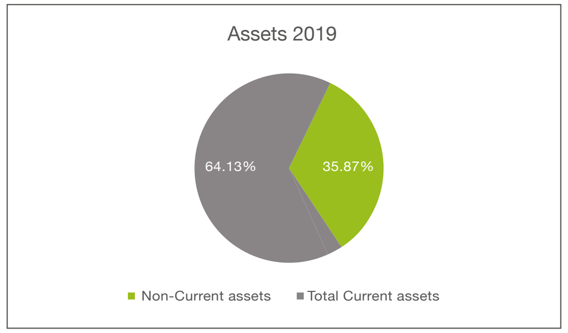


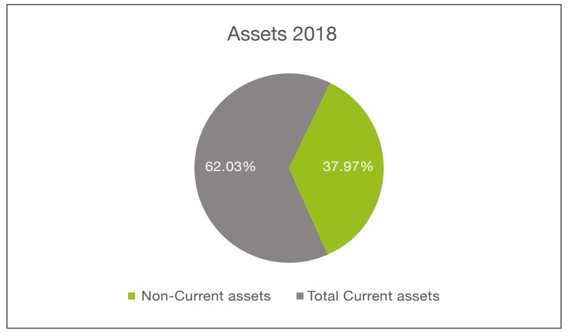


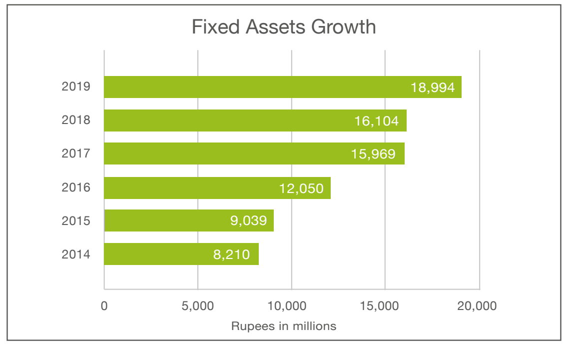


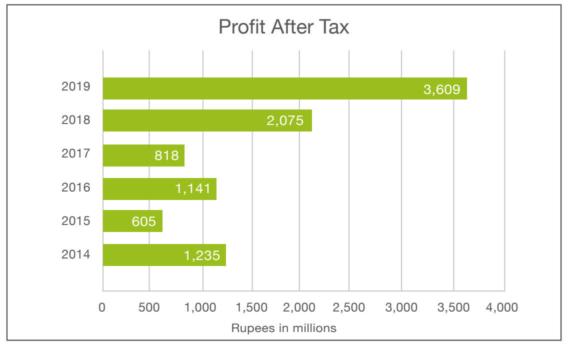


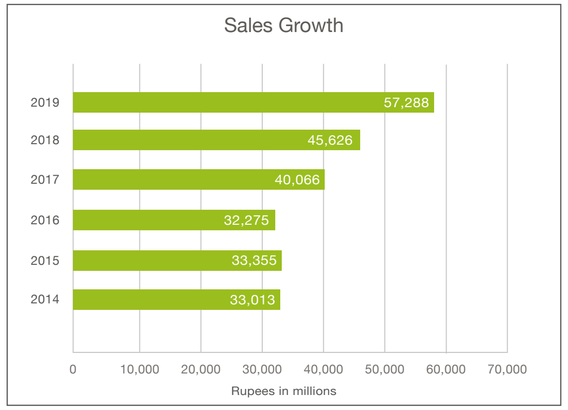


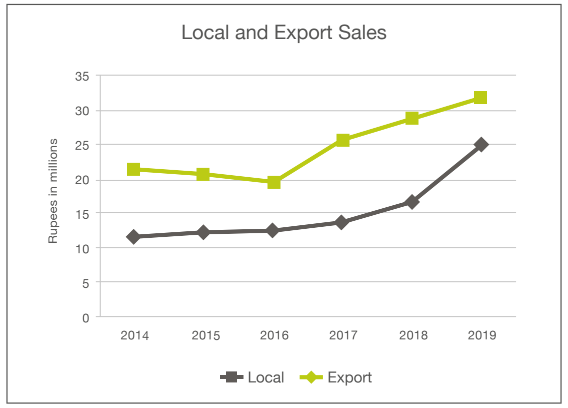


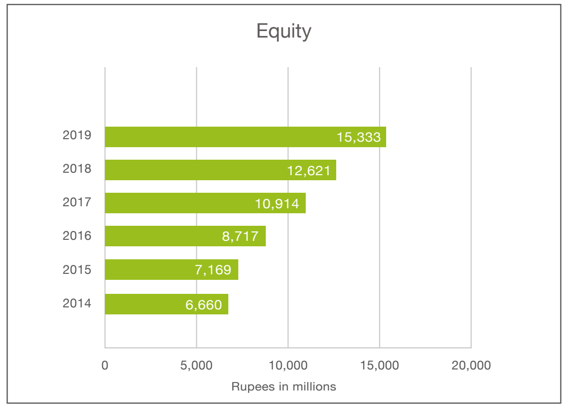


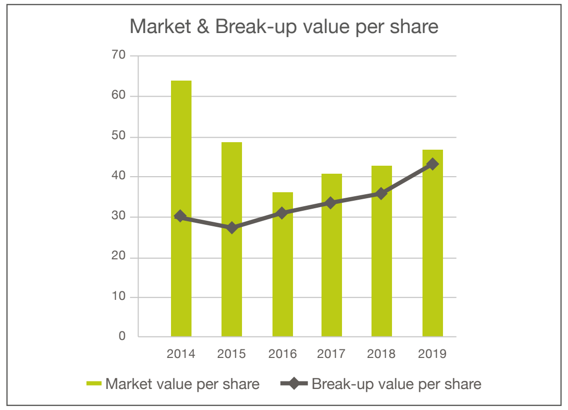






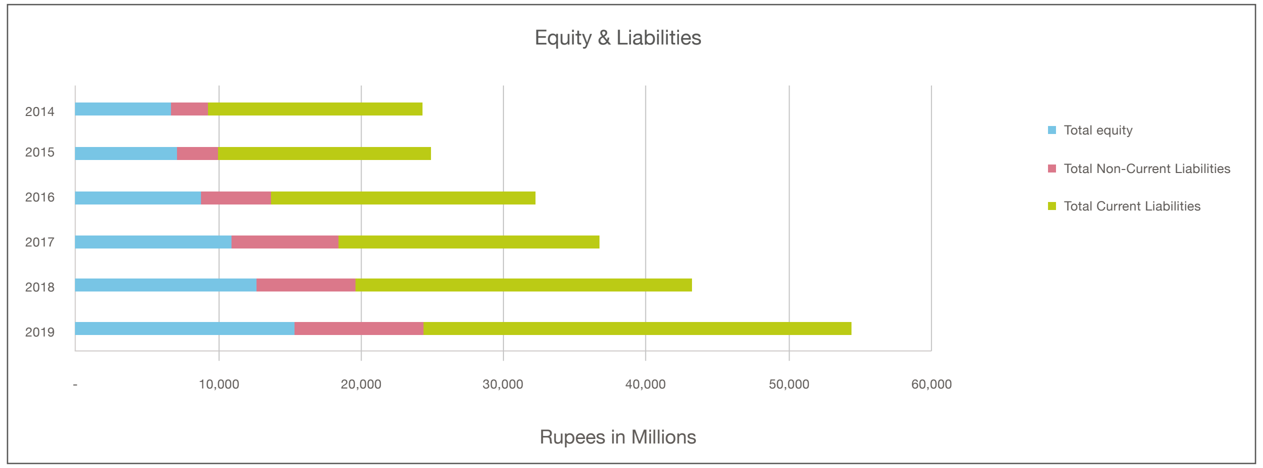




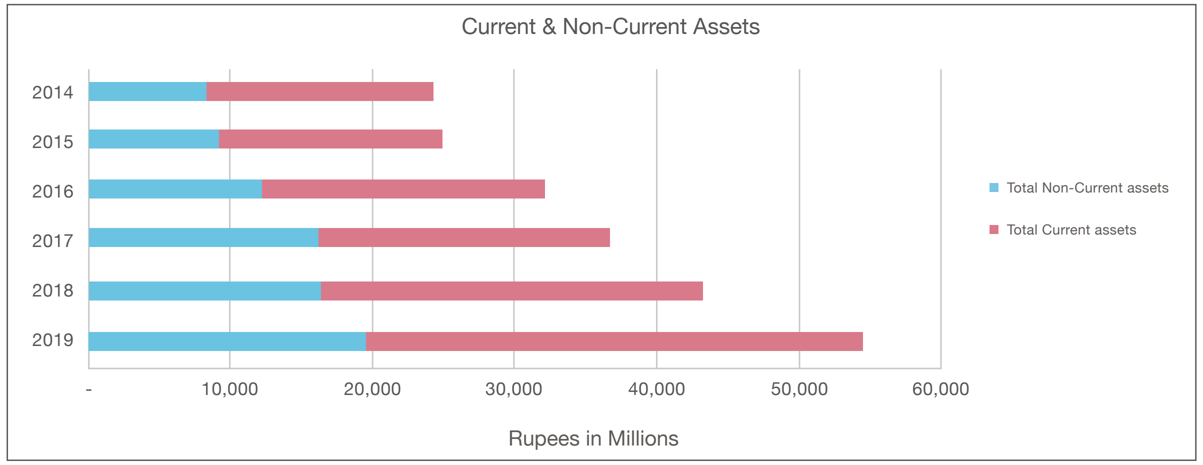


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2019	2018	2017	2016	2015	2014
	Rupees in '000					
Balance Sheet						
Total equity	15,333,213	12,620,727	10,913,917	8,718,239	7,169,472	6,659,902
Total non-current liabilities	9,014,948	6,998,726	7,468,625	4,975,661	2,802,022	2,611,673
Total current liabilities	30,079,708	23,626,519	18,336,130	18,475,363	14,971,853	15,005,632
Total equity and liabilities	**54,427,868**	**43,245,972**	**36,718,672**	**32,169,263**	**24,943,347**	**24,277,207**
Total non-current assets	19,530,496	16,427,027	16,294,109	12,299,727	9,215,047	8,381,303
Total current assets	34,921,711	26,836,418	20,424,563	19,869,536	15,728,300	15,895,904
Total assets	**54,452,207**	**43,263,445**	**36,718,672**	**32,169,263**	**24,943,347**	**24,277,207**
Profit & loss account						
Net sales	57,287,837	45,625,872	40,065,605	32,274,556	33,354,784	33,012,724
Cost of sales	(45,305,673)	(36,049,884)	(32,858,312)	(24,968,291)	(27,260,395)	(27,036,675)
Gross profit	11,982,164	9,575,988	7,207,293	7,306,265	6,094,389	5,976,049
Distribution expenses	(4,648,383)	(3,940,730)	(3,483,858)	(3,242,285)	(2,602,887)	(2,122,659)
Administrative expenses	(2,677,242)	(2,310,347)	(2,304,764)	(1,833,967)	(1,531,584)	(1,313,920)
Other expenses	(311,783)	(208,043)	(58,377)	(137,554)	(185,397)	(116,199)
Other income	1,137,104	198,601	326,055	152,538	343,095	235,555
Operating profit	5,481,860	3,315,469	1,686,349	2,244,997	2,117,616	2,658,826
Financial expenses	(1,473,407)	(987,076)	(877,587)	(910,488)	(1,334,289)	(1,162,850)
Profit before taxation	4,008,453	2,328,393	808,762	1,334,509	783,327	1,495,976
Income tax expense	(399,233)	(253,420)	9,660	(193,079)	(178,384)	(261,179)
Profit for the year	**3,609,220**	**2,074,973**	**818,422**	**1,141,430**	**604,943**	**1,234,797**

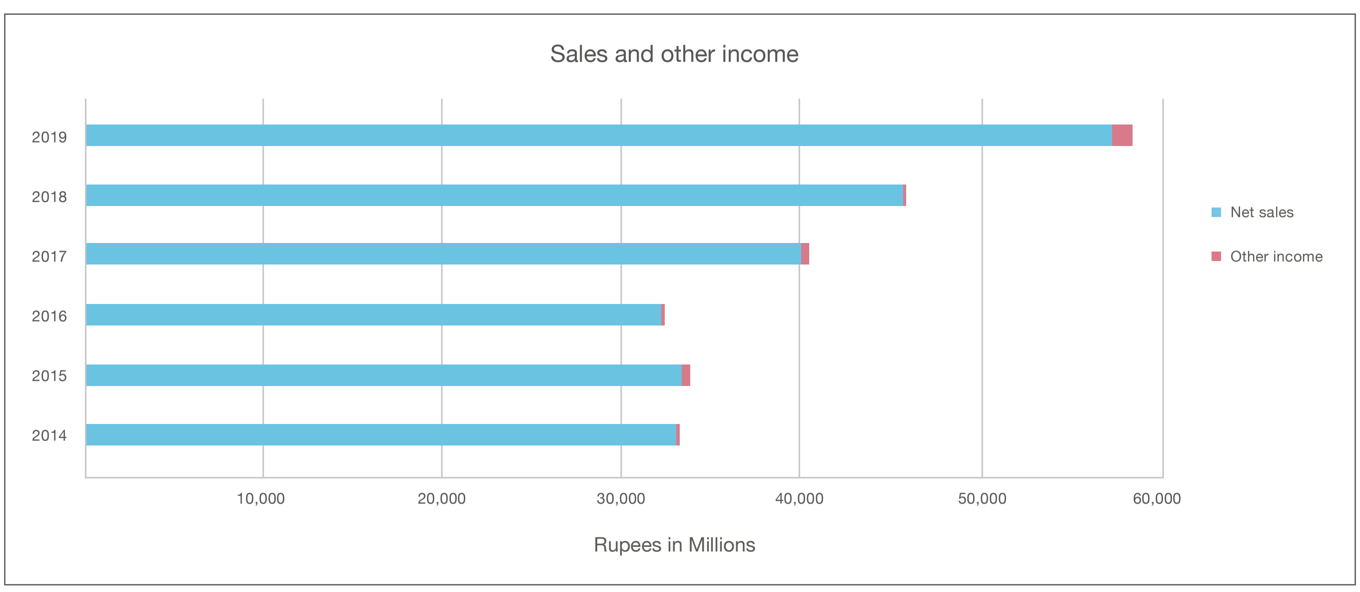


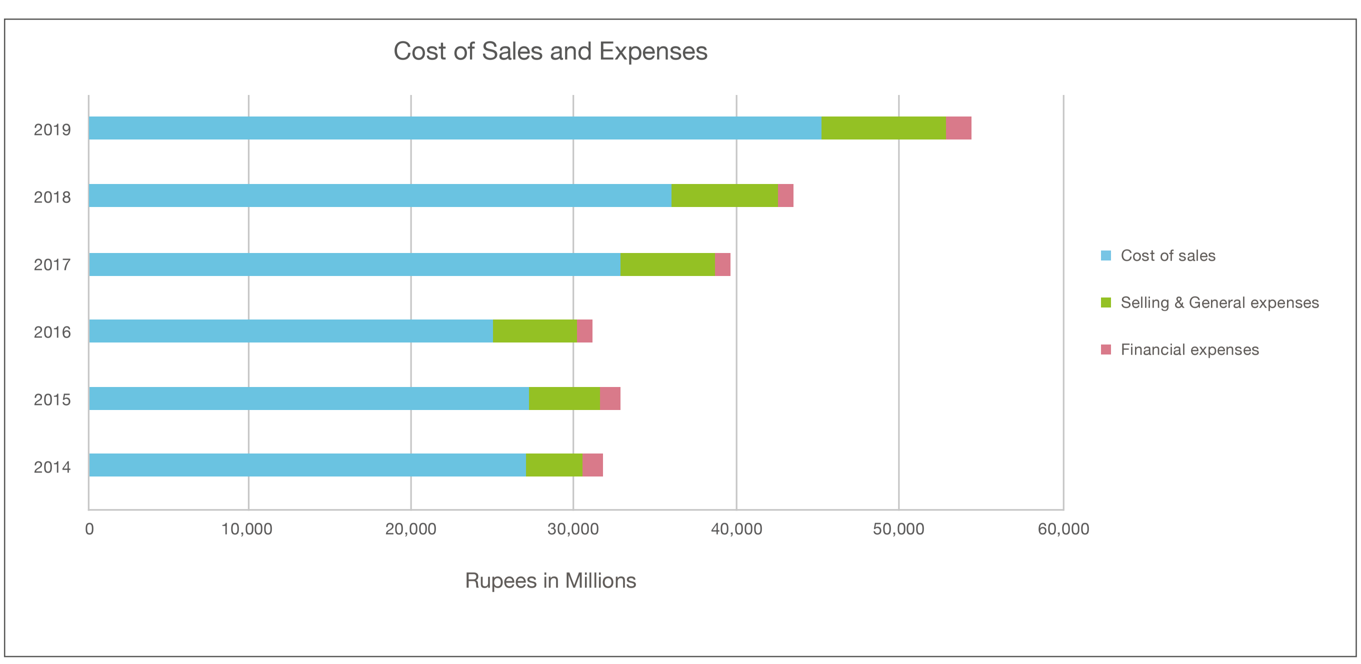
	2019	2018	2017	2016	2015	2014
	Variance %					
Balance Sheet						
Total equity	21.49	15.64	25.18	21.60	7.65	22.68
Total non-current liabilities	28.81	(6.29)	50.10	77.57	7.29	4.27
Total current liabilities	27.31	28.85	(0.75)	23.40	(0.23)	13.20
Total equity and liabilities	**25.86**	**17.78**	**14.14**	**28.97**	**2.74**	**14.57**
Total non-current assets	18.89	0.82	32.48	33.47	9.95	15.33
Total current assets	30.13	31.39	2.79	26.33	(1.05)	14.18
Total assets	**25.86**	**17.82**	**14.14**	**28.97**	**2.74**	**14.57**
Profit & loss account						
Net sales	25.56	13.88	24.14	(3.24)	1.04	9.16
Cost of sales	25.67	9.71	31.60	(8.41)	0.83	6.06
Gross profit	25.13	32.87	(1.35)	19.89	1.98	25.79
Distribution expenses	17.96	13.11	7.45	24.56	22.62	40.58
Administrative expenses	15.88	0.24	25.67	19.74	16.57	20.88
Other expenses	49.86	256.38	(57.56)	(25.81)	59.55	60.59
Other income	472.56	(39.09)	113.75	(55.54)	45.65	510.91
Operating profit	65.34	96.61	(24.88)	6.02	(20.36)	25.41
Financial expenses	49.27	12.48	(3.61)	(31.76)	14.74	(8.34)
Profit before taxation	72.16	187.90	(39.40)	70.36	(47.64)	75.68
Income tax expense	(57.54)	2,723.40	105.00	8.24	(31.70)	85.93
Profit for the year	**73.94**	**153.53**	**(28.30)**	**88.68**	**(51.01)**	**73.66**



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2019		2018		2017		2016		2015		2014	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Balance Sheet												
Total equity	15,333,213	28.17	12,620,727	29.18	10,913,917	29.72	8,718,239	27.10	7,169,472	28.74	6,659,902	27.43
Total non-current liabilities	9,014,948	16.56	6,998,726	16.18	7,468,625	20.34	4,975,661	15.47	2,802,022	11.23	2,611,673	10.76
Total current liabilities	30,079,708	55.27	23,626,519	54.63	18,336,130	49.94	18,475,363	57.43	14,971,853	60.02	15,005,632	61.81
Total equity and liabilities	54,427,868	100.00	43,245,972	100.00	36,718,672	100.00	32,169,263	100.00	24,943,347	100.00	24,277,207	100.00
Total non-current assets	19,530,496	35.87	16,427,027	37.97	16,294,109	44.38	12,299,727	38.23	9,215,047	36.94	8,381,303	34.52
Total current assets	34,921,711	64.13	26,836,418	62.03	20,424,563	55.62	19,869,536	61.77	15,728,300	63.06	15,895,904	65.48
Total assets	54,452,207	100.00	43,263,445	100.00	36,718,672	100.00	32,169,263	100.00	24,943,347	100.00	24,277,207	100.00
Profit & loss account												
Net sales	57,287,837	100.00	45,625,872	100.00	40,065,605	100.00	32,274,556	100.00	33,354,784	100.00	33,012,724	100.00
Cost of sales	(45,305,673)	(79.08)	(36,049,884)	(79.01)	(32,858,312)	(82.01)	(24,968,291)	(77.36)	(27,260,395)	(81.73)	(27,036,675)	(81.90)
Gross profit	11,982,164	20.92	9,575,988	20.99	7,207,293	17.99	7,306,265	22.64	6,094,389	18.27	5,976,049	18.10
Distribution expenses	(4,648,383)	(8.11)	(3,940,730)	(8.64)	(3,483,858)	(8.70)	(3,242,285)	(10.05)	(2,602,887)	(7.80)	(2,122,659)	(6.43)
Administrative expenses	(2,677,242)	(4.67)	(2,310,347)	(5.06)	(2,304,764)	(5.75)	(1,833,967)	(5.68)	(1,531,584)	(4.59)	(1,313,920)	(3.98)
Other expenses	(311,783)	(0.54)	(208,043)	(0.46)	(58,377)	(0.15)	(137,554)	(0.43)	(185,397)	(0.56)	(116,199)	(0.35)
Other income	1,137,104	1.98	198,601	0.44	326,055	0.81	152,538	0.47	343,095	1.03	235,555	0.71
Operating profit	5,481,860	9.57	3,315,469	7.27	1,686,349	4.21	2,244,997	6.96	2,117,616	6.35	2,658,826	8.05
Financial expenses	(1,473,407)	(2.57)	(987,076)	(2.16)	(877,587)	(2.19)	(910,488)	(2.82)	(1,334,289)	(4.00)	(1,162,850)	(3.52)
Profit before taxation	4,008,453	7.00	2,328,393	5.10	808,762	2.02	1,334,509	4.13	783,327	2.35	1,495,976	4.53
Income tax expense	(399,233)	(0.70)	(253,420)	(0.56)	9,660	0.02	(193,079)	(0.60)	(178,384)	(0.53)	(261,179)	(0.79)
Profit for the year	3,609,220	6.30	2,074,973	4.55	818,422	2.04	1,141,430	3.54	604,943	1.81	1,234,797	3.74





COMMENTS ON FINANCIAL ANALYSIS

Equity And Liabilities

- ### Shareholders' Equity

Total equity of the Company has increased by Rs. 2.71 billion as compared to the prior year i.e. 21.49% growth. As at June 30, 2019, total equity was Rs 15.33 billion which indicates a growth of around 30.23% over the last six years. There is more increase in equity in current year due to higher profit of 1.53 billion. The current year's profit after tax is higher by Rs. 1.53 billion enabling the Company to consider higher dividend payout. As at June 30, 2019 the paid-up capital remaining the same at Rs. 3.56 billion, the reserves have gone by Rs. 2.71 billion to Rs. 11.77 billion. The total equity is now more than 2 folds over the last six years.

- ### Non-current Liabilities

Company obtained further long-term financing of Rs. 1.76 billion under the State Bank of Pakistan's concessionary financing for textile exporters, due to the management's strategic decision to take maximum advantage of historically low markup rates which would remain locked over the term of loan as well as overvalued PKR. However, the total long-term borrowings have decreased by 13.57% i.e. Rs. 1.36 billion, due to repayments during the year and start of repayment of more loans from ensuing year. Deferred liabilities which include deferred taxation and staff retirement benefits have increased by around 82% as compared to the last year. However, there was no material change in the same during prior five years.

- ### Current Liabilities

Current liabilities have gone up by Rs. 6.46 billion i.e., 27.32 % as compared to 2018 and are at highest level during the last six years. The increase is mainly attributable to short term borrowings, following by increase in trade creditors and current maturity of long term borrowings. The increase in commercial borrowings has been caused due to opportunity buying of inventory as well as enhanced operations level in spinning. However, the same has been reflected in increased volume of inventory and trade debtors and total current assets have also increased. There has been an increase of about Rs. 15.07 billion in current liabilities over the last six years due to reasons mentioned above.

Assets

- ### Non-current Assets

Non-current assets of the Company including property, plant and equipment, intangible assets and long-term investments reflected a marginal increase as compared to the prior year. Additions during the year were of Rs. 5.28 billion as against Rs. 3.33 billion during 2018, however, there were lessor disposals but higher deprecation charge during 2019 as compared to 2018. As mentioned above, the investment in property, plant and equipment was due to the management's decision to take advantage of currently prevailing interest rates, PKR valuation and availability of most efficient version of machineries. Over the last six years, non-current assets have grown by more than 2.3 times which indicates steady growth in the operational capability of the Company and results are evidence of the same.

- ### Current Assets

Current assets include trade debts, stock in trade, short term prepayments, cash and bank balances and loans and advances. These have increased by around 8.08 billion mainly due to increase in levels of inventory and trade debtors for the reason mentioned above. Refunds from Govt. has decreased by Rs. 0.34 billion. The current assets as on June 30th are highest in last six years and management has target to decrease the same in the ensuing year. The reduction in current assets would also result in reduction in the current level of current liabilities.

Profit and Loss

- ### Revenue and Cost of Sales

Export sales have gone down by Rs. 4.07 billion including due to change in PKR/Dollar parity and for management decision of not entertaining customers who are not contributing in bottom line. The local sales have increased by Rs. 8.66 billion as compared to last year due to increase in local yarn sales as well as increase in retail sales volume. Over the last six years, sales have increased by around 74% i.e. by Rs. 24.3 billion. Besides exports, the Company is also focusing on the local market through its chain of retail stores and sale of yarn in local market based on opportunity and better prices. Having more strong foot prints now due to its brand image, start of western wears & kids and focus on customer ease and satisfaction by having robust quality management systems, the Company is expanding in target markets across the country.

- ### Gross Profit

Though increase in sales in the current year is by around 25.56%, gross profit margin has maintained at 21%. Gross profit has not improved in terms of % mainly due to raw material procurements at right time, more investment in inventories which given rise to financial cost to avoid risk of change of PKR parity to US$, higher depreciation on new machinery etc. The gross profit rate was maintained inspite of immense competition and no reciprocal increase in prices by customers. The increase may have been higher, but for the challenges mentioned. Cost of sales as a percentage of sales was 79% during the year as well as in the last year which had been lower if the other factors were also favorable.

- ### Profit Before Tax

Profit before tax of the company which was grown in current year was higher by Rs. 1.68 billion i.e., increased to 7.0% of sales from 5.1% of sales in last year. The net profit before tax is highest in last six years as well as the profit after tax. The improvement is a result of increase in Gross Profit margin as well as effective control in selling & distribution, administration and financial costs. Though these costs are higher or substantially the same as in prior year but are lower when analyzed as percentage of sales. Increase in selling and distribution cost is attributable to increase in sales whereas increase in finance cost has been caused by due to higher level of borrowings. The attempt to control these costs had somewhat absorbed the inflationary impact on these costs.

Cash Flows

- Cash and cash equivalents as at June 30, 2019 were Rs. (18.47) billion as compared to Rs. (14.6) billion as at June 30, 2018. During the year under review, more amount was invested in inventory, debtors and blocked in refunds from government. CAPEX for which State Bank of Pakistan's concessionary financing was not available were also financed from internal generation which further enhanced the working capital requirement. Amount invested in inventories is due to strategic opportunity purchases which has benefited the company in current year and will also benefit in the ensuing year. Additional investment in debtors was due to enhanced yarn sales in local market as well as not discounting the exports bills in anticipation PKR devaluation.

Ratio Analysis

- ### Profitability Ratios

CAPEX investment in prior years, in time investment in inventories, enhanced operational efficiencies had helped maintaining the Gross Profit ratio at 21.0%. The increase in Gross Profit volume was inspite of increase in raw material prices, no compensatory increase in selling prices and general inflation. The increase in gross profit and effective control over selling & destruction and administrative costs, the net profit to sales ratio also increased to 7.0% from 5.1% compared to last year. Administrative costs were very effective controlled and there is marginal change from last year inspite of increase in operational level and inflation. Whereas increase in selling & distribution cost is due to enhanced sales volume and change in PKR/US$ parity. Return on capital employed increased impressively from 17.45% to 24.94% due to increase in earnings. The increased profitability also helped in improving return on equity from 17.63% to 25.82%.

- **Liquidity Ratios**

  Efficient fund management has helped in steady growth in the current ratio year by year as well as acid test ratio. On the contrary, cash flow from operations has reflected an increase in working capital requirement mainly due to further money tied up in trade debtors and inventories for the reasons cited in above paragraphs.

- **Turnover Ratios**

  Both Inventory turnover ratio debtors' turnover have decreased due to opportunity buying and carried over stock and higher yarn sales volume in local market with higher credit period and strategic non- discounting of export bills. The inventory turnover is more or less at par the last six years whereas debtors' turnover days had increased. Creditors' turnover ratio has increased as the Company had negotiated better credit terms from suppliers rather than relying on short term borrowings.

  Fixed asset turnover ratio has improved in the current year, as the net value of property, plants and equipment were higher at the end of the year due to additional CAPEX.

- **Investment/Market Ratios**

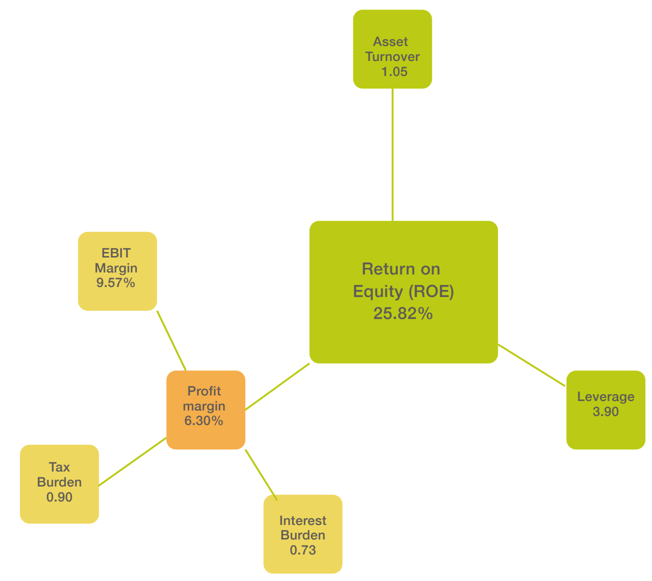
  Earnings per share had increased to Rs. 10.12 from Rs. 5.82 in the current year due to higher profitability. Price earnings ratio decreased to 4.65 times from 7.38 times which is a combined result of higher earnings per share and improvement in market price of the shares. Market price was Rs. 47.12 at the end of FY 2019 as compared to Rs. 42.93 at the end of last financial year.

- **Capital Structure Ratios**

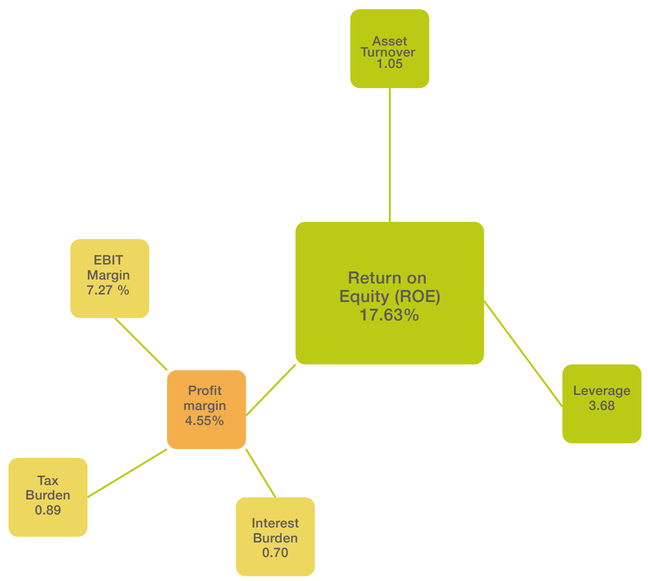
  Fresh long-term loans obtained during the year to undertake BMR as well as new projects with consideration to take advantage of the low markup rates have enhanced the total long-term borrowing levels by Rs. 1.76 billion to Rs. 10.04 billion despite the repayments during the year However, the high volume of borrowings has enhanced the debt portion and debt to equity ratio was 58:42 as compared to 55.45 at the end of last year. Resultantly, the financial leverage ratio had also decreased to 1.89 times as compared to 1.85 times last year despite considerable increase in equity. Though the level of debt was high but increased profitability helped in increase in interest coverage ratio had increased to 3.72 from 3.36 last year.

DUPONT ANALYSIS

Dupont Analysis 2019



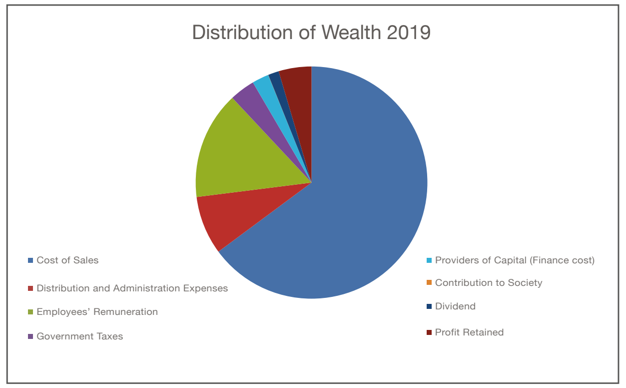
Dupont Analysis 2018

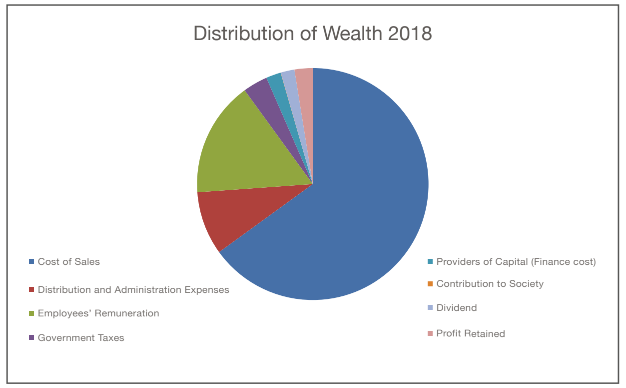


	2019	2018	2017	2016	2015	2014
Return on Equity (ROE)	25.82%	17.63%	8.34%	14.37%	8.75%	20.43%
Asset Turnover	1.05	1.05	1.09	1.00	1.34	1.36
Leverage	3.90	3.68	3.74	4.05	3.61	4.02
Net Profit Margin	6.30%	4.55%	2.04%	3.54%	1.81%	3.74%
Interest Burden	0.73	0.70	0.48	0.59	0.37	0.56
Tax Burden	0.90	0.89	1.01	0.86	0.77	0.83
EBIT Margin	9.57%	7.27%	4.21%	6.96%	6.35%	8.05%

OUR VALUE ADDITION AND ITS DISTRIBUTION

	2019		2018	
	Rs. '000s	%	Rs. '000s	%
Value addition				
Net sales including Sales tax	58,216,159	98.08	46,350,432	99.57
Other operating income	1,137,104	1.92	198,601	0.43
	59,353,263	100.00	46,549,033	100.00
Value distribution				
Cost of sales (excluding employees' remuneration, duties and taxes)	38,454,886	82.61	30,314,481	65.12
Distribution and administration expenses (Excluding employees' remuneration and taxes)	4,837,593	10.39	4,120,191	8.85
Employees' remuneration	8,895,858	19.11	7,503,418	16.12
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, Sales Tax etc.)	2,094,791	4.50	1,556,911	3.34
Providers of capital (Finance cost)	1,389,115	2.98	965,474	2.07
Dividend	891,239	1.91	891,239	1.91
Contribution to society - Donations	10,500	0.02	13,585	0.03
(Accumulated Loss) / Profit retained	2,717,981	5.84	1,183,734	2.54
	59,291,963	127.38	46,549,033	100.00





QUARTERLY ANALYSIS

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total		
	2019	2018	Change	2019	2018	Change	2019	2018	Change	2019	2018	Change	2019	2018	Change
	Rupees in millions														
Sales	11,934	9,238	29%	14,815	11,687	27%	13,774	11,530	19%	16,765	13,171	27%	57,288	45,626	26%
GP	2,692	1,783	51%	3,615	2,322	56%	3,169	2,552	24%	2,506	2,919	-14%	11,982	9,576	25%
EBITDA	1,460	862	69%	2,650	1,245	113%	2,655	929	186%	677	2,149	-69%	7,442	5,185	44%
PAT	651	126	417%	1,401	492	185%	645	634	2%	912	823	11%	3,609	2,075	74%
	Rupees per share														
EPS	1.83	0.29	531%	3.93	1.44	173%	1.81	1.79	1%	2.55	2.3	11%	10.12	5.82	74%

First Quarter ended September 30, 2018

Though sales compared to corresponding quarter was higher by Rs. 2.696 billion i.e. 29% however, the gross profit improved by 51% due to operational efficiencies, cost containment and Rupee/Dollar Parity, lower fixed cost etc. Profit after tax has increased by Rs. 0.525 billion i.e. 417% due to improvement in gross margin and effective control of operating costs which is historical. The new machinery replacing the old ones in spinning segment was also a contributing factor both in gross margin and operating profit. Such a high profit after tax has been witnessed in first quarter first time in last decade.

Second Quarter ended December 31, 2018

Upward trend was continued in the second quarter as well and sales also grown by 27% as compared to corresponding period of last year. Gross profit also witnessed increase more than the sales growth and was 56% due to continued measure to improve operational efficiencies, cost containment as well as PKR/US$ parity.

Though overall exports were more or less similar as in the corresponding period last year, but the new machinery in spinning as well as in processing/printing helped to add to topline and being efficient machineries in terms of running cost also improved the bottom line.

Third Quarter ended March 31, 2019

Sales were continued to be higher by same 19% percent even in the third quarter and were Rs. 13.78 billion as compared to Rs. 11.53 billion in the corresponding period of last year. Though sales were higher as compared to the corresponding quarter of last year, the same was marginally lower than the second quarter of the current year. The gross profit was also lower by 3.23% compared to the second quarter but were higher by 24% if compared with same period of last years, because of continued and additional stringent cost control measures implemented by the management. The net profit after tax was marginally higher by Rs. 0.011 billion as compared to corresponding year.

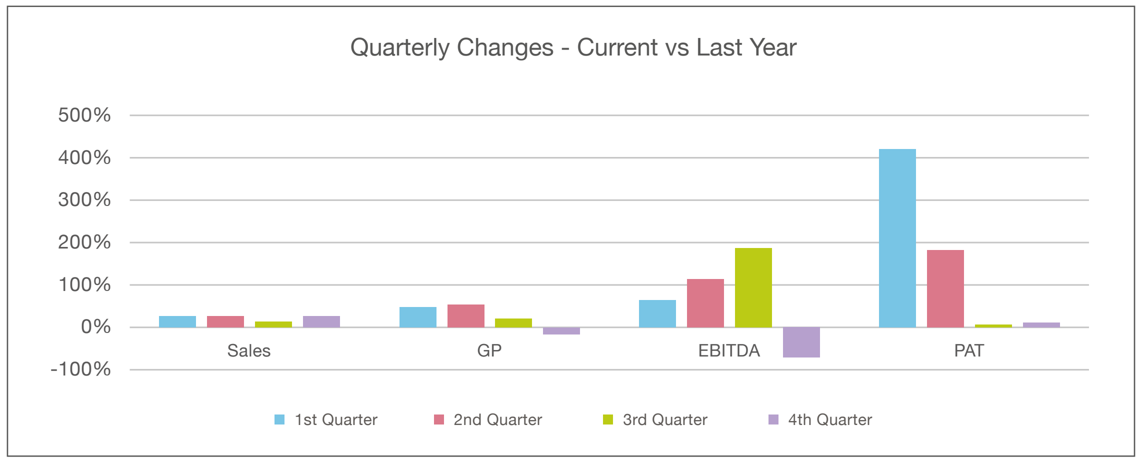
Fourth Quarter ended June 30, 2019

Sales were higher by Rs. 3.59 billion i.e., by around 27% as compared with fourth quarter of last year and were also higher as compared to all previous three quarters of the current year. However, the gross profit was not maintained at same level in previous three quarters due to higher input costs. Gross profit as compared to the fourth quarter of last year was also 14% lower for reasons cited above.

Profit after tax in the fourth quarter was higher compared to first and third quarter whereas lower compared to second quarter. Profit after tax was also higher when compared with corresponding quarter of last year. EBITDA was higher in third quarter as compared with last years' corresponding quarters.

Sales were higher by 26% YoY and were reciprocated by increase in gross profit by 25% and profit after tax by 74% for the reasons cited above. Sales, Gross Profit and Profit After Tax were higher in the quarters when compared with corresponding quarters of last year. EBITDA was lower in fourth quarter when compared with last year's corresponding quarter and on YoY it was higher by 44%.

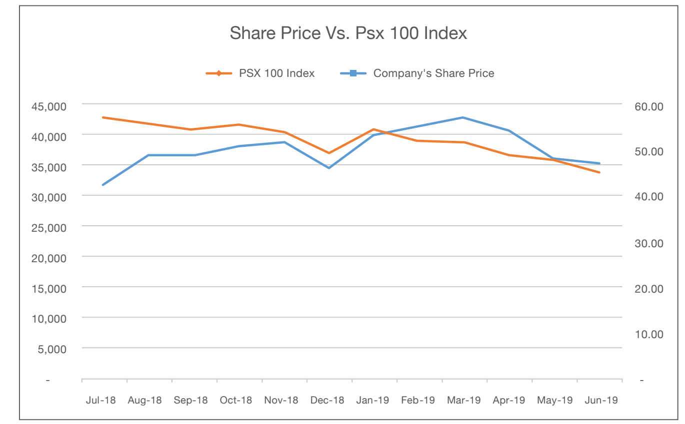
A graphic view of changes in current quarter compared with corresponding quarter of last year is as under:



SHARE PRICE SENSITIVITY ANALYSIS

The Company is exposed to several external factors, beyond management's control which can affect performance and profitability and therefore affects the share prices. The share price in comparison to PSX 100 Index at each month end during the year under review were as under:

Month	Company's Share Price	PSX 100 Index
Jul-18	42.42	42,712
Aug-18	48.66	41,742
Sept-18	48.89	40,998
Oct-18	50.78	41,649
Nov-18	51.56	40,496
Dec-18	46.17	37,066
Jan-19	53.24	40,799
Feb-19	54.92	39,054
Mar-19	56.97	38,649
Apr-19	54.21	36,784
May-19	48.12	35,974
Jun-19	47.12	33,901



Sensitivity analysis is performed on regular basis to minimize the risk of these external factors. This involves analyzing trends, yearly results and testing the effect of various critical and non-critical variables on the overall profitability of the Company. Following external factors affects share price of the Company:

1. Any shortage/excess of Cotton in the market (local and international), may distort the profitability as at times the Company has to resort to buying on higher prices to meet demand.
2. Exchange Rate fluctuations affect the export sales of the Company in PKR and where the same does not float free it makes the Company uncompetitive with the regional competitors.
3. Interest Rate fluctuations affect the finance cost of the Company and also affect the decisions of the management to expand its operations/modernize its production facilities due to borrowing cost. The anticipated increase would affect the profitability and hence may be the prices of shares.
4. Pronouncements by Government of Pakistan relating to rebates, taxes, duties, refinance rates, etc. are all price sensitive. These affect the performance of the Company and major decisions of the management.
5. Pronouncements by foreign governments such as award of 'GSP Plus Status' to Pakistan from European Union which may boost the export revenue of the textile industry. Other pronouncements from competing countries like subsidies to the industry in energy prices, lower tax or duties rates will affect the competitiveness of the industry in Pakistan if such facilities are not provided to the industry in Pakistan by the Government.
6. Economic growth in the countries where the products are exported.

STAKEHOLDER ENGAGEMENT AND INVESTOR RELATIONS

Stakeholder Engagement

Good stakeholder relationships are important to the core business of the Company which is necessary for the Company's sustainable development agenda. The management believes that organizations grow only if they take into consideration the environment in which they operate and endeavor to meet the needs of the stakeholders affected by it.

Employees

The Company realizing the fact that employees need to 'know' that they are valuable resources, and therefore maintains a pleasant environment for its employees and regards their feedback as essential for success and growth at each performance level. This creates motivation amongst employees and provides new and innovative ideas to the Company.

The Company maintains effective communication between the management and the staff. To secure maximum cooperation of the employees and to motivate them to give their best, it is ensured that they feel fairly treated and understand the overall mission, objectives and values of the Company.

As a good employer, the Company emphasizes staff welfare and recreational facilities in order to maintain staff morale and enhance their participation. The Company contributes to Workers Profit Participation Fund, Workers Welfare Fund, retirement plans (Provident Fund and Gratuity), Health Insurance, Employees Old Age Benefits Institution and Social Security Institution.

Employee relationship is designed to secure staff commitment, to resolve any disputes and address grievances. The Company has provided platform to employees to raise their concerns, complaints and grievances.

Customers

It was well said by the American author Michael LeBoeuf; "A satisfied customer is the best business strategy of all". We also maintain a good relationship with our customers by providing quality products and making deliveries on time. We also provide specialized services to our customers as per their requirements.

To further strengthen our relationship, the Company organizes and attends various events and exhibitions, providing our customers with opportunities to interact, and obtains their feedback to understand their needs and requirements.

Suppliers and Partners

The quality of products which goes into what we manufacture has a direct impact on the quality of our products that go to the market bearing our brand. The Company develops two-way, mutually beneficial relationships with strategic suppliers and partners.

This enables each business to develop shared goals, visions and strategies. Trade buyers and sellers can effectively collaborate to deliver the best value to end customers which is beneficial to each partner.

The Company complies with all legal requirements and operates ethically, and accordingly deals with suppliers and partners having similar standards.

Government Authorities

Management regularly coordinates with Government authorities on different trade and commerce related issues. The Company carries out its business in compliance with all laws and regulations enacted in the country. As a responsible corporate citizen, the Company pays all duties and taxes in time

General Public and Local Community

The Company is continuously contributing towards the betterment of the local community. While setting up a new mill or production facility we always plan to operate with hazard free-procedures both for the human resource of the Company as well as the local community or general public surrounding the premises. We deploy extra amount of resources to keep the environment green and conducive to the community.

The Company has taken numerous initiatives for the local community which includes employment opportunities, installation of waste water treatment plant to preserve the nature, establishment of Police and Rangers check posts to secure the surrounding communities, etc.

Investor Relations

Shareholders

Safeguarding the interest and adding value for our shareholders are among our key objectives. Shareholders meetings along with timely and accurate reporting to our shareholders are the effective modes of engagements with our shareholders. In addition to this, we promptly attend to shareholders' inquiries and appreciate their feedback.

The Company recognizes the value of transparent and open communications with all its stakeholders in line with regulatory considerations and ensuring maintenance of corporate confidentiality. Therefore consistent, coherent and clear communications help to establish sound reputation of the Company and its management. Accordingly, the Company aims to promote dialogue with investors, analysts and other stakeholders.

Annual General Meeting

The Company convenes Annual General Meeting (AGM) in accordance with the Companies Act, 2017. AGM provides a good platform to engage with the shareholders and listen to their views and suggestions.

Financial Reporting

The Company, being a listed Company, publishes and circulates its periodic financial statements (annual, half-yearly and quarterly) to the shareholders and stock exchange and also makes it available on the Company's website for easy access for the shareholders and potential investors.

Stock Exchange Notifications

In compliance with the listing regulations of the stock exchange, the Company notifies information to the stock exchange from time to time. This helps the shareholders remain connected with the Company. The notifications mainly include Financial Results, Board of Directors meetings, shareholders meetings, etc.

Media

The Company disseminates information through print, electronic, social and other web media.

Website

The Company is maintaining its corporate website providing complete information including corporate details. The website, with its user-friendly interface, allows access to its corporate details, career portal as well as financial and sustainability reports. This can be accessed with the link www.gulahmed.com.

SWOT ANALYSIS

STRENGTHS

- Strong Image and Branding
- Pioneer in apparel fabrics both for ladies and gents
- In-depth relationship with international customers
- Competent, well experienced and loyal staff and workers
- Global presence – wholly owned setups in the UAE, Europe and the USA to market the products
- Edge in technology – state of the art plant and machinery
- In house power generation
- Composite mill from cotton to made-ups
- Cordial relationship with the work force
- Strong raw material base as Pakistan is the fourth largest producer of cotton
- Coherent quality control measures at the manufacturing facilities
- Being socially responsible and for sustainable environment, Gul Ahmed has a mission of becoming a green company
- Extensive retail network consists of 108, well designed, and well equipped retail outlets
- Reputation of being a quality apparel manufacturer in local and international market
- Well designed and proper waste management system consists of effluent water treatment plant and steam recovery process

Weaknesses

- Export dependent primarily on few major customers
- Highly labor intensive industry
- Labor productivity is very low
- Higher Utility requirement
- Current High Debt Leverage
- Multiple Locations

OPPORTUNITIES

- Growing retail market including expansion of ladies and gents apparel
- Adding more products and range in stores specially men and stitched garments
- Having existence in thickly populated middle class areas and in rural areas with selected range of products
- Growth in exports by adding more range in Apparel
- Less explored USA, Canada, Australia and Middle Eastern markets
- Expanding online sales
- Kid's apparel market has potential to be explored

THREATS

- Internal and external security situation
- Fear of some extreme action by dominating nations
- Deteriorating economic conditions in the Country compounded by increasing debt burden, widening current account deficit and circular debt
- Irrational taxation policies
- Parallel small competitors not covered in tax net
- Continuous energy shortage affecting production and its cost
- Worsening of economic conditions in Europe
- Large number of competitors including informal setups, especially in the ladies fabric business and retail chains
- Key employees lured by competitors
- Shortage of raw material (cotton) due to natural disasters like heavy rains, floods, etc. as well as prior year bad experience of prices due to bad crop
- Worldwide surplus production capacity resulting in heavy price wars
- Exchange Rate Parity

ENVIRONMENTAL OVERVIEW (PESTEL)

Political Factors

- Political situation in the country could not be stabilized and is still impulsive as anti-government movements are very active.
- Law and order conditions though improved, however, there are concerns about the situation in two of the provinces and on the borders with India and Afghanistan.
- Practices like red tapism, corruption and tardy systems and procedures are big hurdles in efficient operations of the businesses

Economic Factors

- Stable discount rates have favorable impact on the financial cost.
- No volatility in oil prices
- Unfavorable PKR/USD parity has resulted in loss of export competitiveness
- Existence of facilities to exporters like Export Refinance Facility and Long Term Financing Facilities
- Reduction in policy rate consequently leads to eased up public borrowing.
- Business shrinkages/shutdowns due to energy crisis especially in spinning.
- Delayed payments of tax refunds from the government
- 25th largest country in the world in terms of purchasing power parity.

Social Factors

- Highly fashion oriented customers require introduction of large variety of new and trendy products and we meet this challenge with team of experts who not only understand fashion but also trends, and monitor them effectively.
- Rapid changes in fashion trends and consumer preferences make the market highly competitive.
- The customers are very particular towards their safety and avoiding health hazard while using products and therefore require proper compliance with regards to consumer protection measures.
- Growth in population is out spacing the annual growth, resulting in unfavorable impact on the economy
- Customer loyalty is getting stronger day by day, hence, businesses have to make more efforts to maintain it.

Technological Factors

- It is one of our priorities to stay up to date on technological advancements in today's era. We are continuously monitoring technological front in production and are adopting modern practices. Currently, we are substantially using the latest, state of the art production facilities.
- Gul Ahmed is enduring itself towards the integrated systems for management and storage of data and recently acquired Cloud for this purpose.
- Social media provides interactive engagement with consumers along with real time results in order to stay connected with the customers and their needs.
- Online marketing is another important medium to interact with customers globally.
- Gul Ahmed is making the best of efforts to benefit from the increasing trends of online shopping, locally and internationally.

Environmental Factors

- Climatic factors such as heavy rains, floods and other changes make it necessary for businesses to plan ahead and be prepared for contingencies, especially considering the poor infrastructure and its non-maintenance.
- Environmental control requirements need extra investment in the manufacturing facilities, the cost of which results in compromise on the bottom line.

Legal Factors

- Increasing indirect taxes, cess, duties and charges specially Gas Infrastructure Development Cess and non-eligibility of sales tax paid on Packing Material for adjustment as input tax.
- Trade and textile policies, as accounted by the Government, are not fully implemented or promised benefit/compensation is not made available on timely basis

RISK MANAGEMENT

The rapidly changing and increasingly complex global economy has created an expanding array of risks to be managed if the viability and success of the Company is to be ensured. Organizations face the task of managing their risk exposures while remaining profitable and competitive and in this context managing risks is not a new challenge. The challenges and demands of contemporary markets, customers, regulatory authorities, employees and shareholders present organizations with an interesting paradox: It is the intelligent assumption of risk, not its avoidance that creates value in a Company. Risk management is no longer discretionary but essential for managing in today's increasingly complex and fast moving world. It takes commitment from the top, a sound methodology and discipline in its application to obtain the maximum benefit. We at Gul Ahmed:

- Identify
- Avoid
- Retain
- Handle
- Reduce
- Transfer

the risks and have identified following risks and also how to mitigate those:

Risk Identified				
Strategic Risks	**Commercial Risks**	**Operational Risks**	**Financial Risks**	**Compliance Risks**
• High Competition • Technological Advancement • Demographic Changes • Changes in industry and market	• Shortage of Raw Material • Reduction in market demand • Dependence on few customers • Shifting of customers to our competitors both in country and in region • Asking for more favorable credit terms and unsecured credit	• Production break down • HSE Risk • Turnover of skilled staff • Risk not being identified by our team whenever changing processes or acquiring technology or merging or dividing facilities	• Foreign Currency Risk • Liquidity Risk • Interest Risk • Credit Risk	• Non Compliance of Applicable Laws • Non Compliance of Policies • Non Compliance of Product Standards

Risk Mitigation Activities				
Strategic Risks	**Commercial Risks**	**Operational Risks**	**Financial Risks**	**Compliance Risks**
• Compete through improved quality of product • Upgrade manufacturing facilities • Continuously assess product demand by consumer surveys, attending exhibitions and fashion shows	• Entering into running and long term contracts with suppliers and improved and extended storage facilities • Product research and development • Focus on innovation • Expanding customer base by exploring new export markets and through investment in retail and whole sale business • Continuous credit evaluation both internally and by engaging credit managers and obtaining insurance covers wherever found prudent	• Well trained maintenance and operational staff • Standby and backup facilities • Continuous training, workshops on HSE matters and HSE Audit • Market based remuneration package, clear career path sharing and continuous mentoring for career development to retain skilled staff. • Succession planning • Engaging consultants prior to execution to identify any risk and suggesting solution and also yearly insurance audit	• Using various financial instruments such as Forward Contracts, Bill discounting etc. • Committed Credit Facilities • Sales on credit after customer due diligence • Prepayment and rollover options	• Audit Committee and internal audit department to review adequacy and effectiveness of controls over compliance and Financial Reporting • Regular social audits • Effective checks over product quality controls

HUMAN RESOURCE

Companies and brands are established by employees and their success is entirely dependent on their efforts and hard work. Our employees uphold the Company's good will and brand. We attract, develop and retain talented people who possess all the attributes necessary to propel the Company forward - helping it to achieve its current and future objectives.

Succession Planning

The Company has in place a formal succession plan which includes performance evaluation and appropriate training requirements for development of potential future leaders and promotion

Competent personnel are placed in each department through a comprehensive Succession Planning Policy, implemented in terms of an individual's potential, qualification, period of service and professional attitude amongst other criteria.

Employee Benefits

The company believes in fair treatment for all employees. Therefore, it compensates its employees according to the industry standards in the form of benefits which include annual leaves, pick and drop, health insurance, group insurance, messing, safe and healthy working environment and others besides, contribution to Employees Old Age Benefit, Social Security, Workers Profit Participation and Worker's Welfare funds etc.

Training and Development

Training lays significant importance as far as the performance of employees is concerned. Therefore, the company ensures that the employees get timely and efficient training so as to perform effectively.

To do so, the company offers training modules pertaining to; ethical and HSE related practices and enhancing operational, management and technological skills.

Managing Employee Grievances

The company follows an open door policy which help employees to raise their concerns with supervisors, senior management, human resources department or use the help desk software without any fear of judgment or criticism. The matters raised are then dealt by professionals and trained staff to resolve fairly with prudent justifications.

Employee Privacy

The company believes in honesty and trust in terms of maintaining employee privacy.

Personal information about employees is gathered only when it is important to do honest and good business. Access to such information is constrained to the individuals who have legitimate business needs.

Harassment Policy

The diverse workforce of the company performs to its fullest due to harassment free work environment. The zero tolerance policy against harassment is mentioned in the Code of Conduct. Violation of such policy leads one to suffer serious consequences.

Diversity

The company consist of diverse workforce in terms of gender, ethnicity, thought and skill. This helps us to achieve our goals as various different perspectives and experiences in the workplace allow us to understand the mindset of our customers, suppliers and communities. Moreover, this diverse workforce encourages a culture of respect and tolerance among its employees.

Special Persons

We recognize the right of special persons to earn a respectable living with dignity. We always provide and reserve opportunity to hire special persons and train them to be valuable assets for the Company, their families and society. We had around three dozen individuals as a part of human resource at this year end.

HEALTH SAFETY AND ENVIRONMENT (HSE)

The Company follows strict adherence of HSE policy and the same is ensured by way of integration of same into our operation and culture. The key beliefs observed are:

HSE policy has been well integrated into our operations and culture and strict adherence is maintained. Our key beliefs are:

- Nothing is more important than protecting human life, health, ensuring safety and the protecting environment.
- All incidents can be prevented or at least minimized
- Management is accountable for HSE performance
- Working safely and in an environmentally responsible manner are conditions of employment.
- Preventing incidents and managing environmental impacts are fundamental to good business

We aim to protect our people, the public, our property and the environment in which they work and live. It is a commitment that is in the best interests of our employees and other stakeholders.

The HSE Management System established by the Company is run with strong commitment of top leadership to address HSE concerns with well-defined policies and objectives. All the divisions are responsible to evaluate the HSE risks and their mitigation while planning various operational activities. HSE and Internal Audit Departments of the Company also independently review and audit the HSE risks and their mitigation both at the time of planning of various operational activities by the departments as well subsequently on periodical basis.

WHISTLE BLOWING POLICY

The purpose of this policy is to provide a channel to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. without fear of punishment or unfair treatment.

Guiding Principles

To ensure that this Policy is adhered to, and to assure that the protected disclosure will be acted upon seriously, the Company will:

i Ensure that the whistle-blower and/or the person processing the Protected Disclosure is not victimized for doing so;

ii Treat victimization as a serious matter, including initiating disciplinary action against such person(s);

iii Ensure complete confidentiality;

iv Not attempt to conceal evidence of the Protected Disclosure;

v Take disciplinary action, if anyone destroys or conceals evidence of the Protected Disclosure made/to be made; and

vi Provide an opportunity of being heard to the persons involved.

Whistle Blowing Committee

The Whistle Blowing Committee comprises the following officials of the Company:

i Chief Financial Officer

ii Head of Human Resource

iii Head of Internal Audit

Procedure – Raising Protected Disclosure

Whistle-blowers may report their protected disclosures to the Whistle Blowing Committee through the following methods:

i Confidential Call

ii Email: whistleblowing@gulahmed.com

bol@gulahmed.com

iii Whistle Blower Drop Box

Handling Protected Disclosures

Each protected disclosure received by the Whistle Blowing Committee will be fully investigated.

SHAREHOLDERS' INFORMATION

Annual General Meeting

The Annual General Meeting of the shareholders' will be held on October 28, 2019 at 10:00 a.m. at Moosa D. Dessai ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi. Shareholders as of October 21, 2019 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxy must be a shareholder of the Company. Proxies should be filed with the Company at least 48 hours before the meeting time. CDC shareholders or their proxies are requested to bring with them copies of their Computerized National Identity Card along with the Participant's ID Number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Shareholders who have not yet submitted photocopy of their CNIC are requested to send the same to the Share Registrar of the Company FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi at the earliest.

Ownership

On June 30, 2019 the Company has 3,986 shareholders.

Stock Symbol

The stock code for dealing in equity shares of the Company at Pakistan Stock Exchange Limited is 'GATM'.

Circulation of Annual Reports through CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 31, 2016, the Company shall circulate Annual Report to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2019 may send a request using a Standard Request Form placed on Company's website.

E-Dividend Mandate (Mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website www.gulahmed.com and send it duly signed along with a copy of CNIC to the Share Registrar of the Company in case of physical shares. In case shares are held in CDC then Dividend Mandate Form must be submitted directly to shareholder's broker/participant/ CDC account services.

As notified by the Securties and Exchange Commission.

Pakistan Stock Exchange Share Prices 2017-18		
	Price in Rupees	
Period	High	Low
1st Quarter	52.40	38.25
2nd Quarter	55.10	45.01
3rd Quarter	58.40	46.40
4th Quarter	58.00	41.49

Announcement of Financial Results

The tentative dates of the announcement of financial results and payment of cash dividend (if any) for the year 2019-20 are as follows:

Period	Financial Results	Dividend Payment (if any)
1st Quarter	October 29, 2019	---
2nd Quarter	February 27, 2020	---
3rd Quarter	April 23, 2020	---
Annual Accounts	September 30, 2020	November 11, 2020

The Company reserves the right to change any of the above dates.

Share Registrar

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to our Share Registrar FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi, Phone Nos. (+92-021) 34380101-5 and Fax No. (+92-021) 34380106.

Web Reference

Annual/Quarterly reports are regularly posted at the Company's website: www.gulahmed.com

Investor Relation Contact

Mr. Mohammed Salim Ghaffar, Company Secretary

Email: salim.ghaffar@gulahmed.com

UAN: (+92-021) 111-485-485 & 111-486-486

Fax: (+92-021) 35019802

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Annual General Meeting of Gul Ahmed Textile Mills Limited will be held at Moosa D. Dessai ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi, on Monday, October 28, 2019 at 10:00 a.m. to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Financial Statements for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
2. To consider and approve, as recommended by the Board of Directors, payment of Final Cash Dividend @ 25% i.e., Rs.2.50/= per share.
3. To consider and approve, as recommended by the Board of Directors, issuance of Bonus shares in the ratio of One share for every Five shares held i.e 20% per share.
4. To appoint Auditors for the financial year ending June 30, 2020 and fix their remuneration.
5. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

Special Business:

6. To consider to pass the following resolutions as Special Resolution:
   a) "RESOLVED that the transactions carried out in normal course of business with related parties as disclosed in Note No. 36 during the year ended June 30, 2019 be and are hereby ratified and approved."
   b) "FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with related parties during the ensuing year ending June 30, 2020."
   c) "FURTHER RESOLVED that these transactions by the Board of Directors of the Company shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval."

The statement under Section 134(3) of the Companies Act, 2017 pertaining to the Special Resolutions is being sent alongwith the notice to the Members.

By Order of the Board

Karachi

October 1, 2019

Salim Ghaffar

Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers received in order at the office of our Share Registrar M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of the business on October 18, 2019 will be in time for the purpose of payment of final cash dividend to the transferees.
2. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting. A proxy must be a member of the Company.
3. The CDC Account holders/sub-account holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce his original CNIC at the time of attending the meeting for identification purpose.
4. CNIC number of the shareholders is mandatorily required for dividend distribution and in the absence of such information, payment of dividend shall be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
5. Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company.

   In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

   In the absence of a member's valid IBAN updated before October 21, 2019, the Company will be constrained to withhold payment of dividend to such member.
6. Securities and Exchange Commission of Pakistan vide its S.R.O.787(I)/2014 has facilitated the Companies to circulate Audited Financial Statements through email after obtaining prior written consent of its members. The members who intend to receive the Financial Statements through email are therefore, requested to kindly send their written consent alongwith email address to the Share Registrar of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (participant)/CDC Investor account services.
7. In compliance with SECP notification No.634 (1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2019 are being placed on the Company's website: www.gulahmed.com for the information and review of shareholders.
8. The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment are as follows:
   a) Persons appearing on Active Tax Payer List (ATL) 15.00%
   b) Persons not appearing on ATL 30.00%

Shareholders who are filers, are advised to make sure that their names are entered into latest ATL provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers (persons not appearing on ATL) and tax on their cash dividend will be deducted at the rate of 30.00% instead of 15.00%.

9. The FBR has clarified that where the shares are held in joint accounts/names, each account/ joint holder will be treated individually as either a person appearing on ATL or person not appearing on ATL and tax will be deducted according to his/her shareholding. The shareholders, who are having joint shareholding status, are requested to kindly intimate their joint shareholding proportions to the Share Registrar of the Company latest by October 20, 2019, (if not already provided) in the following format:

Folio / CDC A/c No.	Name of Shareholders (principle / joint holders)	No. of Shares or Percentage (Proportion)	CNIC No.	Signature

If the shareholding proportion is not advised or determined, each joint shareholder will be assumed to hold equal proportion of shares and deduction of withholding tax will be made accordingly.

10. Withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available to the Share Registrar of the Company before the first day of Book Closure otherwise tax will be deducted on dividend as per applicable rates.

11. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective CDC participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

12. Shareholders holding shares in physical form, are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.

13. As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company's website www.gulahmed.com Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

14. Members can also avail video conference facility at Lahore and Islamabad. In this regard,please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

    If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

    The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We,__________________________ of _____________, being a member of Gul Ahmed Textile Mills Limited, holder of _______________ ordinary share (s) as per Register Folio/CDC AccountNo.__________ hereby opt for video conference facility at ________________

____

Signature of Member(s)

Statement Under Section 134(3) of the Companies Act, 2017

Pertaining to Special Business

This Statement sets out the material facts pertaining to the Special Resolution described in the Notice of Annual General Meeting ("AGM"), intended to be transacted at the 67th AGM of Gul Ahmed Textile Mills Limited ("the Company") that is scheduled to be held on October 28, 2019.

The Company carries out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulations. Certain related party transactions require Shareholder approval under Section 207 of the Companies Act, 2017 as a majority of directors on the Gul Ahmed Textile Mills Limited Board are interested in the transaction (by virtue of being shareholders or directors in related entities).

The details of such transactions are as under:

S/No.	Company Name	Basis of Relationship	Transaction Nature
1.	Gul Ahmed Holdings (Private) Limited	Holding Company	Dividend
2.	Gul Ahmed International Limited (FZC) – UAE	Wholly owned subsidiary	Sale of goods
3.	GTM Europe Limited – UK	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
4.	GTM USA – Crop. – USA	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
5.	Sky Home Crop. – USA	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
6.	Vantona Home Limited	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
7.	JCCO 406 Limited	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
8.	Swisstex Chemicals (Private) Limited	Common directorship & shareholding	Sale of goods & Purchase of goods
9.	Arwen Tech (Private) Limited	Common directorship & shareholding	Purchase of goods & Services
10.	Ghafooria Industries (Private) Limited	Common directorship & shareholding	Rent Payment
11.	Grand Industries (Private) Limited	Major shareholding	Rent Payment
12.	Habib Metropolitan Bank Limited	Common directorship & shareholding	Banking Transactions

All related party transactions are in accordance with Company's policies and comply with all legal requirements. These are primarily transactions conducted in the ordinary course of business. Under the Company's Policy for Related Party Transactions all related party transactions are reviewed periodically by the Board Audit Committee which is chaired by an Independent Director. Following review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

The Shareholders are requested to ratify the transactions with related parties in which the majority of the Directors are interested as disclosed in the Financial Statements for the year ended June 30, 2019 and further to authorize the Company to conduct certain related party transactions in which the majority of Directors are interested for the Financial Year ending June 30, 2020. Shareholders approval is also sought to authorize and grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee.

Based on the aforesaid the Shareholders are requested to pass the Special Resolution as stated in the Notice.

The Directors who are interested in this subject matter are as follows:

- Mr. Mohomed Bashir
- Mr. Zain Bashir
- Mr. Mohammed Zaki Bashir
- Mr. Ziad Bashir

The Directors are interested in the resolution only to the extent of their common directorships & shareholding in such related parties.

(الف)	فعال ٹیکس ادا کنندگان کی فہرست (ATL) میں شامل افراد کے لئے انکم ٹیکس کی کٹوتی کی شرح	15%
(ب)	غیر فعال ٹیکس ادا کنندگان کی فہرست (ATL) میں شامل افراد کے لئے انکم ٹیکس کی کٹوتی کی شرح	30%

ایسے شیئر ہولڈرز جو فائلرز ہیں وہ اس بات کی یقین دہانی کر لیں کہ ان کے نام فیڈرل بورڈ آف ریونیو (FBR) کی ویب سائٹ پر موجود حالیہ فعال ٹیکس ادا کنندگان کی فہرست (ATL) میں شامل ہیں، بصورتِ دیگر انہیں نان فائلر تصور کیا جائے گا اور ان کے نقد منافع منقسمہ پر ٹیکس کی کٹوتی 15 فیصد کے بجائے 30 فیصد کے حساب سے کی جائے گی۔

9۔ FBR کی جانب سے جاری کردہ وضاحت کے مطابق جہاں شیئرز مشترکہ اکاؤنٹس / ناموں کے ساتھ ہیں۔ اس میں ہر اکاؤنٹ / مشترکہ ہولڈر سے انفرادی طور پر برتاؤ کیا جائے گا، چونکہ یا تو وہ شخص فعال ٹیکس ادا کنندگان کی فہرست (ATL) میں ظاہر کیا گیا ہوگا یا پھر فعال ٹیکس ادا کنندگان کی فہرست (ATL) میں ظاہر نہیں کیا گیا ہوگا اور ان کی شیئر ہولڈنگ کے مطابق ٹیکس کی کٹوتی کی جائے گی۔ جو شیئر ہولڈرز مشترکہ شیئر ہولڈنگ اسٹیٹس رکھتے ہیں ان سے درخواست ہے کہ وہ (اگر پہلے فراہم نہ کی گئی ہوں تو) 20 اکتوبر 2019 تک مندرجہ ذیل فارمیٹ کے تحت اپنے شیئر ہولڈنگ تناسب کے بارے میں کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

فولیو / CDC اکاؤنٹ نمبر	شیئر ہولڈر کا نام (پرنسپل / جوائنٹ ہولڈر)	شیئرز یا فیصد کی تعداد (تناسب)	کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) نمبر	دستخط

اگر شیئر ہولڈنگ کا تناسب موصول نہیں ہوتا ہے تو ہر شیئر ہولڈر کے شیئرز کا تناسب مساوی تصور کیا جائے گا اور اسی کے مطابق ودہولڈنگ ٹیکس کی کٹوتی کی جائے گی۔

10۔ منافع منقسمہ آمدنی پر ودہولڈنگ ٹیکس سے مستثنیٰ ہونے کے لئے ٹیکس مستثنیٰ سرٹیفیکیٹ کی درست نقل کمپنی کے شیئر رجسٹرار کو کتابوں کی بندش سے قبل فراہم کرنا ہوگی بصورتِ دیگر دیگر قابلِ اطلاق شرح کے مطابق نقد منافع منقسمہ پر ٹیکس کاٹا جائے گا۔

11۔ کارپوریٹ شیئر ہولڈرز جو CDC اکاؤنٹس رکھتے ہیں انہیں اپنے سی ڈی سی پارٹیسپنٹس کے ساتھ اپنے نیشنل ٹیکس نمبر جو اَپ ڈیٹ رکھنا ہوگا جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کمپنی یا فیمکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو اپنے این ٹی این سرٹیفکیٹ کی کاپی بھیجیں۔ شیئر ہولڈرز اپنے NTN سرٹیفکیٹ بھیجتے ہوئے اپنا کمپنی کا نام اور اپنا فولیو نمبر ضرور درج کریں۔

12۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کی بابت کمپنی کے شیئر رجسٹرار کو فوری طور پر مطلع کریں۔ شیئر ہولڈرز جو CDC اکاؤنٹس رکھتے ہیں وہ اپنے پارٹیسپنٹس کے ساتھ اپنا ایڈریس اَپ ڈیٹ رکھیں۔

13۔ کمپنیز ایکٹ 2017 کی دفعہ 244 کے مطابق کمپنی کی جانب سے اعلان کردہ حصص / منافع منقسمہ جو کہ واجب الادا مقررہ تاریخ سے تین سال کی مدت تک غیر دعویٰ شدہ یا غیر ادا شدہ ہیں، شیئر ہولڈرز کو دعویٰ دائر کرنے کے نوٹسز کے اجراء کے بعد وفاقی حکومت کو منتقلی کے لئے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو جمع کروا دیئے جائیں گے۔ حصص کی تفصیلات اور کمپنی کی جانب سے اعلان کردہ منافع منقسمہ جو تین سال کی مدت تک غیر دعویٰ شدہ یا غیر ادا شدہ ہیں، کمپنی کے ویب سائٹ www.gulahmed.com پر دستیاب ہیں۔ شیئر ہولڈرز سے درخواست ہے کہ اس بات کو یقینی بنائیں کہ غیر دعویٰ شدہ یا غیر ادا شدہ منافع منقسمہ اور شیئرز کا فوری طور پر اندراج کر دیا گیا ہے۔ کسی بھی دعوے کا اندراج نہ ہونے کی صورت میں کمپنی کی جانب سے غیر دعویٰ شدہ یا غیر ادا شدہ رقوم اور حصص کمپنیز ایکٹ 2017 کی دفعہ 244(2) کے مطابق وفاقی حکومت کو منتقل کر دیئے جائیں گے۔

14۔ اراکین لاہور اور اسلام آباد میں ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ اس سلسلے میں براہِ مہربانی مندرجہ ذیل فارم کو پُر کریں اور سالانہ اجلاسِ عام سے کم از کم 10 دن قبل یہ فارم کمپنی کے رجسٹرڈ پتہ پر جمع کروائیں۔ اگر کمپنی اجلاس سے 10 دن قبل ایسے ممبر سے منظوری حاصل کرتی ہے جو 10 فیصد یا زائد کی شیئر ہولڈنگ رکھتے ہیں اور کسی جغرافیائی مقام سے ویڈیو کے ذریعے اجلاس میں شرکت کرنا چاہتے ہیں تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کی فراہم کو یقینی بنائے گی، جو کہ اس شہر میں اس سہولت کی دستیابی سے مشروط ہے۔

میں / ہم / .... کے ....

بحیثیت گل احمد ٹیکسٹائل ملز کے ممبر، .... کے ہولڈر،

عام شیئر رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر .... کے مطابق ....

.... مقام پر ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتے ہیں۔

ممبران کے دستخط ....

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 134(3) کے تحت خصوصی اُمور سے متعلق بیانیہ

یہ بیانیہ 28 اکتوبر 2019 کو منعقدہ گل احمد ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے سڑسٹھ ویں (67) سالانہ اجلاسِ عام ("AGM") میں خصوصی قرارداد سے متعلق خصوصی کاروائی کے حوالے سے Material حقائق کا تعین کرتا ہے۔

کمپنی اپنی پالیسیوں اور قابل اطلاق قوانین اور قواعد وضوابط کے مطابق اپنی متعلقہ کمپنیوں اور متعلقہ فریقین کے ساتھ معاملت کرتی ہے۔ بعض متعلقہ پارٹیوں کے ساتھ لین دین کے لئے کمپنیز ایکٹ 2017 کی شق 207 کے تحت شیئر ہولڈرز کی منظوری درکار ہوتی ہے، جیسا کہ گل احمد ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹروں کی اکثریت (شیئر ہولڈر ہونے یا متعلقہ اداروں میں ڈائریکٹر ہونے کی وجہ سے) ان ٹرانزیکشنز میں دلچسپی رکھتے ہیں۔

ان ٹرانزیکشنز کی تفصیلات درجِ ذیل ہیں:

نمبر شمار	کمپنی کا نام	تعلق کی بنیاد	ٹرانزیکشن کی نوعیت
1۔	گل احمد ہولڈنگز (پرائیوٹ) لمیٹڈ	ہولڈنگ کمپنی	ڈیویڈنڈ
2۔	گل احمد انٹرنیشنل لمیٹڈ (FZC)۔ یو اے ای	مکمل ملکیتی ذیلی ادارہ	اشیاء کی فروخت
3۔	GTM یورپ لمیٹڈ۔ یو کے	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
4۔	GTM یو ایس اے۔ کارپوریشن۔ یو ایس اے	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
5۔	اسکائی ہوم کارپوریشن۔ یو ایس اے	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
6۔	وینٹونا ہوم لمیٹڈ	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
7۔	JCCO 406 لمیٹڈ	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی ہیں۔
8۔	سوئس ٹیکس کیمیکلز (پرائیوٹ) لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	اشیاء کی خرید وفروخت
9۔	آروین ٹیک (پرائیوٹ) لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	اشیاء کی خریداری اور خدمات کی فراہمی
10۔	غفوریہ انڈسٹریز (پرائیوٹ) لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	کرائے کی ادائیگی
11۔	گرینڈ انڈسٹریز (پرائیوٹ) لمیٹڈ	شیئر ہولڈنگ	کرائے کی ادائیگی
12۔	حبیب میٹروپولیٹن بینک لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	بینکنگ ٹرانزیکشنز

متعلقہ پارٹیوں کے ساتھ تمام ٹرانزیکشنز کمپنی کی پالیسیوں اور تمام قانونی تقاضوں کی تعمیل کے مطابق ہیں۔ یہ بنیادی طور پر عمومی کاروبار میں کی گئی لین دین ہیں۔ متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز کی کمپنی پالیسی کے مطابق اور کوڈ آف کارپوریٹ گورننس کے تحت، تمام متعلقہ پارٹیوں کی ٹرانزیکشنز کا وقتاً فوقتاً بورڈ آڈٹ کمیٹی جس کی صدارت ایک آزاد ڈائریکٹر کرتا ہے، کی جانب سے جائزہ لیا جاتا ہے۔ بورڈ آڈٹ کمیٹی کی جانب سے مذکورہ جائزے کے بعد بیان کردہ ٹرانزیکشنز کو منظوری کے لئے بورڈ آف ڈائریکٹرز کے سامنے رکھا گیا تھا۔

شیئر ہولڈرز سے درخواست ہے کہ متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز کی توثیق کریں جس میں ڈائریکٹروں کی اکثریت دلچسپی رکھتے ہیں جیسا کہ 30 جون 2019 کو ختم ہونے والے سال کے فنانشیل اسٹیٹمنٹ میں ظاہر کیا گیا تھا نیز مزید یہ کہ 30 جون 2020 کو ختم ہونے والے مالی سال میں متعلقہ پارٹیوں کے ساتھ بعض ٹرانزیکشنز کو منظّم کرنے کے لئے جن میں ڈائریکٹروں کی اکثریت دلچسپی رکھتے ہیں، کمپنی کو اختیار دیا گیا ہے۔ شیئر ہولڈرز کو بھی منظوری حاصل ہے کہ وہ بورڈ آڈٹ کمیٹی کی سفارشات پر مبنی ایسی ٹرانزیکشنز کے وقتاً فوقتاً جائزے اور منظوری کے لئے بورڈ کو اختیارات فراہم کریں اور مجاز قرار دیں۔

بیانیہ کے مطابق شیئر ہولڈرز سے درخواست ہے کہ خصوصی قرارداد کو منظور کیا جائے جیسا کہ نوٹس میں بیان کیا گیا ہے۔

اس معاملے میں دلچسپی رکھنے والے ڈائریکٹر حضرات مندرجہ ذیل ہیں:

- جناب محمد بشیر
- جناب زین بشیر
- جناب محمد ذکی بشیر
- جناب زیاد بشیر

ڈائریکٹران، قرارداد میں محض عام ڈائریکٹرشپ اور متعلقہ پارٹیوں کی شیئر ہولڈنگ ہونے کی حد تک دلچسپی رکھتے ہیں۔

گل احمد ٹیکسٹائل ملز لمیٹڈ
اطلاع برائے سالانہ اجلاسِ عام

بذریعہ نوٹس ہٰذا مطلع کیا جاتا ہے کہ گل احمد ٹیکسٹائل ملز لمیٹڈ کا سڑسٹھ واں (67) سالانہ اجلاسِ عام بروز پیر، مورخہ 28 اکتوبر، 2019 کو بوقت صبح 10:00 بجے بمقام موسیٰ ڈی ڈیسائی ICAP آڈیٹوریم، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، G-31/8، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی میں درجِ ذیل امور کی انجام دہی کے لئے منعقد ہوگا:

عمومی اُمورِکار:

1۔ مورخہ 30 جون، 2019 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بشمول ان پر بورڈ اور آڈیٹرز کی رپورٹس کی وصولی، ان پر غور اور ان کی منظوری دینا۔

2۔ بعد از غور بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق 25 فیصد یعنی -/2.50 روپے فی شیئر کی شرح سے حتمی نقد منافع منقسمہ کی ادائیگی کی منظوری دینا۔

3۔ بعد از غور بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق، ایک حصص برائے فی پانچ حصص کی شرح سے بونس حصص کا اجراء کی منظوری، جو کہ 20 فیصد ہے۔

4۔ 30 جون، 2020 کو ختم ہونے والے مالی سال کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

5۔ سالانہ اجلاسِ عام میں انجام دیئے جانے والے کسی بھی دیگر کاروبار کی چیئرمین سے منظوری لینا۔

خصوصی اُمورِکار:

6۔ مندرجہ ذیل قرارداد پر بطور خصوصی قرارداد غور خوض اور منظوری:

(الف) 'طے پایا ہے کہ 30 جون، 2019 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی کاروباری معاملات اور آزادانہ طور پر کی جانے والی ٹرانزیکشنز جیسا کہ نوٹ نمبر میں بیان کیا گیا ہے یہاں منظور شدہ ہیں اور ان کی منظوری دی جاتی ہے'۔

(ب) 'یہ بھی طے پایا ہے کہ بورڈ آف ڈائریکٹرز کو 30 جون، 2020 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی کاروباری معاملات اور آزادانہ طور پر کی جانے والی ٹرانزیکشنز کی منظوری کا اختیار حاصل ہے'۔

(ج) 'یہ بھی طے پایا ہے کہ بورڈ آف ڈائریکٹرز کی جانب سے کی گئی ان ٹرانزیکشنز کو سمجھا جائے گا کہ شیئر ہولڈرز کی جانب سے اس کی منظوری دی گئی ہے نیز آئندہ سالانہ اجلاسِ عام میں ان کی رسمی منظوری/اجازت کے حصول کے پیشِ نظر ان کے سامنے رکھا جائے گا'۔

کمپنیز ایکٹ 2017 کی دفعہ 134(3) کے تحت تمام ممبران کو اس نوٹس کے ہمراہ خصوصی کاروبار سے متعلق آگاہی فراہم کی جارہی ہے۔

بحکم بورڈ

محمد سلیم غفار

کمپنی سیکریٹری

کراچی: مورخہ یکم اکتوبر، 2019

نوٹس:

1۔ کمپنی کی شیئر ٹرانسفر بُکس 21 اکتوبر 2019 تا 28 اکتوبر 2019 (بشمول دونوں دن) بند رہیں گی، اس دوران کوئی شیئر ٹرانسفر رجسٹریشن کے لئے قبول نہیں کیا جائے گا۔ جو منتقلیاں باضابطہ طور پر ہمارے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ، F-8، متصل ہوٹل فاران نرسری، بلاک '6'، پی ای سی ایچ ایس، شاہراہِ فیصل، کراچی پر 18 اکتوبر 2019 کو کاروباری اوقات کے اختتام پر موصول ہوں گی انہیں نقد منافع منقسمہ کی ادائیگی اور بونس شیئرز کی ادائیگی کے لئے بروقت تصور کیا جائے گا۔

2۔ ایک ممبر جو سالانہ اجلاسِ عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، وہ دیگر اراکین کو اپنے بجائے شرکت کرنے، بولنے اور ووٹ دینے کے لئے بطور پراکسی مقرر کرسکتا ہے۔ پراکسیز کے موثر ہونے کے لئے ضروری ہے کہ وہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر پر موصول ہوجائیں۔ پراکسی کا ممبر ہونا لازمی ہے۔

3۔ سی ڈی سی اکاؤنٹ ہولڈرز/سب اکاؤنٹ ہولڈرز سے درخواست ہے کہ وہ اپنی شناخت کے لئے سالانہ اجلاسِ عام میں اپنا اصل کمپیوٹرائزڈ شناختی کارڈ (CNIC) یا اپنا اصل پاسپورٹ معہ آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ نمبر ساتھ لائیں۔ اگر پراکسیز ان شیئر ہولڈرز کی جانب سے دی گئی ہیں تو بینیفیشل اونرز کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں بھی جمع کروائیں۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نامزد شخص کے نمونہ دستخط اجلاس کے وقت پیش کئے جائیں گے۔ نامزد کو اجلاس میں شرکت کے وقت اپنی شناخت کے لئے اپنا اصل کمپیوٹرائزڈ شناختی کارڈ (CNIC) پیش کرنا ہوگا۔

4۔ منافع منقسمہ کی تقسیم کے لئے شیئر ہولڈرز کا کمپیوٹرائزڈ قومی شناختی کارڈ لازمی ہے اور ان معلومات کی عدم موجودگی میں مورخہ 3 جون 2016 کو جاری کردہ SECP کے احکامات کی روشنی میں منافع منقسمہ کی ادائیگی کو روک لیا جائے گا۔ لہٰذا جن شیئر ہولڈرز نے تاحال اپنا کمپیوٹرائزڈ قومی شناختی کارڈ فراہم نہیں کیا ہے انہیں ایک بار پھر تجویز کیا جاتا ہے اپنے CNIC کی مصدقہ نقول شیئر رجسٹرار کو براہِ راست جمع کروادیں۔ شیئر ہولڈرز CNIC ارسال کرتے ہوئے اپنا فولیو نمبر اور کمپنی کا نام ضرور درج کریں۔

5۔ کمپنیز ایکٹ 2017 کی دفعہ 242 میں درکار تکمیل کے مطابق نیز کمپنیز ریگولیشن 2017 (منافع منقسمہ کی تقسیم) کے مطابق لسٹڈ کمپنیوں کے لئے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کا نقد منافع منقسمہ صرف برقی طریقہء کار کے مطابق براہِ راست اہلیت کے حامل حصص یافتگان کے نامزد کردہ متعلقہ بینک اکاؤنٹ میں کی جائیں گی۔ ایسے حصص یافتگان جنہوں نے تاحال اپنے بین الاقوامی اکاؤنٹ نمبر (IBAN) نہیں فراہم کئے ہیں، ان سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم مکمل طور پر پُر کر کے اپنے دستخط اور کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی کے ہمراہ کمپنی کے شیئر رجسٹرار کو ارسال کریں۔ اگر شیئرز CDC کے پاس موجود ہیں تو الیکٹرانک کریڈٹ مینڈیٹ فارم کو شیئر ہولڈر کے بروکر/پارٹیسپنٹ/سی ڈی سی اکاؤنٹ سروسز کو براہِ راست جمع کروائیں۔ 21 اکتوبر 2019 سے قبل کسی بھی ممبر کا درست IBAN اَپ ڈیٹ نہ ہونے کی صورت میں کمپنی کی جانب سے ایسے ممبران کی منافع منقسمہ کی ادائیگیاں روک دی جائیں گی۔

6۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ S.R.O.787(I)/2014 کمپنیوں کو یہ سہولت دی ہے کہ وہ ممبران کی تحریری اجازت سے مالیاتی گوشوارے بذریعہ ای میل ارسال کرسکیں۔ وہ اراکین جو پڑتال شدہ گوشوارے بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ وہ اپنی تحریری اجازت کے ساتھ اپنا ای میل ایڈریس کمپنی شیئر رجسٹرار کو بھیج دیں۔ CDC شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے ای میل ایڈریس اور منظوری براہِ راست اپنے بروکر (participant)/ CDC انویسٹر اکاؤنٹ سروسز کو جمع کروائیں۔

7۔ SECP کے نوٹیفیکیشن نمبر 2014/(1) 634 مورخہ 10 جولائی 2014 کے مطابق شیئر ہولڈرز کی معلومات اور جائزے کے لئے 30 جون، 2019 کو ختم ہونے والے سال کے لئے کمپنی کے پڑتال شدہ مالیاتی گوشوارے اور بیانات کمپنی کی ویب سائٹ www.gulahmed.com پر اَپ لوڈ کی جارہی ہیں۔

8۔ انکم ٹیکس آرڈیننس 2001 کی شق 150 کے مطابق منافع منقسمہ پر ٹیکس کی کٹوتی کی شرح درجِ ذیل ہے۔

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

For the year ended June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are Seven as per the following:
   a) Male: Seven
   b) Female: Nil
2. The composition of Board is as follows:
   a) Independent Directors
      Dr. Amjad Waheed
      Ehsan A. Malik
   b) Other Non-Executive Directors
      Mohomed Bashir
      Ziad Bashir
      S.M. Nadim Shafiqullah
   c) Executive Directors
      Zain Bashir
      Mohammed Zaki Bashir
3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. 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.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors, except chairman, have attended and completed directors' training course conducted by Pakistan Institute of Corporate Governance (PICG). The Chairman has the prescribed education and experience required for exemption under clause 20(2) of CCG Regulations accordingly he is exempted from attending directors' training program pursuant to the clause 20(2) of the CCG Regulations and the Company has also applied to Securities and Exchange Commission of the Pakistan (SECP) for obtaining exemption under clause 20 (2).
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.

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

    a) Audit Committee:

    Dr. Amjad Waheed- Chairman

    Mr. Mohomed Bashir- Member

    Mr. S.M Nadim Shafiqullah- Member

    b) HR and Remuneration Committee:

    Mr. Ehsan A. Malik- Chairman

    Mr. Mohomed Bashir- Member

    Mr. Zain Bashir- Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

    a) Audit Committee

    - Four quarterly meetings

    b) HR and Remuneration Committee

    - One annual meeting

15. The Board has set up an effective internal audit function. This function has been outsourced to Grant Thornton Anjum Rahman Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has also designated a full time employee as Head of Internal Audit.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

Karachi
October1, 2019

TO THE MEMBERS OF GUL AHMED TEXTILE MILLS LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Gul Ahmed Textile Mills Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further we highlight, as stated in paragraph 9 of the annexed statement of compliance, that the Company has applied to Securities and Exchange Commission of Pakistan for obtaining exemption from acquiring certification under any Directors' Training Program for one of the Directors of the Company in compliance with regulation 20(2) of the Regulations.

Place: Karachi

Date: 01st October 2019

Kreston Hyder Bhimji & Co
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUL AHMED TEXTILE MILLS LIMITED REPORT ON THE AUDIT OF THE UN-CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed un-consolidated financial statements of Gul Ahmed Textile Mills Limited, (''the Company") which comprise the un-consolidated statement of financial position as at June 30, 2019, and the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity, the un-consolidated statement of cash flows for the year then ended, and notes to the un-consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the un-consolidated financial statements of the current year. These matters were addressed in the context of our audit of the un-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Stock in Trade** The Company has significant levels of stock in trade amounting to Rs. 21.370 billion as at the reporting date, being 39.2% of total assets of the Company. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials. The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter. (Refer Notes 19, 2.4 (g) and 3.13 to the annexed un-consolidated financial statements)	Our audit procedures included the following: • Attending the year end stock taking on selected locations to gain comfort over the existence and condition of inventories and internal controls designed by the company. • Obtaining understanding of internal controls designed by the Company over recording of purchases and valuation & costing of the inventories, and testing their operating effectiveness on sample basis. • Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. Performing re-calculation of weighted average costs on sample basis. • Obtaining valuation sheets of the inventories and tracing / reconciling quantities from working papers of observation of physical stock taking. • Evaluating valuation basis used are appropriate and consistently applied that includes analysis of costing of different items on sample basis. • Assessing the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Company before and after year end. • Performing analytical and other relevant audit procedures. • Considering the adequacy of the Company's disclosures in respect of inventories
2.	**Borrowings** The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 29 billion, being 74% of total liabilities, as at reporting date. Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter. (Refer Notes 6, 11 and 3.6 to the annexed un-consolidated financial statements)	Our audit procedures included: • Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. • Verification of disbursement of loans and utilization on sample basis. Review of charge registration documents. • Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made. • Understanding and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.

S. No.	Key audit matter	How the matter was addressed in our audit
		• Obtaining confirmation from Banks and other lenders of the Company to confirm balances, terms & conditions stated in the terms sheets and compliance thereof. • Performing analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the un-consolidated financial statements.
3.	**Contingencies** The Company is under litigation cases in respect of various matters including Gas Infrastructure Developments Cess (GIDC), claims from various Government Institutions / Departments, tax matters and other miscellaneous claims in respect of the assets of the Company. Given the nature of contingencies, the assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payments and analysis of a reliable estimate, requires significant management's judgment to ensure appropriate accounting and disclosures. These judgments can change over time as new facts emerge and the case progresses. Therefore, we have identified this matter as a key audit matter. (Refer Notes 13, 9, 2.4 (b) and 3.4 to the annexed un-consolidated financial statements)	Our audit procedures included the following: • Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Review of the relevant information including case proceedings, related industry information and correspondences in respect of the ongoing litigations. • Obtaining confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon. • Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computing the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. • Assessing the appropriateness of the related disclosures made in the accompanying un-consolidated financial statements in light of IAS-37 "Provisions and Contingencies".

Information Other than the un-consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Company, but does not include the un-consolidated financial statements and our auditors' report thereon.

Our opinion on the un-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the un-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the un-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Un-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the un-consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of un-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the un-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Un-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the un-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these un-consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the un-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the un-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the un-consolidated financial statements, including the disclosures, and whether the un-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the un-consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Fahad Ali Shaikh.

Place: Karachi

Date:

Kreston Hyder Bhimji & Co
Chartered Accountants

UN-CONSOLIDATED
FINANCIAL STATEMENTS
2019

UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Equity and Liabilities			
Share Capital and Reserves			
Share capital	4	3,564,955	3,564,955
Reserves	5	11,768,258	9,055,772
		15,333,213	12,620,727
Non-Current Liabilities			
Long term financing	6	8,856,901	6,911,869
Deferred Liabilities			
Deferred taxation	7	71,330	23,692
Defined benefit plan-Staff Gratuity	8	86,717	63,165
		158,047	86,857
		9,014,948	6,998,726
Current Liabilities			
Trade and other payables	9	9,637,514	7,008,948
Accrued mark-up/profit	10	300,010	175,633
Short term borrowings	11	18,961,882	15,076,081
Current maturity of long term financing	6	1,180,302	1,365,857
Unclaimed dividend		8,263	6,421
Unpaid Dividend	12	16,075	11,052
		30,104,046	23,643,992
Contingencies and Commitments	13		
		54,452,207	43,263,445

The annexed notes 1 - 46 form an integral part of these un-consolidated financial statements.

	Note	2019	2018
		Rs. 000s	
Assets			
Non-Current Assets			
Property, plant and equipment	14	18,994,305	16,104,319
Intangible assets	15	44,646	23,985
Long term investment	16	58,450	58,450
Long term loans and advances	17	63,343	37,314
Long term deposits		369,752	202,959
		19,530,496	16,427,027
Current Assets			
Stores and spares	18	1,469,564	961,088
Stock-in-trade	19	21,369,532	16,143,933
Trade debts	20	7,071,272	5,398,565
Loans, advances and other receivables	21	1,750,413	1,197,376
Short term prepayments		303,737	239,661
Refunds due from Government	22	1,487,248	1,827,764
Taxation-net		977,961	597,781
Cash and bank balances	23	491,984	470,250
		34,921,711	26,836,418
		54,452,207	43,263,445

The annexed notes 1 - 46 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Sales - net	24	57,287,837	45,337,047
Cost of sales	25	45,305,673	36,032,273
Gross profit		11,982,164	9,304,774
Distribution cost	26	4,710,208	3,940,730
Administrative cost	27	2,615,417	2,310,347
Other operating cost	28	311,783	208,043
		7,637,408	6,459,120
		4,344,756	2,845,654
Other income	29	1,137,104	469,815
Operating profit		5,481,860	3,315,469
Finance cost	30	1,473,407	987,076
Profit before taxation		4,008,453	2,328,393
Taxation	31	399,233	253,420
Profit after taxation		3,609,220	2,074,973
Earnings per share - basic and diluted (Rs.)	32	10.12	5.82

The annexed notes 1 - 46 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Profit after taxation		3,609,220	2,074,973
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss subsequently			
Remeasurement loss on defined benefit plan	8.3	(6,189)	(13,063)
Related tax effect		694	1,396
		(5,495)	(11,667)
Total comprehensive income		3,603,725	2,063,306

The annexed notes 1 - 46 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Cash Flows From Operating Activities			
Profit before taxation		4,008,453	2,328,393
Adjustments for:			
Depreciation	14.1.2	1,945,703	1,860,726
Amortisation	15.1	14,028	9,762
Provision for gratuity	8.2	46,707	64,306
Finance cost	30	1,473,407	987,076
Provision for slow moving/obsolete stores and spares	18.1	18,930	17,210
Impairment allowance against trade debts	20.3	-	42,138
Capital work in progress charged to consumption		5,070	-
Gain on disposal of property, plant and equipment	14.1.4	(23,775)	(80,305)
Loss on disposal of property, plant and equipment	14.1.4	47,587	40,814
		3,527,657	2,941,727
Cash flows from operating activities before adjustments of working capital changes		7,536,110	5,270,120
Changes in working capital:			
(Increase)/Decrease in current assets			
Stores and spares		(527,406)	9,918
Stock-in-trade		(5,225,599)	(3,673,971)
Trade debts		(1,672,707)	(2,095,657)
Loans, advances and other receivables		(553,037)	(356,084)
Short term prepayments		(64,076)	(42,943)
Refunds due from Government		340,516	(188,018)
		(7,702,309)	(6,346,755)
Increase in current liabilities			
Trade and other payables		2,628,566	1,439,781
		(5,073,743)	(4,906,974)
Cash generated from operations before following:		2,462,367	363,146
Gratuity paid		(29,344)	(38,068)
Finance cost paid		(1,349,030)	(950,341)
Income tax paid/deducted		(731,081)	(450,770)
Increase in long term loans and advances - Net		(26,029)	2,778
Increase in long term deposits - Net		(166,793)	(10,330)
		(2,302,277)	(1,446,731)
Net cash generated from/(used in) operating activities		160,090	(1,083,585)

	Note	2019	2018
		Rs. 000s	
Cash Flows From Investing Activities			
Additions to property, plant and equipment		(5,011,090)	(2,217,217)
Addition to intangible assets		(34,689)	-
Proceeds from sale of property, plant and equipment		146,519	260,854
Net cash used in investing activities		(4,899,260)	(1,956,363)
		(4,739,170)	(3,039,948)
Cash Flows From Financing Activities			
Long term financing obtained		3,121,440	1,270,699
Long term financing repaid		(1,361,963)	(817,887)
Dividend paid		(884,374)	(353,234)
Net cash generated from financing activities		875,103	99,578
Net decrease in cash and cash equivalents		(3,864,067)	(2,940,370)
Cash and cash equivalents - at the beginning of the year		(14,605,831)	(11,665,461)
Cash and cash equivalents - at the end of the year	34	(18,469,898)	**(14,605,831)**

The annexed notes 1 - 46 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Capital reserve - Share Premium	Revenue reserve		Reserves	Total
			General Reserve	Unappropriated Profit		
	Rs. 000s					
Balance as at June 30, 2017	3,564,955	1,405,415	4,980,000	963,547	7,348,962	10,913,917
Transfer to general reserve	-	-	400,000	(400,000)	-	-
Transaction with owners						
Final dividend for the year ended June 30, 2017	-	-	-	(356,496)	(356,496)	(356,496)
Total comprehensive income for the year ended June 30, 2018						
Profit after taxation	-	-	-	2,074,973	2,074,973	2,074,973
Other comprehensive loss	-	-	-	(11,667)	(11,667)	(11,667)
	-	-	-	2,063,306	2,063,306	2,063,306
Balance as at June 30, 2018	3,564,955	1,405,415	5,380,000	2,270,357	9,055,772	12,620,727
Final dividend for the year ended June 30, 2018	-	-	-	(891,239)	(891,239)	(891,239)
Transfer to unappropriated profit	-	-	(5,380,000)	5,380,000	-	-
Total comprehensive income for the year ended June 30, 2019						
Profit after taxation	-	-	-	3,609,220	3,609,220	3,609,220
Other comprehensive loss	-	-	-	(5,495)	(5,495)	(5,495)
	-	-	-	3,603,725	3,603,725	3,603,725
Balance as at June 30, 2019	**3,564,955**	**1,405,415**	**-**	**10,362,843**	**11,768,258**	**15,333,213**

The annexed notes 1 - 46 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND ITS OPERATIONS

1.1 Gul Ahmed Textile Mills Limited (The Company) was incorporated on April 01, 1953 in Pakistan as a private limited company, subsequently converted into public limited company on January 07, 1955 and is listed in Pakistan Stock Exchange Limited. The Company is a composite textile unit and is engaged in the manufacture and sale of textile products.

The Company's registered office is situated at Plot No. 82, Main National Highway, Landhi, Karachi.

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited. Note no. 4.2.1.

The Company has the following subsidiaries:

Details of Subsidiaries			
Name	Date of Incorporation	Country of Incorporation	Percentage of Holding
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA Corp. - Indirect subsidiary	March 19, 2012	U.S.A	100%
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home limited - Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 limited - Indirect Subsidiary	September 29, 2017	U.K	100%

All subsidiaries are engaged in distribution/trading of textile related products.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1.2 Geographical locations and addresses of all lands owned by the Company are as follows;

Unit	Area	Address
Unit 1,2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
Unit 4 & 5	14.9 Acres	Survey No.82, Deh Landhi ,Karachi
Unit 6,7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
Lasani warehouse	4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi
MTF Plot	44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
Plot	2 Kanal,19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg, Lahore

1.2.1 Units signifies different processing units i.e. weaving, spinning and processing.

1.3 Geographical locations and addresses of all factory buildings and warehouses obtained on rented basis are as follows;

Unit	Address
Highway stitching complex	Plot# 369, Main National Highway, Landhi, Karachi
Yarn Dyeing and Knitting unit	Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi
Stitching unit	Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi
Hussaini stitching unit	Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi
Apparel division	Plot# 12, Sector 23, Korangi Industrial area, Karachi

1.4 As at June 30, 2019, the Company has 64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2018:65 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises).

2 BASIS OF PREPARATION

2.1 Basis of measurement

These unconsolidated financial statements comprise of unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with explanatory notes forming part thereof and have been prepared under the ‘historical cost convention’ except as has been specifically stated below in respective notes.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

These unconsolidated financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees, which is the functional currency of the Company.

2.4 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements, are as follows:

a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no. 8.4 to the unconsolidated financial statements for valuation of present value of defined benefit obligations.

b) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

c) Useful lives, pattern of economic benefits and impairments

Estimates with respect to residual values and useful lives and patterns of flow of economic benefits are based on the analysis of management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimate in the future might effect the carrying amount of respective item of property, plant and equipment with the corresponding effect on the depreciation charge and impairment.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

d) **Intangibles**

The Company reviews appropriateness of useful life. Further, where applicable, an estimate of recoverable amount of intangible asset is made for possible impairment on an annual basis.

e) **Impairment of investment in subsidiary company**

In making an estimate of recoverable amount of the Company's investment in subsidiary company, the management considers break up value of shares as per audited financial statements of the subsidiary company of respective period.

f) **Provision for obsolescence and slow moving stores and spares**

Provision for obsolescence and slow moving spare parts is based on parameters set out by management, which includes ageing, expected use and realisable values.

g) **Stock-in-trade**

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated currently prevailing selling price/market price less estimated expenditures to make the sales.

h) **Impairment of financial assets**

The Company reviews the recoverability of its financial assets i.e. trade debts, advances and other receivables to assess amount of doubtful debts and allowance required there against on annual basis. While determining impairment allowance, the Company considers financial health, market and economic information, aging of receivables, credit worthiness, credit rating, past records and business relationship.

i) **Taxation**

The Company takes into account relevant provisions of the prevailing income tax laws and decisions taken by the Taxation Authorities, while providing for current and deferred taxes as explained in note no. 3.5 of these unconsolidated financial statements. Deferred tax calculation has been made based on estimate of expected future ratio of export and local sales based on past history.

2.5 New and revised standards and interpretations

a) **New and amended Standards and Interpretations became effective during the year:**

Details of new and amended standards and interpretations mandatory for the first time for the financial year beginning on July 1, 2018 are as under:

IAS 40 'Investment Property' amendments to clarify transfers or property to, or from, investment property (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment is not relevant to the Company's unconsolidated financial statements.

IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment) (Effective for annual periods beginning on or after 1 January 2018)

The amendments cover three accounting areas (a) measurement of cash-settled share based payments; (b) classification of share based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendment is not relevant to the Company's unconsolidated financial statements.

IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment) (Effective for annual periods beginning on or after 1 January 2018)

The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4:
-an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach");
-an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach")
The amendment is not relevant to the Company's unconsolidated financial statements.

IFRS 9 'Financial instruments' (Effective for annual periods beginning on or after 1 July 2018)

IFRS 9, 'Financial instruments', has replaced the guidance in IAS 39. This includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting for financial assets and financial liabilities. The impact of application in this new standard is disclosed below.

IFRS 9 replaces IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 01 July 2018 resulted in changes in titles of classification and presentation of the financial instruments and related accountign policies which are set out in note 3.17 and 3.19. The changes are summarized below

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The Company's management while making assesment related to classification of the financial instruments has considered business model within which a financial asset is held, management's intentions with respect to collection of cashflows and trading of the financial instruments and accordingly the management has classified its financial instruments into the appropriate IFRS 9 categories. The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018 as disclosed in note 40.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Financial Instruments	Original classification under IAS 39	New classification under IFRS 9	Carrying Amount under IAS-39	Carrying Amount under IFRS-9
			Rs. 000s	
Loans, advances and other receivables	Loans and receivables	Amortised cost	380,556	380,556
Long term deposits	Loans and receivables	Amortised cost	202,959	202,959
Trade debts	Loans and receivables	Amortised cost	5,398,565	5,398,565
Cash and bank balances	Loans and receivables	Amortised cost	470,250	470,250

Retrospective application of changes in classification of financial assets due to adoption of IFRS 9 has no change in original carrying amounts of financial assets of the Company as there is no material impact due to change in measurement and classification categories. The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. As stated in note 3.18, the Company has applied simplified approach for estimating lifetime expected credit losses with respect to trade receivables and has determined that the application of IFRS 9's impairment requirement at 01 July 2018 results in no additional allowance for trade receivables.

IFRS 15 'Revenue from contract with customers' (Effective for annual periods beginning on or after 1 January 2018)

The IASB has issued a new standard for the recognition of revenue. This new standard has replace IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards.

The Company manufactures and contracts with customers for the sale of textile products which generally include single performance obligation, i.e., transfer of goods. The management has concluded that control over the goods is retained by the Company before these are dispatched to the customer therefore revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, i.e., when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at transaction price received / to be received at that point in time, as the control has been transferred to the customers. The Company pays comission upon certain sales contracts which are expensed out in line with relevant revenue recognition considering practical expedient.

The requirements of this IFRS 15 are generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18 and the Company used to follow same recognition principles as mentioned in new IFRS 15. Therefore, adoption of IFRS 15 at July 01 2018, do not have an effect on the unconsolidated financial statements of the Company except certain disclsoure requirements which are stated at respective notes.

IFRIC 22 'Foreign currency transactions' (Effective for annual periods beginning on or after 1 January 2018)

The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments do not have impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 12 Disclosure of Interests in Other Entities amendments resulting from Annual Improvements 2014–2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Company's unconsolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures amendments resulting from Annual Improvements 2014–2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

This amendment clarifies that the election to measure an investment in an associate or a joint venture that is held by an entity and that is a venture capital organization, or other qualifying entity, at fair value through profit or loss is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendment is not relevant to the Company's unconsolidated financial statements.

Annual improvements to IFRS standards 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements —(Effective for annual periods beginning on or after 1 January 2018)

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendment is not relevant to the Company's unconsolidated financial statements.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

(b) Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards that have been published that are mandatory to the Company's accounting period beginning on or after the dates mentioned below:

IAS 1 Presentation of Financial Statements & Accounting Policies, IAS 8 Changes in Accounting Estimates and Error - Amendments regarding the definition of material (Effective for annual periods beginning on or after 1 January 2020)

The IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) in October 2018 to clarify and align the definition of material.The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions of primary users of general purpose financial statements. The amendments to the definition of material will not have a significant impact on an entity's financial statements.

IAS 19 'Employee Benefits' amendments in Plan Amendment, Curtailment or Settlement (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments are unlikely to have any material impact on the Company's unconsolidated financial statements.

IAS 28 'Investments in Associates and Joint Ventures' (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are: -Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. -Paragraph 41 has been deleted because the IFRS Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. The amendment is not likely to have a material impact on the Company's unconsolidated financial statements.

IFRS 3 Business Combinations Amendments to clarify the definition of a business (Effective for annual periods beginning on or after 1 January 2020)

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The amendment is not likely to have a material impact on the Company's unconsolidated financial statements.

Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019)

For a debt instrument to be eligible for measurement at amortised cost or fair value through other comprehensive income, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.The amendments are unlikely to have any material impact on the Company's unconsolidated financial statements.

IFRS 16 'Leases' (Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the full impact of this standard on its unconsolidated financial statements.

IFRIC 23 'the Accounting for uncertainties in income taxes' (Effective for annual periods beginning on or after 1 January 2019)

This Amendment clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. This IFRIC is not likely to have a material impact on Company's unconsolidated financial statements.

Annual improvements to IFRS standards 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IAS 12 - Income Taxes (Effective for annual periods beginning on or after 1 January 2019)

This amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Company's unconsolidated financial statements.

IAS 23 - Borrowing Costs (Effective for annual periods beginning on or after 1 January 2019)

The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale or any non-qualifying assets are included in that general pool. The amendments are not likely to have material impact on the Company's unconsolidated financial statements.

NOTES TO THE UN-CONSOLIDATED
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Amendments to references to Conceptual Framework for Financial Reporting (Effective for annual periods beginning on or after 1 January 2020)

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

(c) New Standards issued by IASB but not yet been notified by SECP

International Financial Reporting Standards (IFRSs)		IASB effective date annual periods beginning on or after
IFRS 1	- First Time Adoption of IFRS	January 1, 2004
IFRS 14	- Regulatory Deferral Accounts	January 1, 2016
IFRS 17	- Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

All monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the reporting date.

All non-monetary items are translated into Pak Rupees at the rates on date of transaction or on the date when fair values are determined.

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction.

Foreign exchange gains and losses on translation or realization are recognised in the unconsolidated statement of profit or loss.

3.2 Staff retirement benefits

Defined contribution plan

The Company operates a recognized provident fund scheme for its eligible employees to which equal monthly contribution is made by the Company and the employees at the rate of 8.33% of the basic salary. The Company's contribution is charged to unconsolidated statement of profit or loss.

Defined benefit plan

The Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Company's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2019. The results of valuation are summarized in note no. 8.

Current service cost, past service cost and interest cost is recognized in statement of profit or loss. Remeasurement gains and losses arising at each valuation date are recognized fully in other comprehensive income.

3.3 Accumulated employee compensated absences

The Company provides for compensated absences for all eligible employees in the period in which these are earned in accordance with the rules of the Company.

3.4 Provisions and contingencies

Provisions are recognized when the Company has present obligation (legal or constructive) as a result of past event and 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. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year. The charge for current tax also includes impact of available tax credits and adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the unconsolidated statement of profit or loss, except that it relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

3.6 Borrowings

Borrowings are recorded at the amount of proceeds received/fair values and are subsequently recorded at amortized cost using the effective interest rate method whereby the differences, if any, between the proceeds of borrowings and redemption values is amortised over the period of borrowing.

3.7 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

3.8 Trade and other payables

Liabilities for trade and other payables are recognized at cost which is the fair value of the consideration to be paid for goods and services received plus significant directly attributable costs and these are subsequently measured at amortised cost.

3.9 Property, plant and equipment

3.9.1 Operating fixed assets

Recognition/Measurement

The cost of an item is recognised as an asset if and only if the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Operating fixed assets are stated at cost less any accumulated depreciation and any accumulated impairment losses except leasehold land which is stated at cost.

Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognized in unconsolidated statement of profit or loss as incurred.

Depreciation

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) and turbines in plant and machinery, which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 14.1. Depreciation is charged on additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Derecognition

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 disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in unconsolidated statement of profit or loss in the period of derecognition.

3.9.2 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date less impairment, if any. Cost represents expenditure incurred on property, plant and equipment in the course of construction, acquisition, installation, development and implementation. These expenditures are transferred to relevant category of property, plant and equipment as and when these are available for intended use.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any, Amortization is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 15.1.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs to sell or value in use.

3.11 Investments in subsidiary

Investment in subsidiary company is stated at cost in these separate financial statements. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses are recognised in unconsolidated statement of profit or loss.

3.12 Stores and spares

Stores and spare parts, except goods-in-transit, are stated at moving average cost less provision for slow moving/obsolete items. Cost of goods-in-transit includes invoice/purchase amount plus other costs incurred thereon up to reporting date.

3.13 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued at lower of weighted average cost and net realisable value. Waste products are valued at net realisable value. Cost of raw materials and trading stock comprises of the invoice value plus other charges incurred thereon. Cost of work-in-process and finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon up to reporting date.

Net realisable value signifies the estimated selling prices in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

3.14 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value and subsequently at amortised cost. An allowance is made for lifetime expected credit losses using simplified approach as mentioned in note 3.18. Trade debts are written off when there is no reasonable expectation of recovery, i.e., when these are considered irrecoverable.

3.15 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is recognized on following basis:

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are despatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and rates applicable thereon.
- Duty draw back on export sales is recognized on an accrual basis at the time of export sale.
- Processing charges are recorded when processed goods are delivered to customers.
- Dividend income is recognized when the Company's right to receive the payment is established.
- Interest on loans and advances to employees is recognized on the effective interest method.

3.16 Financial Instruments

Financial instruments include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument.

3.16.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

3.16.2 Classification of financial assets

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The Company classifies its financial instruments in the following categories:
- at amortised cost.
- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or

Financial assets that meet the following conditions are classified as financial assets at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are classified as financial assets at FVTOCI:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are classified as financial assets at FVTPL.

3.16.3 Classification of financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

3.16.4 Subsequent measurement

Financial assets and liabilities at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the unconsolidated statement of profit or loss. Any gain or loss on de-recognition is also recognized in the unconsolidated statement of profit or loss.

Financial assets at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition of a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to unconsolidated statement profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to unconsolidated statement profit or loss, but is transferred to unconsolidated statement of changes in equity.

Financial assets and liabilities at FVTPL

These are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL and any interest / markup or dividend income are included in the unconsolidated statement profit or loss.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss).

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

3.17 Derecognition of Financial Instruments

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

Any gain or loss on derecognition of financial asset or liability is also included to the unconsolidated statement profit or loss.

3.18 Impairment

Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

The Company applies a simplified approach in calculating ECLs for trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical / actual credit loss experience, analysis of current financial position of debtors, adjusted for forward-looking factors specific to the debtors.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets. The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of such assets is estimated.

An impairment loss is recognised if the carrying amount of a specific asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.19 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the company or the counter parties.

3.20 Cash and cash equivalents

For the purpose of unconsolidated statement of cash flows , cash and cash equivalents comprises cash and cheques in hand and balances with banks on current, savings and deposit accounts less short-term borrowings.

3.21 Dividend and appropriation to reserves

Final dividend distributions to the Company's shareholders are recognized as a liability in the unconsolidated financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while the interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. Appropriations of profit are reflected in the unconsolidated statement of changes in equity in the period in which such appropriations are approved.

3.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relates to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

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4 SHARE CAPITAL

4.1 Authorised capital

2019	2018		2019	2018
Number of Shares			Rs. 000s	
750,000,000	750,000,000	Ordinary shares of Rs.10 each	7,500,000	7,500,000

4.2 Issued, subscribed and paid - up capital

2019	2018		2019	2018
Number of Shares			Rs. 000s	
192,161,738	192,161,738	Ordinary shares of Rs.10 each allotted for consideration paid in cash	1,921,617	1,921,617
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid shares under scheme of arrangement for amalgamation	54,473	54,473
158,886,461	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	1,588,865	1,588,865
356,495,525	356,495,525		3,564,955	3,564,955

4.2.1 As at June 30, 2019, Gul Ahmed Holdings (Private) Limited, the holding company of Gul Ahmed Textile Mills Ltd, held 239,226,714 (2018: 239,226,714) ordinary shares of Rs. 10 each, constituting 67.10% (2018: 67.10%) of total paid-up capital of the company. Number of shares held by the associated companies and undertakings, other than holding company, aggregated to 14,493,774 (2018: 12,396,774) ordinary shares of Rs. 10 each.

4.2.2 As per the Honorable Sindh High Court's order, the Company has held 1,541,432 shares, 69,138 shares and 398,434 shares out of the total bonus shares issued during the year 2015 to Gul Ahmed Holdings (Private) Limited, an associated company and other parties respectively, as these shareholders are the part of the suit filed against the tax on bonus shares imposed through Finance Act, 2014.

5 RESERVES

	Note	2019	2018
		Rs. 000s	
Capital Reserve			
- Share premium	5.1	1,405,415	1,405,415
Revenue Reserve			
- General Reserve	5.2	-	5,380,000
- Unappropriated Profit		10,362,843	2,270,357
		10,362,843	7,650,357
		11,768,258	9,055,772

5.1 The share premium account is a capital reserve and can be applied only in accordance with provisions of section 81 of the Companies Act, 2017.

5.2 This represented appropriation of profit in past years to meet future exigencies. During the year this has been transferred to unappropriated profits as approved in Board of Directors meeting held on September 18, 2018.

6 LONG TERM FINANCING

	Note	2019	2018
		Rs. 000s	
From Banking Companies - Secured	6.1	7,078,540	5,499,037
From Non-Banking Financial Institutions - Secured	6.2	2,958,663	2,778,689
		10,037,203	8,277,726
Current portion shown under current liabilities		(1,180,302)	(1,365,857)
		8,856,901	6,911,869

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
6.1 Banking Companies - Secured						
Askari Bank Limited Loan 1 Under LTFF scheme	6.4, 6.7	20 quarterly October-2016	8,346	8.50 % p.a. payable quarterly	75,114	108,498
Askari Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	26,348	38,068
Askari Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	10,663	14,924
Askari Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	20 quarterly February-2018	165	3 % p.a. payable quarterly	2,310	2,970
Askari Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	20 quarterly May-2018	4,880	3 % p.a. payable quarterly	73,184	92,701
Askari Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	20 quarterly June-2018	200	3 % p.a. payable quarterly	2,996	3,795
Askari Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	20 quarterly June-2018	269	3 % p.a. payable quarterly	4,298	5,103
Askari Bank Limited Loan 8 Under LTFF scheme	6.3, 6.7	20 quarterly July-2018	3,656	3 % p.a. payable quarterly	58,490	73,113
Askari Bank Limited Loan 9 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	445	3 % p.a. payable quarterly	7,126	8,908
Askari Bank Limited Loan 10 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	252	3 % p.a. payable quarterly	4,032	5,030
Askari Bank Limited Loan 11 Under LTFF scheme	6.3, 6.7	32 quarterly August-2020	6,155	2.75 % p.a. payable quarterly	196,956	196,956
Askari Bank Limited Loan 12 Under LTFF scheme	6.3, 6.7	32 quarterly September-2020	370	2.75 % p.a. payable quarterly	11,843	11,843
Askari Bank Limited Loan 13 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly October-2020	105	2.75 % p.a. payable quarterly	3,355	-
Askari Bank Limited Loan 14 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly November-2020	1,443	2.75 % p.a. payable quarterly	46,163	-
Askari Bank Limited Loan 15 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly February-2021	736	2.75 % p.a. payable quarterly	23,547	-
Askari Bank Limited Loan 16 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly March-2021	283	2.75 % p.a. payable quarterly	9,041	-
Askari Bank Limited Loan 17 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly July-2021	284	2.75 % p.a. payable quarterly	9,095	-
AlBaraka Bank (Pakistan) Limited Islamic Banking	6.4, 6.8	20 quarterly March-2016	7,780	Three months KIBOR Ask rate + 1.10% payable quarterly	46,680	77,800
Bank Al-Habib Limited Under LTFF scheme	6.6	16 half yearly October-2019	13,519	2.75 % p.a. payable quarterly	216,296	216,296

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Bank Al-Falah Limited - Loan 1 Islamic Banking	6.4, 6.8	9 half yearly July-2014	1,147	Six months KIBOR Ask rate + 1.25% payable half yearly	-	1,147
Bank Al-Falah Limited - Loan 2 Islamic Banking	6.4, 6.8	9 half yearly August-2014	1,472	Six months KIBOR Ask rate + 1.25% payable half yearly	-	1,472
Bank Al-Falah Limited - Loan 3 Islamic Banking	6.4, 6.8	9 half yearly September-2014	8,172	Six months KIBOR Ask rate + 1.25% payable half yearly	-	8,172
Bank Al-Falah Limited - Loan 4 Islamic Banking	6.4, 6.8	9 half yearly October-2014	10,285	Six months KIBOR Ask rate + 1.25% payable half yearly	-	10,285
Bank Al-Falah Limited - Loan 5 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	17,469	3 % p.a. payable quarterly	279,504	-
Bank Al-Falah Limited - Loan 6 Under LTFF scheme	6.3, 6.7	16 half yearly August-2021	6,667	3 % p.a. payable quarterly	106,668	-
Bank Al-Falah Limited - Loan 7 Under LTFF scheme	6.3, 6.7	16 half yearly September-2021	1,220	3 % p.a. payable quarterly	19,521	-
Bank Al-Falah Limited - Loan 8 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	15,440	3 % p.a. payable quarterly	247,038	-
The Bank of Khyber	6.3	07 half yearly August-2019	17,143	Six months KIBOR Ask rate + 0.50% payable half yearly	120,000	-
Bank of Punjab - Loan 1 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	84	3 % p.a. payable quarterly	2,105	2,358
Bank of Punjab - Loan 2 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	1,143	3 % p.a. payable quarterly	28,570	31,998
Bank of Punjab - Loan 3 Under LTFF scheme	6.3, 6.7	28 quarterly October-2018	2,144	3 % p.a. payable quarterly	53,607	60,040
Bank of Punjab - Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly November-2018	3,085	3 % p.a. payable quarterly	77,125	86,380
Bank of Punjab - Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	6,904	3 % p.a. payable quarterly	172,610	193,323
Bank of Punjab - Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,644	3 % p.a. payable quarterly	42,747	46,035
Bank of Punjab - Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	7,692	3 % p.a. payable quarterly	199,998	215,382
Bank of Punjab - Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	5,467	3 % p.a. payable quarterly	142,141	153,075
Bank of Punjab - Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	661	3 % p.a. payable quarterly	17,843	18,504
Bank of Punjab - Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	3,212	3 % p.a. payable quarterly	86,712	89,924
Bank of Punjab - Loan 11 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	195	3 % p.a. payable quarterly	5,274	5,469

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Bank of Punjab - Loan 12 Under LTFF scheme	6.3, 6.7	28 quarterly May-2020	3,483	3 % p.a. payable quarterly	97,512	97,512
Faysal Bank Limited Loan 1 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly June-2021	13,781	2.75% p.a. payable quarterly	440,981	-
Faysal Bank Limited Loan 2 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly August-2021	1,844	2.75% p.a. payable quarterly	59,018	-
Habib Bank Limited Loan 1	6.5, 6.8	04 half yearly October-2017	10,391	Three months KIBOR Ask rate + 0.5% payable half yearly	-	20,781
Habib Bank Limited Loan 2	6.5, 6.8	05 half yearly October-2017	249	Three months KIBOR Ask rate + 0.5% payable half yearly	249	747
Habib Bank Limited Loan 3	6.5, 6.8	06 half yearly October-2017	3,306	Three months KIBOR Ask rate + 0.5% payable half yearly	6,612	13,221
Habib Bank Limited Loan 4	6.5, 6.8	09 half yearly October-2017	14,063	Three months KIBOR Ask rate + 0.5% payable half yearly	70,313	98,438
Habib Bank Limited Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly October-2018	14,747	3 % p.a. payable quarterly	427,659	471,900
Habib Bank Limited Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2018	82	3 % p.a. payable quarterly	2,368	2,613
Habib Bank Limited Loan 7 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	221	3 % p.a. payable quarterly	6,630	7,072
Habib Bank Limited Loan 8 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	95	3 % p.a. payable quarterly	2,846	3,036
Habib Bank Limited Loan 9 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2019	174	3 % p.a. payable quarterly	5,216	5,564
Habib Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	32 quarterly March-2021	8,774	2.8 % p.a. payable quarterly	280,779	-
MCB Bank Limited Loan 1	6.5	10 half yearly February-2017	1,486	Three months KIBOR Ask rate + 2.25% payable half yearly	7,430	10,402
MCB Bank Limited Loan 2 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	15,864	8.25% p.a. payable quarterly	79,320	111,048
MCB Bank Limited Loan 3 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	1,541	6.75% p.a. payable quarterly	7,705	10,787
MCB Bank Limited Loan 4 Under LTFF scheme	6.5, 6.7	10 half yearly April-2017	2,425	8.25% p.a. payable quarterly	12,126	16,976
MCB Bank Limited Loan 5 Under LTFF scheme	6.5, 6.7	10 half yearly June-2017	5,773	8.25% p.a. payable quarterly	28,865	40,411
MEEZAN Bank Limited Islamic Banking	6.5, 6.8	8 quarterly March-2017	107,910	Three months KIBOR Ask rate +1% payable quarterly	-	431,640

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
National Bank of Pakistan Loan 1	6.3	10 half yearly August-2016	49,598	Six months KIBOR Ask rate + 0.75% payable half yearly	198,393	297,588
National Bank of Pakistan Loan 2 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly May-2018	5,835	2.80% p.a. payable quarterly	87,535	110,875
National Bank of Pakistan Loan 3 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly July-2018	5,451	2.80% p.a. payable quarterly	87,200	109,012
National Bank of Pakistan Loan 4 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly August-2018	179	2.80% p.a. payable quarterly	2,856	3,570
National Bank of Pakistan Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly September-2018	5,228	2.80% p.a. payable quarterly	83,643	104,568
National Bank of Pakistan Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	1,903	2.80% p.a. payable quarterly	32,343	38,050
National Bank of Pakistan Loan 7 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	5,699	2.80% p.a. payable quarterly	96,875	113,970
National Bank of Pakistan Loan 8 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly November-2018	708	2.80% p.a. payable quarterly	12,033	14,156
National Bank of Pakistan Loan 9 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly November-2020	8,253	2.75% p.a. payable quarterly	264,082	-
National Bank of Pakistan Loan 10 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly January-2021	2,361	2.75% p.a. payable quarterly	75,551	-
National Bank of Pakistan Loan 11 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2021	1,794	2.75% p.a. payable quarterly	57,396	-
National Bank of Pakistan Loan 12 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2021	2,914	2.75% p.a. payable quarterly	93,254	-
National Bank of Pakistan Loan 13 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly May-2021	3,727	2.75% p.a. payable quarterly	119,279	-
National Bank of Pakistan Loan 14 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly June-2021	4,981	2.75% p.a. payable quarterly	159,384	-
National Bank of Pakistan Loan 15 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly August-2021	3,115	2.75% p.a. payable quarterly	99,671	-
National Bank of Pakistan Loan 16 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly September-2021	2,209	2.75% p.a. payable quarterly	70,672	-

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FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
NIB Bank Limited	6.3	16 quarterly June-2015	168	Three months KIBOR Ask rate + 1.50% payable quarterly	-	679
Soneri Bank Limited Under LTFF scheme	6.3, 6.7	16 half yearly March-2018	14,457	5% p.a. payable quarterly	187,939	216,853
United Bank Limited Loan 1	6.3	12 half yearly September-2013	269	Six months KIBOR Ask rate + 1.00% payable half yearly	-	537
United Bank Limited Loan 2	6.3	12 half yearly October-2013	1,235	Six months KIBOR Ask rate + 1.00% payable half yearly	-	2,470
United Bank Limited Loan 3	6.3	12 half yearly December-2013	5,892	Six months KIBOR Ask rate + 1.00% payable half yearly	-	11,783
United Bank Limited Loan 4	6.3	12 half yearly January-2014	11,913	Six months KIBOR Ask rate + 1.00% payable half yearly	11,913	35,738
United Bank Limited Loan 5 Under LTFF scheme	6.4, 6.7	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	10,812	14,416
United Bank Limited Loan 6 Under LTFF scheme	6.4, 6.7	10 half yearly August-2017	398	6.50% p.a. payable quarterly	2,391	3,188
United Bank Limited Loan 7 Under LTFF scheme	6.4, 6.7	10 half yearly September-2017	215	6.50% p.a. payable quarterly	1,290	1,720
United Bank Limited Loan 8 Under LTFF scheme	6.4, 6.7	10 half yearly October-2017	102	6.50% p.a. payable quarterly	612	816
United Bank Limited Loan 9	6.4	10 half yearly March-2018	2,385	5% p.a. payable quarterly	16,695	21,465
United Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	10 half yearly December-2017	89	6.50% p.a. payable quarterly	623	712
United Bank Limited Loan 11 Under LTFF scheme	6.4, 6.7	10 half yearly February-2018	318	5% p.a. payable quarterly	2,233	2,869
United Bank Limited Loan 12 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	4,182	5% p.a. payable quarterly	29,273	37,639
United Bank Limited Loan 13 Under LTFF scheme	6.4, 6.7	10 half yearly April-2018	1,827	5% p.a. payable quarterly	12,789	16,443
United Bank Limited Loan 14 Under LTFF scheme	6.4, 6.7	10 half yearly May-2018	954	4% p.a. payable quarterly	6,684	8,592
United Bank Limited Loan 15 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	132	5% p.a. payable quarterly	919	1,183
United Bank Limited Loan 16 Under LTFF scheme	6.4, 6.7	10 half yearly August-2018	11,979	5% p.a. payable quarterly	95,840	119,798
United Bank Limited Loan 17 Under LTFF scheme	6.4, 6.7	16 half yearly June-2020	9,384	2.75% p.a. payable quarterly	150,142	150,142
United Bank Limited Loan 18 Under LTFF scheme	6.4, 6.7	16 half yearly October-2020	23,826	2.75% p.a. payable quarterly	381,215	381,215

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
United Bank Limited Loan 19 Under LTFF scheme	6.4, 6.7	16 half yearly November-2020	1,495	2.75% p.a. payable quarterly	23,920	23,920
United Bank Limited Loan 20 Under LTFF scheme	6.4, 6.7	16 half yearly December-2020	8,335	2.75% p.a. payable quarterly	133,353	133,353
United Bank Limited Loan 21 Under LTFF scheme	6.4, 6.3 6.7, 6.9	16 half yearly January-2021	3,016	2.75% p.a. payable quarterly	48,256	-
United Bank Limited Loan 22 Under LTFF scheme	6.4, 6.3 6.7, 6.9	16 half yearly February-2021	706	2.75% p.a. payable quarterly	11,295	-
United Bank Limited Loan 23 Under LTFF scheme	6.4, 6.3 6.7, 6.9	16 half yearly April-2021	2,847	2.75% p.a. payable quarterly	45,550	-
Samba Bank Limited Loan 1 Under LTFF scheme	6.3, 6.7	10 half yearly September-2019	15,710	3% p.a. payable quarterly	157,099	157,099
Samba Bank Limited Loan 2 Under LTFF scheme	6.3, 6.7	10 half yearly January-2020	10,809	3% p.a. payable quarterly	108,084	108,084
Samba Bank Limited Loan 3 Under LTFF scheme	6.3, 6.7	10 half yearly February-2020	1,339	3% p.a. payable quarterly	13,391	13,391
Samba Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	10 half yearly March-2020	140	3% p.a. payable quarterly	1,402	1,402
Samba Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	10 half yearly August-2020	2,237	3% p.a. payable quarterly	22,369	22,369
Samba Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	10 half yearly November-2020	5,461	3% p.a. payable quarterly	54,613	54,613
Samba Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	10 half yearly December-2020	4,304	3% p.a. payable quarterly	43,042	43,042
		Total from Other Banking Companies			7,078,540	5,499,037

6.2 Non-Banking Financial Institutions - Secured

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
Pair Investment Company Loan 1 Under LTFF scheme	6.5, 6.7	12 half yearly May-2018	11,417	3.5% p.a. payable half yearly	102,750	125,583
Pair Investment Company Loan 2 Under LTFF scheme	6.5, 6.7	12 half yearly June-2018	11,375	3.5% p.a. payable half yearly	102,025	124,775
Pair Investment Company Loan 3 Under LTFF scheme	6.5, 6.7	12 half yearly October-2019	17,798	3% p.a. payable half yearly	213,579	213,579
Pair Investment Company Loan 4 Under LTFF scheme	6.5, 6.7	12 half yearly December-2019	236	3% p.a. payable half yearly	2,831	2,831
Pair Investment Company Loan 5 Under LTFF scheme	6.5, 6.7	12 half yearly February-2020	1,230	3% p.a. payable half yearly	14,756	14,756

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Pair Investment Company Loan 6 Under LTFF scheme	6.5, 6.7	12 half yearly April-2020	1,508	3% p.a. payable half yearly	18,101	18,101
Pair Investment Company Loan 7 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	26,509	3% p.a. payable half yearly	424,149	-
Pair Investment Company Loan 8 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	512	3% p.a. payable half yearly	8,191	-
Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2018	10,099	3% p.a. payable quarterly	262,396	302,792
Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2018	816	3% p.a. payable quarterly	21,220	24,487
Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	2,481	3% p.a. payable quarterly	64,454	74,378
Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	1,317	3% p.a. payable quarterly	34,224	39,484
Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	417	3% p.a. payable quarterly	10,825	12,495
Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly April-2018	31	3% p.a. payable quarterly	830	954
Pak Kuwait Investment Pvt. Ltd Loan 7 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2018	1,218	3% p.a. payable quarterly	32,880	37,752
Pak Kuwait Investment Pvt. Ltd Loan 8 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2018	71	3% p.a. payable quarterly	1,924	2,208
Pak Kuwait Investment Pvt. Ltd Loan 9 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2018	6,997	3% p.a. payable quarterly	188,875	216,863
Pak Brunei Investment Company Loan 1 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly December-2018	28,637	2.5% p.a payable quarterly	400,915	458,187
Pak Brunei Investment Company Loan 2 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly May-2019	2,419	2.5% p.a payable quarterly	36,291	38,710
Pak Brunei Investment Company Loan 3 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly July-2019	5,468	2.5% p.a payable quarterly	87,496	87,496
Pak Oman Investment Company Loan 1 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly January-2019	8,596	2.75% p.a payable quarterly	257,891	275,083

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Pak Oman Investment Company Loan 2 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly February-2019	7,410	2.75% p.a payable quarterly	222,301	237,121
Pak Oman Investment Company Loan 3 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly March-2019	6,927	2.75% p.a payable quarterly	207,813	221,667
Pak Oman Investment Company Loan 4 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly May-2019	238	2.75% p.a payable quarterly	7,389	7,627
Pak Oman Investment Company Loan 5 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly May-2019	60	2.75% p.a payable quarterly	1,849	1,908
Pak Oman Investment Company Loan 6 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly June-2019	7,144	2.75% p.a payable quarterly	221,480	228,624
Pak Oman Investment Company Loan 7 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly September-2019	351	2.75% p.a payable quarterly	11,228	11,228
		Total from Non-Banking Financial Institutions			2,958,663	2,778,689

6.3 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company.

6.4 These loans are secured by charge over specified machinery.

6.5 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company and equitable mortgage over land and building.

6.6 These loans are secured by charge over specified machinery of the Company and equitable mortgage over land and building.

6.7 The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of up to five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.

6.8 These loans are obtained under Shariah Compliant Arrangements.

6.9 These loans are secured by ranking charge over present and future property, plant and equipment of the company.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

7 DEFERRED TAXATION

	Note	2019	2018
		Rs. 000s	
Opening balance		23,692	298,358
Charged / (credited) to statement of profit or loss		48,332	(273,270)
Credited to other comprehensive income		(694)	(1,396)
Closing balance		71,330	23,692

Deferred tax arises due to:

	2019	2018
Taxable temporary differences in respect of		
Accelerated tax depreciation allowance	392,832	334,038
Deductible temporary differences in respect of		
Provision for gratuity	(9,730)	(6,748)
Impairment allowance against doubtful trade debts	(35,173)	(33,491)
Provision for slow moving items/obsolete items of stores and spares	(18,790)	(15,869)
	(63,693)	(56,108)
Tax credit	(257,809)	(254,238)
	71,330	23,692

7.1 Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001.

7.2 The Company has unrecognised available tax credit of Rs. Nil (2018: Rs. 299.3 million) under section 65 of the Income Tax Ordinance, 2001.

8 DEFINED BENEFIT PLAN- STAFF GRATUITY

	Note	2019	2018
		Rs. 000s	
8.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability			
Opening balance		63,165	23,864
Charge for the year	8.2	46,707	64,306
Remeasurement loss charged in other comprehensive income	8.3	6,189	13,063
Benefits paid during the year		(29,344)	(38,068)
Closing balance		86,717	63,165
8.2 Charge for the year recognized in statement of profit or loss			
Current service cost		36,623	31,735
Past Service Cost	8.2.1	5,720	32,197
Markup cost		4,364	374
	27.1	46,707	64,306
8.3 Remeasurement loss charged in other comprehensive income			
Actuarial (gains)/losses from changes in financial assumptions		202	36
Experience adjustments		5,987	13,027
		6,189	13,063

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

8.4 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation:	2019	2018
Discount rate used for year end obligation	14.25% p.a	9.00% p.a
Discount rate used for markup cost	9.00% p.a	7.75% p.a
Expected increase in salary	13.25%	8%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Set back 1 Year	Set back 1 Year
Withdrawal rates	Age-Based	Age-Based
Retirement assumption	Age 60	Age 60

8.5 Associated Risks

a) **Final Salary Risk (Linked to inflation risk)**

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on final salary (which will closely reflect inflation and other macro economics factors), the benefit amount increases as salary increases with time.

b) **Demographic Risk**

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

8.6 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have completed the minimum qualifying period of service. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2019. The disclosure is based on information included in that actuarial report.

8.7 Sensitivity Analysis

Year end sensitivity analysis (± 100 bps) on Defined Benefit Obligation as presented by actuary in the report.

	Note	2019	2018
		Rs. 000s	
Discount Rate + 100 bps		82,793	60,277
Discount Rate - 100 bps		91,162	66,452
Salary increase + 100 bps		91,162	66,452
Salary increase - 100 bps		82,728	60,226

8.8 Maturity Profile

Maturity profile on Defined Benefit Obligation as presented by actuary in the report;

	Note	2019	2018
		Rs. 000s	
FY 2019		NA	23,245
FY 2020		30,813	17,965
FY 2021		33,773	15,286
FY 2022		28,789	12,498
FY 2023		26,315	10,946
FY 2024		24,285	10,095
FY 2025		23,046	9,196
FY 2026		23,716	9,320
FY 2027		22,685	9,714
FY 2028		26,188	10,686
FY 2029 onwards		29,129	423,957
FY 2030 onwards		2,336,040	NA

The average duration of the defined benefit obligation is 5 years.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

9 TRADE AND OTHER PAYABLES

	Note	2019	2018
		Rs. 000s	
Creditors - Others		3,197,093	2,404,579
- Due to related parties		133,138	53,674
		3,330,231	2,458,253
Accrued expenses	9.1.1, 9.1.2, 9.1.3	5,636,065	3,983,146
Advances from customers		214,634	213,682
Security deposit against franchise stock	9.2	93,250	93,250
Workers' profit participation fund	9.3	213,632	124,781
Workers' welfare fund	13.8	66,725	47,556
Taxes withheld		51,006	53,896
Payable to employees' provident fund trust		22,644	21,025
Others		9,327	13,359
		9,637,514	7,008,948

9.1.1 Accrued expenses include Infrastructure Cess amounting to Rs. 353 million (2018: Rs. 242 million). The Company along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi through petition dated May 28, 2011. Furthermore, the Holding Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. During the year end June 30, 2018 the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was also enacted by the Province of Sindh against which the Company has filed constitutional petition dated October 14, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed for interim relief to the Company till final judgment as allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the unconsolidated financial statements.

9.1.2 The Company along with several other companies filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated August 31, 2015 regarding increase in the Gas rate tariff, on November 16, 2015 which was decided by the Honorable Sindh High Court in favor of the Company and thereafter the Government filed an appeal in the Divisional Bench of the Honorable Sindh High Court against the decision which has also been decided in favour of the Company. During 2017, the Oil and Gas Regulatory Authority (OGRA) had issued another notification dated December 30, 2016 and SSGC billed @ Rs.600 per MMBTU instead of Rs.488.23 per MMBTU. The Company along with others have filed petition in the Honorable Sindh High Court against the notification and the Honorable Court granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. The OGRA issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to said notification the Company paid the bills accordingly at the prevailing rates. Upto the September 2018 the Company has provided banker's verified various Cheques of aggregate amount Rs. 250.67 million (2018: Rs. 217.35 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision up to the September 2018 amounting to aggregrate Rs. 410.60 million (2018: Rs. 377.28 million) in these unconsolidated financial statements.

9.1.3 The Company along with several other companies has filed a suit in the Honorable Sindh High Court on December 18, 2015, challenging the charging of captive power tariff instead of Industry tariff rate to the Company, since the Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Company. The Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Company paid the bills accordingly at the specified rates. Upto the September 2018 the Company has provided banker's verified various cheques of Rs. 388.57 million (2018: Rs. 332.39 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained provision made up to September, 2018 amounting to aggregrate Rs. 626.23 million (2018: Rs. 570.05 million) in the unconsolidated financial statements.

9.2 These security deposit are utilised for the purpose of the business as per written agreements, in compliance with requirements of section 217 of the Companies Act 2017.

9.3 Workers' profit participation fund

	Note	2019	2018
		Rs. 000s	
Opening balance		124,781	42,981
Allocation for the year	28	213,632	124,781
Markup for the year	9.3.1	7,371	1,817
		345,784	169,579
Payments made during the year		(132,152)	(44,798)
Closing balance		213,632	124,781

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9.3.1 Interest on Workers' Profit Participation Fund is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilised by the Company till the date of payment to the fund.

10 ACCRUED MARK-UP/PROFIT

	Note	2019	2018
		Rs. 000s	
Mark-up/profit on long term financing		70,903	55,806
Mark-up/profit on short term borrowings		229,107	119,827
	10.1	300,010	175,633

10.1 This includes profit of Rs. 10.5 million and Rs. 67.1 million (2018: Rs. 0.9 million and Rs. 27.9 million) accrued on in long term financing and short term borrowings respectively under Shariah Compliant arrangements.

10.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs.14.4 million (2018: Rs. 8.8 million).

11 SHORT TERM BORROWINGS

	Note	2019	2018
		Rs. 000s	
Short term bank borrowings			
Local currency	11.1	18,961,882	15,076,081

11.1 This includes Istisna (Shariah Compliant) amounting to Rs. 4,454 million (2018: Rs. 3,005 million) in local currency.

11.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. Unavailed facility at the year end was Rs. 3,303 million (2018: Rs. 6,409 million). The facility for short term finance matures within twelve months. Short term borrowings include amount due to Habib Metropolitan Bank Limited, an associated company, of Rs. 959 million (2018: Rs. 964 million).

12 UNPAID DIVIDEND

Dividend payable includes the dividend amount Rs.16.1 million (2018: Rs.11.1 million) held by the Company, as refered in Note no. 4.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 12.3 million and Rs. 0.55 million (2018: Rs. 8.5 million and Rs. 0.38 million) of Gul Ahmed Holdings (Private) Limited and an Associated Company respectively.

13 CONTINGENCIES AND COMMITMENTS

13.1 The Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2018: Rs. 84 million). The Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal Rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

13.2 The Company has filed a Petition in the Honorable Sindh High Court, dated March 30, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (2018: Rs. 50.83 million). This demand has been raised after lapse of more than two years although the records and books of the Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

13.3 The Company along with several other companies has filed a Consitution Petition No. 2206 of 2016 on April 18, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Honourable Sindh High Court against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honourable Sindh High Court has already restrained EOBI from taking any coercive action against the Company. The matter is now pending before the court for final outcome and the legal counsel of the Company do not forsee any claim/losses that are likely to arise therefrom. Therefore the Company has not made provision to the extent of Rs. 119.6 million out of expected liability of Rs. 261.6 million.

13.4 The Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent on October 17, 2011 and against which part payment of Rs. 2.6 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made for difference unpaid amount of Rs. 7.4 million.

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13.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made certain amendements in SRO 1125(I)/2011 dated December 31, 2011 for disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustments on packing material of textile products is not being allowed for adjustment with effect from July 01, 2016. the Company has challenged the disallowance of input tax adjustments on packing material in the Sindh High Court through suit No. 2381/2016 dated November 10, 2016 against Federation of Pakistan and others. The matter is pending before the honourable court for final outcome and the legal counsel of the Company do not forsee any liability that is likely to arise, hence no provision is made for amount of Rs 446.18 million.

13.6 On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. The Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015, on July 22, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015 and hence the Company has not paid GIDC under the above referred laws. No provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these unconsolidated financial statements amounting to Rs. 868.2 million (2018: Rs. 868.2 million).

The Honorable High Court of Sindh vide its judgment dated 26 October, 2016 have held GIDC Act 2015 ultra vires the Constitution. The Government thereafter has filed an appeal in the Sindh High court. However the management on prudent basis has recognized the provision under the GIDC Act, 2015 commencing from May 22, 2015 to the reporting date amounting to Rs. 2,327 million (2018: Rs. 1,725 million) in these unconsolidated financial statements.

13.6 The Company has filed a suit in the Honorable Sindh High Court on March 28, 2002 for recovery of Rs. 33.4 million (2018: Rs. 33.4 million) against sale of property included in other receivables note no.21. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

13.8 The Company along with other petitioners challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008, dated February 04, 2011. The Honorable Sindh High Court decided the matter in favour of the Government. The Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on November 10, 2016 declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. Review petition has been filed by the Federal Government in the Honorable Supreme Court against the judgment. The Company does not expect any liability in this respect.

13.9 Various cases for reinstatement and settlement dues have been filed by the former employees of the Company which are pending for hearing or final outcome before various courts. There may arise financial liability in respect of these matters depending on the orders of the court as and when passed. Since the amount of financial liability is not ascertainable at this point of time and the favourable outcomes are expected in these cases, hence no provision has been made there against.

13.10 Company's tax audit for the tax year 2016 has been finalised and amendment order has been issued under section 122(i) of the Income Tax Ordinance 2001, wherein certain provisions and expenses aggregating to Rs. 338.2 million (having tax impact of Rs. 108.2 million) have been added back to the income as claimed in the deemed assessment, while super tax of Rs. 42.8 million has been levied. The Company is in the process of contesting the matter in appeal against amended order and the management believes that the aforementioned matter will ultimately be decided in favour of the Company. Accordingly, no provision is required to be made in these unconsolidated financial statements.

13.11 Guarantees and others

a) Rs.1,034.7 million (2018: Rs. 839.3 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 893.3 million (2018: Rs. 770.8 million)

b) Post dated cheques amounting to Rs.3,125 million (2018 : Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.

c) Bills discounted amounted to Rs.4,876 million (2018: Rs. 1,292 million) including Bills discounted from associated company amounting to Rs 2,160 million (2018: Rs.1,005.5 million)

d) Corporate guarantee of Rs 145.6 million (2018: Rs. 110.5 million), Rs. 660.5 million (2018: Rs. NIL) and Rs. 148.1 million (2018: Nil) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC - UAE and Sky Home Corporation - USA respectively.

13.12 Commitments

a) The Company is committed for capital expenditure as at June 30, 2019 of Rs. 2,838.2 million (2018: Rs. 1234.4 million).

b) The Company is committed to minimum rental payments for each of following period as follows:

	2019	2018
	Rs. 000s	
Not more than one year	699,705	800,204
More than one year not more than five years	2,012,348	2,276,407
More than five years	640,795	815,837
	3,352,848	3,892,448

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14 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		Rs. 000s	
Operating fixed assets	14.1	18,068,449	14,908,714
Capital work in progress (CWIP)	14.2	925,856	1,195,605
		18,994,305	16,104,319

14.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture	Office Equipment	Vehicles	Total
		Rs. 000s						
At July 1, 2017								
Cost		222,641	5,093,073	17,183,085	108,448	677,229	946,977	24,231,453
Accumulated depreciation		-	(2,013,696)	(7,704,303)	(60,154)	(378,406)	(417,123)	(10,573,682)
Net book value as at July 1, 2017		**222,641**	**3,079,377**	**9,478,782**	**48,294**	**298,823**	**529,854**	**13,657,771**
Movement during Year ended June 30, 2018								
Direct additions (at cost)		-	623	68,651	3,151	52,124	61,881	186,430
Transfer from CWIP		-	824,739	2,321,823	40	-	-	3,146,602
Reclassification	14.1.1	-	-	(23,058)	-	23,058	-	-
Disposals								
Cost		-	-	(914,891)	(45)	(3,278)	(260,093)	(1,178,307)
Depreciation		-	-	810,499	21	1,856	144,568	956,944
Net book value		-	-	(104,392)	(24)	(1,422)	(115,525)	(221,363)
Depreciation charge for the year		-	(485,061)	(1,200,093)	(4,368)	(72,363)	(98,841)	(1,860,726)
Net book value as at June 30, 2018		**222,641**	**3,419,678**	**10,541,713**	**47,093**	**300,220**	**377,369**	**14,908,714**
Movement during Year ended June 30, 2019								
Direct additions (at cost)		-	-	-	27,370	149,578	50,387	227,335
Transfer from CWIP	14.2	-	314,585	4,733,849	-	-	-	5,048,434
Disposals	14.1.3							
Cost		-	-	(845,094)	-	-	(115,721)	(960,815)
Depreciation		-	-	732,410	-	-	58,074	790,484
Net book value		-	-	(112,684)	-	-	(57,647)	(170,331)
Depreciation charge for the year	14.1.2	-	(519,644)	(1,264,046)	(6,728)	(80,972)	(74,313)	(1,945,703)
Net book value as at June 30, 2019		**222,641**	**3,214,619**	**13,898,832**	**67,735**	**368,826**	**295,796**	**18,068,449**
Cost		222,641	6,233,020	22,524,365	138,964	898,711	683,431	30,701,132
Accumulated depreciation		-	(3,018,401)	(8,625,533)	(71,229)	(529,885)	(387,635)	(12,632,683)
Net book value as at June 30, 2019		**222,641**	**3,214,619**	**13,898,832**	**67,735**	**368,826**	**295,796**	**18,068,449**
Depreciation rate % per annum		**-**	**10 to 20**	**10 to 20**	**10 to 12**	**15 to 33**	**20**	

14.1.1 In the preceding year, the Company had decided to reclassify generators pertaining to retail outlets to office equipment, hence their book value has been reclassified from plant and machinery to office equipment.

14.1.2 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		Rs. 000s	
Cost of goods manufactured	25.1	1,526,009	1,466,317
Distribution cost	26	292,890	188,502
Administrative expenses	27	126,804	205,907
		1,945,703	1,860,726

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14.1.3 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Plant and machinery						
Embroidery Machine	65,778	15,111	6,601	(8,510)	Negotiation	Naimat Ullah Khan House No. 59 B-1, 2 Sunset Street, Phase 2, DHA Karachi
Gas Generator Waukesha	40,788	19,184	5,395	(13,789)	Negotiation	B.S Industries Plot # I-5 Block-22 Federal B Industrial Area Karachi
Embroidery Machine	14,500	7,198	1,350	(5,848)	Negotiation	SNS Entrprise (Sheraz & Shafiq) Suite #106, Al-Amin Tower, Block-10,Gulshan-e-Iqbal Karachi
Air Jet Looms Tsudakoma	260,213	47,213	42,687	(4,526)	Negotiation	Hi Tech Textile LLC Plot # 674, Ad-Dulayl Q.I.Z Park, P.O.Box # 1495, Al - Mafraq, Jordan Mafraq
Air Jet Looms Picanol Omni	27,680	7,154	3,532	(3,622)	Negotiation	Hi Tech Textile LLC Plot # 674, Ad-Dulayl Q.I.Z Park, P.O.Box # 1495, Al - Mafraq, Jordan Mafraq
Air Dryer	13,331	2,291	2,384	93	Negotiation	Afsar Khan & Co Shop # 139E,Makka Kanta, Sher Shah, Karachi
Chiller	3,320	531	555	24	Negotiation	Afsar Khan & Co Shop # 139E,Makka Kanta, Sher Shah, Karachi
Items with written down value below Rs. 500,000	419,484	14,002	3,781	(10,221)	Negotiation	Various
	845,094	**112,684**	**66,285**	**(46,399)**		
Vehicles						
Honda BAL-375	1,673	571	979	408	Negotiation	Muhammad Amir House # 2/165,Liaqatabad Karachi
Toyota BAU-868	1,819	646	1,001	355	Negotiation	Amir Tajdin Sawja Flat no. A/215, 2nd Floor, Clifton Garden 2, Block-3, Clifton Karachi
Toyota BAZ-256	1,839	678	1,136	458	Negotiation	Khurram Mushtaq House # A-134, Block 7, Mohalla Gulistan-E-Johar Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Honda city BBM-560	2,486	967	1,553	586	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11th Executive Tower, Clifton,Karachi
Suzuki BBZ-504	1,313	549	885	336	Negotiation	Nasir Ahmed House # 195,Gul Houses, Gulistan-E-Johar Near Safoora Chowrangi, Karachi
Cultus VXRI BCX-765	1,068	501	755	254	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi
Honda city BDJ-466	1,671	813	1,203	390	Negotiation	Muhammad Kashif Ali Khan Flat # 17, Safari View Apartment, Gulshan E Iqbal, Block-7, Karachi
Toyota Corolla BDP-725	1,776	894	310	(584)	Company Policy	Mr. Sufian Ashraf House No. C-31, Block-14, Karachi
Suzuki Swift BDQ-719	1,099	553	600	47	Negotiation	Arwen Tech (Associated Company) 48-F/B,Block 6,PECHS Karachi
Suzuki Swift BEA-554	1,289	674	1,024	350	Negotiation	Muqeet Azfar House No.A-493,Block 11-A, North Karachi, Karachi
Honda City BDX-641	1,663	869	1,402	533	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami Karachi
Suzuki Cultus BEG-504	1,084	590	840	250	Negotiation	Abdul Waseem Khan House No. 1/1295 Shah Faisal Colony No.1 Karachi
Honda City BEH-438	1,671	909	1,375	466	Negotiation	Muhammad Adeel Zaheer House # B-312,Block-10 F.B.Area,Gulberg Town, Karachi
Suzuki Cultus BEL-045	1,125	612	863	251	Negotiation	Muhammad Rafiq Jaikab Line, House No.348, Sector A-1, Karachi
Corolla Altis BER-676	2,003	1,133	1,542	409	Negotiation	Akhter Saeed House # A-382,Block-3 Gulshan-e-Iqbal, Karachi
Suzuki Cultus BES-085	1,113	629	773	144	Negotiation	Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road Ramshawmi, Karachi

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Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/ Gain on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Honda Atlas BES-165	1,671	944	1,671	727	Company Policy	Mr. Wasi Uzzama House No- 1/107, Area J-1, Korangi No. 5, Karachi
Honda Atlas BEP-472	1,671	944	1,288	344	Negotiation	Waqar Ahmed House No.52, Street No.25, Ganj Mughal Pura, Lahore
Suzuki Swift BEV-010	1,294	732	1,025	293	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11Th Executive Tower,Clifton, Karachi
Honda Atlas BFC-912	1,686	989	1,481	492	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Swift BFD-322	1,443	846	1,139	293	Negotiation	Parvez N Sattar House No. 52 B-1, 2 Sunset Street, Phase 2, DHA, Karachi
Suzuki Cultus BFB-469	1,174	689	908	219	Negotiation	Muneeb Naeem Sagar Flat No. 608 Billys Residency, Gulistan-E-Jauhar, Karachi
Corolla BFE-843	1,867	1,115	1,519	404	Negotiation	Taha Baig House No. 21-A, Block-A KDA Officers Society, Karachi
Suzuki Cultus BFG-064	1,173	700	919	219	Negotiation	Syed Zahid Ali Zaidi Safa Residency, Flat # 803, Block F, North Nazimabad, Karachi
Suzuki Wagon R BFU-291	1,009	624	905	281	Negotiation	Muhammad Asghar Near Gul Ahmed Textile Mills Ltd, Karachi
Suzuki Cultus BFX-757	1,190	762	932	170	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi
Suzuki Swift BGQ-608	1,355	903	1,042	139	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi
Honda City BGQ-024	1,549	1,032	1,344	312	Negotiation	Shahid Mehmood Model Town-A, House No. 177, Khan Pur Rahim Yar Khan
Suzuki Mehran BGK-936	756	504	552	48	Negotiation	Yahya Shamim Saima Mall & Residency, Flat No.D-605, Sector-10-A, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/ Gain on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Suzuki Mehran BGL-686	769	513	542	29	Negotiation	Muhammad Arif House No. B-30, 11-C/1, NorthKarachi, Karachi
Suzuki Wagon R BGH-953	1,061	693	940	247	Negotiation	Roshni Zaid House # C-15,Block- 17 Karachi Rufi Heights Phase-2, Gulistan-E-Johhar, Karachi
Corolla BGJ-559	1,811	1,183	1,566	383	Negotiation	Muhammad Yasin House No. A-209, Saima Heaven, Block-4, Gulshan-E-Iqbal, Karachi
XPV Van CV-9863	899	587	472	(115)	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
XPV Van CV-9863	899	587	419	(168)	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Wagon R BGE-556	994	649	800	151	Negotiation	Imran Mushtaq House # 193/2, Street 31,Khayban-E-Qasim,Phase 8,DHA, Karachi
Suzuki Wagon R BGH-957	1,020	666	855	189	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Corolla Altis BGZ-866	2,030	1,407	1,950	543	Negotiation	Mohammad Nauman Ahmed House No. 9-A/11/11 Gold Course Road 2, Phase V, DHA, Karachi
Suzuki Cultus BGX-630	1,204	835	880	45	Company Policy	Mr. Sufian Ashraf House No. C-31, Block-14, Karachi
Corolla Altis BHA-141	2,026	1,431	1,950	519	Negotiation	Shaharyar Khan A/58, Chota Gate, Air Port, Karachi
Suzuki Wagon R BHA-698	1,004	710	867	157	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15 Nishter Road Ramshawami, Karachi
Suzuki Wagon R BHC-975	1,004	710	945	235	Negotiation	Arshad Ahmed Fahad Heights University Road,Flat # B-204, District Malir, Karachi

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Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/ Gain on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Toyota Fortuner BH-1982	6,113	4,910	5,450	540	Negotiation	Adnan Ayub Ali House No. 63/2, Khayaban-E-Bilal, Phase 6, DHA, Karachi.
Honda Civic BLN-522	2,764	1,488	1,697	209	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11Th Executive Tower,Clifton, Karachi
Corolla BEH-590	1,851	923	1,412	489	Negotiation	Mr. Muhammad Farhan Akram Sultan Park, House No. 38/E, Lahore
Suzuki Cultus BGT-825	1,174	785	883	98	Negotiation	Sufiyan House No. C-31, Block-14, Karachi
Suzuki Cultus Cultus BGT-392	1,204	750	937	187	Negotiation	Mr. Syed Zahid Ali Zaidi Safa Residency, Flat # 803, Block F, North Nazimabad, Karachi
Suzuki Wagon R BGU-854	1,051	667	463	(204)	Negotiation	Mr. Imran Ali Nind Singh, Street No. 3, Johar Town, Mian Channu, District Khaniwal.
Suzuki Cultus BFR-188	1,190	724	911	187	Negotiation	Muhammad Umer Millwala Appartment Flat # C-15,Nishter Road Ramshawami, Karachi
Items with written down value below Rs. 500,000	43,123	15,057	25,329	10,272	Negotiation	Various
	115,721	57,647	80,234	22,587		
2019	960,815	170,331	146,519	(23,812)		
2018	1,178,307	221,363	260,854	39,491		

14.1.4 Details of net gain on disposal of property, plant and equipment

	Note	2019	2018
		Rs. 000s	
Gain on disposal of property, plant and equipment	29	23,775	80,305
Loss on disposal of property, plant and equipment	28	(47,587)	(40,814)
Net (loss) / gain on disposal of Property, plant and equipment		(23,812)	39,491

14.2 Capital work in progress

	Note	2019	2018
		Rs. 000s	
Machinery and store items		119,130	987,904
Civil works		806,726	207,701
		925,856	1,195,605
The movement in capital work in progress is as follows:			
Balance at beginning of the year		1,195,605	2,311,420
Capital expenditure incurred during the year			
Machinery and store items		3,576,680	1,470,952
Civil works		1,207,075	559,835
		4,783,755	2,030,787
Transfers to operating fixed assets during the year			
Machinery and store items		(4,733,849)	(2,321,823)
Civil works		(314,585)	(824,739)
Other assets		-	(40)
		(5,048,434)	(3,146,602)
Reclassification			
Machinery and store items		288,395	1,420,906
Civil works	14.2.1	(288,395)	(1,420,906)
		-	-
Charged to consumption		(5,070)	-
Balance at end of the year		925,856	1,195,605

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

14.2.1 There has been a reclassification in capital work in progress from civil works to Machinery and store items, amounting to Rs. 288.4 million (2018: Rs. 1,421 million).This is due to subsequent clarification and bifurcation of capital expenditure.

15 INTANGIBLE ASSETS

	Note	Computer Software
		Rs. 000s
At July 1, 2017		
Cost		201,981
Accumulated amortisation		(168,234)
Net book value as at July 1, 2017		**33,747**
Intangible assets written off		
Cost	15.4	100,977
Accumulated amortisation		(100,977)
		-
Amortisation charge for the year		(9,762)
Net book value as at June 30, 2018		**23,985**
Movement during the year ended June 30, 2019		
Direct additions (at cost)		**34,689**
Amortisation charge for the year	15.1	**(14,028)**
Net book value as at June 30, 2019	15.3	**44,646**
Cost		**135,693**
Accumulated amortisation		**(91,047)**
Net book value as at June 30, 2019		**44,646**

15.1 The cost is being amortised using straight line method over a period of five years and the amortisation charge has been allocated as follows:

	Note	2019	2018
		Rs. 000s	
Distribution costs	26	**2,665**	2,073
Administrative costs	27	**11,363**	7,689
		14,028	**9,762**

15.2 Remaining useful lives of the intangible assets range from one to four years

15.3 This includes cost of Rs. 66.5 million (2018: Rs. 45.6 million) in respect of assets which are fully amortized but are still in use of the Company.

15.4 This represented cost of fully amortised intangibles which are no more in use of the Company.

16 LONG TERM INVESTMENT

	Note	2019	2018
		Rs. 000s	
Gul Ahmed International Limited - FZC UAE	16.1	**58,450**	**58,450**

16.1 Gul Ahmed International Limited - FZC UAE, an unquoted company incorporated in United Arab Emirates (UAE), is a wholly owned subsidiary (the subsidiary) of the Company. The paid-up share capital of the subsidiary is divided into 10,000 (2018:10,000) ordinary shares of USD 100 each. The Company has accounted for the investment in subsidiary at cost as permitted by IAS 27. Aggregate breakup value of the subsidiary as per its financial statements duly consolidated with its five 100% fully owned subsidiary companies i.e. GTM (Europe) limited, GTM USA Corp., Sky Home Corporation, Vantona Home limited and JCCO 406 Limited for the year ended June 30, 2019 is Rs. 637 million (2018: Rs. 452 million).This long term investment has been made in accordance with the requirement of the Companies Act, 2017.

17 LONG TERM LOANS

	Note	2019	2018
		Rs. 000s	
Considered good			
- Due from executives (other than CEO and Directors)	17.2 & 17.3	**85,644**	54,594
- Due from non-executive employees		**14,486**	5,035
		100,130	59,629
Current portion being receivable within twelve months			
- Due from executives		**(27,494)**	(19,624)
- Due from non-executive employees		**(9,293)**	(2,691)
	21	**(36,787)**	(22,315)
		63,343	**37,314**

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

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17.1 Loans and advances have been given for the purchase of cars, motorcycles and household equipment and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured against cars, outstanding balance of retirement benefits and/or guarantees of two employees.

Included in these are loans of Rs. 4.9 million (2018 : Rs. 2.9 million) to executives and Rs. 4.05 million (2018 : Rs. 1.9 million) to non-executive which carry no interest. The balance amount carries mark-up at rates ranging from 6.5% to 10.52% (2018: 6.5% to 10%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

17.2 Reconciliation of carrying amount of loans to executives

	Note	2019	2018
		Rs. 000s	
Opening balance		54,594	55,972
Disbursement during the year		67,462	28,488
Recovered during the year		(36,412)	(29,866)
Closing balance		85,644	54,594

17.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 91.8 million (2018: Rs. 64.7 million).

18 STORES AND SPARES

	Note	2019	2018
		Rs. 000s	
Stores and spares		1,190,597	839,494
Dyes and chemicals		446,436	270,133
		1,637,033	1,109,627
Provision for slow moving/obsolete items	18.1	(167,469)	(148,539)
		1,469,564	961,088

18.1 Movement in provision for slow moving/obsolete items

		Note	2019	2018
			Rs. 000s	
Opening balance			148,539	131,329
Charge for the year	- Administrative cost	27	8,631	17,210
	- Cost of goods manufactured	25.1	10,299	-
			18,930	17,210
Closing balance			167,469	148,539

19 STOCK-IN-TRADE

	Note	2019	2018
		Rs. 000s	
Finished goods	19.1 & 25	12,498,885	9,727,333
Raw material	25.2	8,503,455	6,089,797
Work-in-process	25.1	346,491	326,803
Stock-in-transit		20,701	-
		21,369,532	16,143,933

19.1 Finished goods include stock of waste valuing Rs. 54 million (2018: Rs. 49 million) determined at net realizable value.

19.2 Stock-in-trade include stock of Rs. 2,600 million (2018:Rs.1,712 million) lying with third parties for processing.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

20 TRADE DEBTS

	Note	2019	2018
		Rs. 000s	
Export debtors			
Considered good			
Secured - Irrevocable letter of credit		1,955,705	1,666,220
Unsecured - Contract and others		1,353,430	1,171,475
		3,309,135	2,837,695
Local debtors			
Considered good			
Secured - Irrevocable letter of credit		583,144	832,243
Unsecured - Contract and other		3,178,993	1,728,627
		3,762,137	2,560,870
Considered doubtful		313,480	313,480
	20.1	7,384,752	5,712,045
Impairment allowance	20.3	(313,480)	(313,480)
		7,071,272	5,398,565

20.1 Details and aging analysis of the amounts due from related parties is as follows:

2019

	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2019
	Rs. 000s			
GTM (Europe) Limited - indirect wholly owned subsidiary	1,030,440	7,010	-	1,037,450
Vantona Home Ltd - indirect wholly owned subsidiary	195,277	-	-	195,277
Sky Home Corporation-USA - indirect wholly owned subsidiary	83,398	-	-	83,398
Swisstex Chemicals (Private) Limited- Associated company	-	187	658	845
	1,309,115	7,197	658	1,316,970

2018

	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2018
	Rs. 000s			
Gul Ahmed International Ltd. (FZC)-UAE-wholly owned subsidiary		13,275	-	13,275
GTM (Europe) Limited - indirect wholly owned subsidiary	-	261,636	3,130	264,766
GTM USA Corporation - indirect wholly owned subsidiary	-	68,018	-	68,018
Sky Home Corporation-USA - indirect wholly owned subsidiary	-	44,544	-	44,544
	-	387,473	3,130	390,603

20.2 The maximum aggregate month end balance during the year due from related parties was Rs. 1,216.1 million (2018: Rs. 574 million).

20.3 Movement in impairment allowance against doubtful trade debts

	Note	2019	2018
		Rs. 000s	
Opening balance		313,480	271,342
Charge for the year		-	42,138
Closing balance		313,480	313,480

21 LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2019	2018
		Rs. 000s	
Loans and advances			
Considered Good			
Advances to suppliers		1,338,946	854,134
Current portion of loans to employees;			
- Executives		27,494	19,624
- Other employees		9,293	2,691
	17	36,787	22,315
Others	21.1	79,048	9,418
		115,835	31,733
Other Receivables			
Receivable against sale of property	13.7	33,409	33,409
Bank guarantee margin		81,572	95,038
Others	21.2	180,651	183,062
		295,632	311,509
		1,750,413	1,197,376

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

21.1 This includes Rs. 70 million paid as advance to Habib Bank limited (HBL) against issuance of its Term Finance Certificate.

21.2 It includes amount receivable from GTM USA, a related party, amounting to Rs. Nil (2018: Rs. 22.5 million).

22 REFUNDS DUE FROM GOVERNMENT

	Note	2019	2018
		Rs. 000s	
Sales tax	22.1	450,445	334,820
Income tax		25,187	25,187
Duty drawback, markup subsidy and rebate		1,011,616	1,467,757
		1,487,248	1,827,764

22.1 This includes Government of Pakistan Sales Tax Refund Bond of Rs.156.4 million issued to the Company against the Sales Tax refund due from Government.

23 CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		228,896	33,806
Balances with banks in current accounts			
- Local currency		263,026	359,163
- Foreign currency		62	77,281
	23.1 & 23.2	263,088	436,444
		491,984	470,250

23.1 Bank balances include amounts held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 60.7 million (2018: Rs.115.3 million).

23.2 This includes an amount of Rs. 64.7 million (2018: Rs. 237.4 million) placed under Shariah compliant arrangement.

24 SALES-NET

	Note	2019	2018
		Rs. 000s	
Export sales			
Direct export		30,521,530	24,568,112
Indirect export		2,184,582	4,063,226
		32,706,112	28,631,338
Duty drawback		707,293	868,444
Trade and other discount		(364,493)	(321,077)
Commission		(787,202)	(461,816)
		32,261,710	28,716,889
Local sales		26,192,404	17,530,422
Brokerage		(237,955)	(185,704)
Sales tax		(928,322)	(724,560)
		25,026,127	16,620,158
		57,287,837	45,337,047

24.1 Local sales include revenue from services of Rs. 322.66 million (2018: Rs.296.53 million).

24.2 Information with respect to disaggregration of revenue by geographical location and internal segment is disclosed in note 33.

25 COST OF SALES

	Note	2019	2018
		Rs. 000s	
Opening stock of finished goods		9,727,333	9,266,304
Cost of goods manufactured	25.1	48,077,225	36,493,302
		57,804,558	45,759,606
Closing stock of finished goods	19	(12,498,885)	(9,727,333)
		45,305,673	36,032,273

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

25.1 Cost of goods manufactured

	Note	2019	2018
		Rs. 000s	
Raw materials consumed	25.2	20,393,527	15,514,627
Other material and conversion cost		10,500,644	6,133,153
Stores and spares consumed		5,198,776	4,251,166
Salaries, wages and benefits	27.1	6,674,823	5,592,608
Fuel, power and water		2,833,704	2,751,319
Insurance		70,609	121,037
Repair and maintenance		805,055	679,609
Depreciation	14.1.2	1,526,009	1,466,317
Provision for slow moving/obsolete items	18.1	10,299	-
Other manufacturing expenses		231,098	180,632
Cost of samples shown under distribution costs		(147,631)	(123,008)
		48,096,913	36,567,460
Work-in-process			
Opening		326,803	252,645
Closing	19	(346,491)	(326,803)
		(19,688)	(74,158)
		48,077,225	36,493,302

25.2 Raw materials consumed

	Note	2019	2018
Opening stock		6,089,797	2,951,013
Purchases during the year		22,807,185	18,653,411
Closing stock	19	(8,503,455)	(6,089,797)
		20,393,527	15,514,627

26 DISTRIBUTION COST

	Note	2019	2018
		Rs. 000s	
Salaries and benefits	27.1	1,477,004	1,228,195
Freight and shipment expenses		592,242	469,532
Advertisement and publicity		983,857	820,779
Cost of samples transferred from cost of goods manufactured		147,631	123,008
Rent		967,926	917,748
Depreciation & amortisation	14.1.2 &15.1	295,555	190,575
Export development surcharge		76,034	62,360
Other expenses		169,959	128,533
		4,710,208	3,940,730

27 ADMINISTRATIVE COST

	Note	2019	2018
		Rs. 000s	
Salaries and benefits	27.1	963,142	858,104
Rent		210,269	194,204
Repairs and maintenance		89,897	37,919
Vehicle up keep and maintenance		197,905	140,885
Utilities		208,560	158,572
Conveyance and traveling		249,196	171,963
Printing and stationery		34,947	24,922
Postage and telecommunication		153,471	155,577
Legal and consultancy fees		113,443	81,550
Depreciation & amortisation	14.1.2 &15.1	138,167	213,596
Auditors' remuneration	27.2	3,332	3,031
Donations	27.3	10,501	13,585
Insurance		30,813	25,633
Impairment allowance against trade debts	20.3	-	42,138
Provision for slow moving/obsolete items	18.1	8,631	17,210
Other expenses		203,143	171,458
		2,615,417	2,310,347

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

27.1 Salaries, Wages & Benefits

	Cost of sales		Distribution costs		Administrative costs		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rs. 000s							
- Salaries, wages and benefits	6,485,748	5,424,435	1,452,062	1,209,458	921,156	817,685	8,858,966	7,451,578
Retirement benefits								
- Gratuity	46,707	64,306	-	-	-	-	46,707	64,306
- Contribution to provident fund	111,368	96,667	24,817	18,728	41,986	40,419	178,171	155,814
	158,075	160,973	24,817	18,728	41,986	40,419	224,878	220,120
- Staff compensated absences	31,000	7,200	125	9	-	-	31,125	7,209
	6,674,823	5,592,608	1,477,004	1,228,195	963,142	858,104	9,114,969	7,678,907

27.2 Auditor's remuneration

	Note	2019	2018
		Rs. 000s	
Audit fee		2,151	1,870
Review fee of half yearly accounts		202	176
Fee for consolidation of holding and subsidiaries		278	242
Review fee of statement of compliance with code of corporate governance		83	72
Other certification fee		83	75
Sindh sales tax on services		224	189
Out of pocket expenses		311	407
		3,332	3,031

27.3 Donations include donations to the following organizations in which a director is a trustee:

Name of Donee	Interest in Donee	Name of Director	2019	2018
			Rs. 000s	
Habib University Foundation	Director	Mr. Mohomed Bashir	-	5,000
Pakistan Retail Business Council	Director	Mr. Ziad Bashir	-	500
Landhi Association of Trade & Industry	Director	Mr. Zain Bashir	500	-
			500	5,500

27.4 Donations include donations to the following organizations exceeding Rs. 500,000:

Name of Donee	2019	2018
Karwan-e-Hayat	5,400	5,400
Habib University Foundation	-	5,000
Alleviate addiction suffering trust	-	1,000
Dhoraji Association	1,480	525
	6,880	11,925

28 OTHER OPERATING COST

	Note	2019	2018
		Rs. 000s	
Workers' profit participation fund	9.3	213,632	124,781
Workers' welfare fund		50,564	42,448
Loss on sale of property, plant and equipment	14.1.4	47,587	40,814
		311,783	208,043

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

29 OTHER INCOME

	Note	2019	2018
		Rs. 000s	
Income from non-financial assets and others			
Gain on sale of property, plant and equipment	14.1.4	23,775	80,305
Scrap sales		1,361	24,629
Others		128,548	89,734
		153,684	194,668
Income from financial assets			
Mark-up income		5,904	3,933
Foreign currency exchange gain - Net	29.1	977,516	271,214
		983,420	275,147
		1,137,104	469,815

29.1 This includes Rs. 935.9 million (2018: Rs. 288.8 million) in respect of export receivables.

30 FINANCE COST

	2019	2018
Mark-up/profit on short term borrowings	826,610	451,530
Mark-up/profit on long term financing	355,254	317,240
Bank and other charges	284,172	203,807
Exchange loss on foreign currency loans	-	12,682
Markup on workers' profit participation fund	7,371	1,817
	1,473,407	987,076

30.1 Finance cost includes Rs. 44.4 million and Rs. 209.9 million (2018: Rs. 55.9 million and Rs. 116.7 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

30.2 Finance cost includes Rs. 224.8 million (2018: Rs. 116.2 million) charged by HMBL, an associated company.

31 TAXATION

	Note	2019	2018
		Rs. 000s	
Current taxation			
- For the year		713,913	614,292
- Prior year		64,424	189,817
		778,337	804,109
Less: Tax credit		(427,436)	(277,419)
Deferred tax charged/ (credit)		48,332	(273,270)
	31.1	399,233	253,420

31.1 Reconciliation between accounting profit and tax expense

	2019	2018
Net Profit for the year before taxation	4,008,453	2,328,393
Tax rate (%)	29%	30%
Tax on accounting profit	1,162,451	698,518
Tax effect of		
Tax credits/ Rebates	(428,782)	(278,921)
Prior year	64,424	189,817
Final Tax Regime	(395,180)	(179,313)
Super Tax	47,092	57,002
Inadmissibles	4,641	1,502
Tax credit recorded as deffered tax asset	(3,571)	(254,238)
Tax rate	(9,264)	(9,945)
Others	(42,578)	28,998
	(763,218)	(445,098)
Tax Expense	399,233	253,420

31.2 The provision for current year tax represent tax on taxable income at the rate of 29%. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Year	As per Accounts	As per Return/ Assessment
	Rs. 000s	
2018	614,292	555,378
2017	430,468	392,811
2016	381,563	344,826

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

32 EARNINGS PER SHARE - basic and diluted

	Note	2019	2018
		Rs. 000s	
Profit for the year		3,609,220	2,074,973
Weighted average number of shares		356,495,525	356,495,525
Earnings per share (Rs.)	32.1	10.12	5.82

32.1 There is no dilutive effect on the earnings per share of the Company as the Company has no potential ordinary shares.

33 SEGMENT INFORMATION

The Company's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the four reportable business segments:

a) Spinning : Production of different qualities of yarn using both natural and artificial fibers.

b) Weaving: Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.

c) Retail and Distribution: On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.

d) Processing, Home Textile and Apparel: Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

33.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rs. 000s											
Sales	10,928,311	8,209,767	2,339,189	1,695,397	20,538,668	15,701,287	36,803,145	31,499,225	(13,321,476)	(11,768,629)	57,287,837	45,337,047
Cost of sales	9,250,983	7,007,684	2,268,192	1,568,436	14,113,549	10,741,121	32,994,425	28,483,661	(13,321,476)	(11,768,629)	45,305,673	36,032,273
Gross profit	1,677,328	1,202,083	70,997	126,961	6,425,119	4,960,166	3,808,720	3,015,564	-	-	11,982,164	9,304,774
Distribution and administrative costs	153,380	147,523	68,973	69,843	4,642,583	4,041,550	2,460,689	1,992,161	-	-	7,325,625	6,251,077
Profit/(loss) before tax and before charging following	1,523,948	1,054,560	2,024	57,118	1,782,536	918,616	1,348,031	1,023,403	-	-	4,656,539	3,053,697
Other operating costs											311,783	208,043
Other income											(1,137,104)	(469,815)
Finance cost											1,473,407	987,076
											648,086	725,304
Profit before taxation											4,008,453	2,328,393
Taxation											399,233	253,420
Profit after taxation											3,609,220	2,074,973
Depreciation & Amortisation Expense	524,577	508,926	326,164	298,596	356,469	301,943	752,521	761,023	-	-	1,959,731	1,870,488

33.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rs. 000s											
Assets	13,998,440	11,021,310	3,698,216	3,357,067	9,177,713	5,396,751	25,982,446	22,155,720	1,595,392	1,332,597	54,452,207	43,263,445
Liabilities	5,383,577	3,802,668	2,093,069	1,895,092	1,401,000	905,830	13,281,795	7,524,144	16,959,553	16,514,984	39,118,994	30,642,718
Segment Capital Expenditure	1,972,503	830,051	844,451	1,844,453	367,046	217,508	1,580,830	143,483	280,949	297,537	5,045,779	3,333,032

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33.3 Unallocated items represent those assets and liabilities which are common to all segments and these include investment in subsidiary, long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

33.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

33.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 10,375 million (2018: Rs.10,128 million)

33.6 Information by geographical area

	Revenue		Non-current assets	
	2019	2018	2019	2018
	Rs. 000s			
Pakistan	27,210,709	21,407,944	19,472,046	16,368,577
Germany	10,026,295	6,976,858	-	-
United States	4,242,942	3,717,152	-	-
Italy	2,376,765	2,275,804	-	-
Netherlands	2,672,423	2,091,879	-	-
United Kingdom	1,981,805	1,846,113	-	-
France	2,236,508	1,544,406	-	-
Spain	745,360	1,262,582	-	-
China	1,275,493	1,003,416	-	-
Sweden	896,918	797,068	-	-
United Arab Emirates	64,283	153,276	58,450	58,450
Other Countries	3,558,336	2,260,549	-	-
Total	57,287,837	45,337,047	19,530,496	16,427,027

34 CASH AND CASH EQUIVALENTS

	Note	2019	2018
		Rs. 000s	
Cash and bank balances	23	491,984	470,250
Short term borrowings	11	(18,961,882)	(15,076,081)
		(18,469,898)	(14,605,831)

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019				2018			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rs. 000s							
Managerial remuneration	9,680	7,260	579,900	596,840	9,680	7,260	490,805	507,745
Bonus	806	605	19,003	20,414	-	-	34,192	34,192
House rent allowance	3,872	2,904	231,960	238,736	3,872	2,904	196,322	203,098
Other allowances	968	726	172,853	174,547	968	726	108,343	110,037
Contribution to provident fund	806	605	43,868	45,279	806	605	36,650	38,061
	16,132	12,100	1,047,584	1,075,816	15,326	11,495	866,312	893,133
Number of persons	1	1	225	227	1	1	192	194

35.1 The Chief Executive, Directors and certain Executives are provided with free use of Company maintained cars and are also covered under Company's Health Insurance Plan along with their dependents. During the preceding year, a new vehicle policy had been introduced to provide vehicle allowance for new employees and provided option to current employees to buyback or return their vehicles and avail vehicle allowance. Many of the executive employees have opted for vehicle allowance and amount paid in respect of such allowance is aggregated to Rs.70.8 million (2018: Rs. 24 million)

35.2 The Chief Executive is also provided with free residential telephones.

35.3 Aggregate amount charged during the year in respect of meeting fee to four Non Executive Directors and the Chairman was Rs. 2.16 million (2018: four Non Executive Directors and Chairman Rs. 2.04 million).

35.4 Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

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36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties.

Relationship with the Company	Nature of Transactions	2019	2018
		Rs. 000s	
Parent Company	Dividend Paid	598,066	239,227
Subsidiary companies	Sales of goods	330,508	374,111
	Sales through subsidiaries acting as agents	1,692,622	929,574
	Purchase of goods	1,640	-
	Commission paid	455,224	228,765
Associated companies and other related parties	Purchase of goods	70,305	11,536
	Sale of goods	1,645	72
	Proceeds against sale of vehicle	600	-
	Gain on disposal of vehicle	47	-
	Rent paid	90,562	80,806
	Fees paid	2,917	2,040
	Donation paid	500	5,500
	Bills discounted	10,138,618	7,985,337
	Markup and other bank charges	224,805	116,225
	Company's contribution to provident fund	178,171	155,847
	Dividend paid	26,979	10,896
	Services rendered	-	4,420

Relationship with the Company	Nature of Outstanding Balances	2019	2018
Subsidiary companies	Long term investment	58,450	58,450
	Corporate guarantee issued in favour of subsidiary company	954,161	110,450
	Trade and other payables	125,357	37,943
	Trade debts	1,316,125	390,603
	Advances from Customer	1,678	-
	Loans, advances and other receivables	-	22,526
Associated companies and others related parties	Deposit with banks	46,495	115,270
	Borrowings from Banks	959,025	964,494
	Bank guarantee	893,326	770,804
	Trade and other payables	7,781	15,731
	Advance to suppliers	2,882	-
	Trade debts	845	658
	Accrued mark-up	14,348	8,785
	Loans to key management personnel & executive	100,129	54,594
	Payable to employee's provident fund	22,644	21,025
	Prepaid Rent	40,054	42,588

36.1 There are no transactions with directors of the Company and key management personnel other than under the terms of employment. Loans and remuneration of the directors, key management personnel and executives are disclosed in notes 17 and 35 respectively.

36.2 Related parties status of outstanding receivables and payables as at June 30, 2019 are also included in respective notes to the unconsolidated financial statements.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

36.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

S.No	Company Name	Basis of Relationship	% of shareholding in the Company
1	Gul Ahmed International Limited FZC	Wholly owned subsidiary	100%
2	GTM (Europe) Limited	Wholly owned ultimate subsidiary	100%
3	GTM USA Corp.	Wholly owned ultimate subsidiary	100%
4	Sky Home Corp.	Wholly owned ultimate subsidiary	100%
5	Vantona Home Limited	Wholly owned ultimate subsidiary	100%
6	JCCO 406 Limited	Wholly owned ultimate subsidiary	100%
7	Habib Metropolitan Bank Limited	Common Directorship	-
8	Swisstex Chemicals (Private) Limited	Group Company & Common Directorship	-
9	Arwen Tech. (Private) Limited	Group Company & Common Directorship	-
10	Win Star (Private) Limited	Group Company & Common Directorship	-
11	TPL Properties Limited	Common Directorship	-
12	Habib University Foundation	Common Directorship	-
13	The Pakistan Business Council	Common Directorship	-
14	Ghafooria Industries (Private) Limited	Group Company & Common Directorship	-
15	LITE Development and management company	Common Directorship	-
16	Grand Industries (Private) Limited	Group Company & Major Shareholders	-
17	Worldwide Developers (Private) Limited	Common Directorship	-
18	Haji Ali Mohammad Foundation	Member of Foundation	-
19	Gul Ahmed Holdings (Private) Limited	Holding Company	-
20	Gul Ahmed Textile Mills Limited		
	Employees Provident Fund Trust	Employees Fund	-

37 CAPACITY AND PRODUCTION

	Unit	2019 Capacity	2019 Production	2019 Working	2018 Capacity	2018 Production	2018 Working
		Rs. 000s					
Spinning	Kgs. (20 Counts converted)	47,643	44,871	3 shifts	47,711	45,326	3 shifts
Weaving	Sq. meters (50 Picks converted)	167,891	148,564	3 shifts	161,598	144,176	3 shifts

Production is lower as compared to capacity due to variation in production mix and various technical and market factors.

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

38 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 14,862 (2018: 13,076) and average number of employees during the year were 14,587 (2018: 13,131).

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39 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

	Note	2019 Un-audited	2018 Audited
Size of the fund - Total assets (Rs. 000s)		1,160,096	952,237
Cost of investments made (Rs. 000s)		1,052,136	888,891
Percentage of investments made		90.69%	93.35%
Fair value of investments (Rs. 000s)	39.1	1,076,744	865,822

39.1 The break-up of fair value of investment is:

	2019 Un-audited		2018 Audited	
	Rs. 000s	---%---	Rs. 000s	---%---
Shares in listed companies	79,836	7%	72,741	8%
Government securities	172,236	16%	63,244	7%
Debt securities	246,278	23%	222,784	26%
Mutual funds	205,106	19%	203,900	24%
Balance in saving accounts	373,288	35%	303,153	35%
	1,076,744	100%	865,822	100%

39.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

40 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabiliites of the Company as at June 30, 2019 are as follows

	2019						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Amortised cost							
Loans,advances and other receivables	36,787	54,393	91,180	383,630	-	383,630	474,810
Long term deposits	-	-	-	-	369,752	369,752	369,752
Trade debts	-	-	-	7,071,272	-	7,071,272	7,071,272
Cash and bank balances	-	-	-	491,984	-	491,984	491,984
	36,787	54,393	91,180	7,946,886	369,752	8,316,638	8,407,818
Financial liabilities							
At Amortised cost							
Long term financing	1,180,302	8,856,901	10,037,203	-	-	-	10,037,203
Trade and other payables	213,632	-	213,632	9,091,517	-	9,091,517	9,305,149
Accrued mark-up / profit	-	-	-	300,010	-	300,010	300,010
Short term borrowings	18,961,882	-	18,961,882	-	-	-	18,961,882
Unclaimed dividend	-	-	-	8,263	-	8,263	8,263
Unpaid Dividend	-	-	-	16,075	-	16,075	16,075
	20,355,816	8,856,901	29,212,717	9,415,865	-	9,415,865	38,628,582
Off balance sheet items							
Guarantees	-	-	-	2,134,431	-	2,134,431	2,134,431
Bills discounted	-	-	-	4,875,953	-	4,875,953	4,875,953
Commitments	-	-	-	3,537,905	2,653,143	6,191,048	6,191,048
	-	-	-	10,548,289	2,653,143	13,201,432	13,201,432

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Financial assets and liabiliites of the Company as at June 30, 2018 are as follows

	2018						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Amortised cost							
Loans,advances and other receivables	19,377	35,522	54,899	323,865	1,792	325,657	380,556
Long term deposits	-	-	-	-	202,959	202,959	202,959
Trade debts	-	-	-	5,398,565	-	5,398,565	5,398,565
Cash and bank balances	-	-	-	470,250	-	470,250	470,250
	19,377	**35,522**	**54,899**	**6,192,680**	**204,751**	**6,397,431**	**6,452,330**
Financial liabilities							
At Amortised cost							
Short term borrowings	15,076,081	-	15,076,081	-	-	-	15,076,081
Long term financing	1,365,857	6,911,869	8,277,726	-	-	-	8,277,726
Trade and other payables	124,781	-	124,781	6,569,033	-	6,569,033	6,693,814
Accrued mark-up / profit	-	-	-	175,633	-	175,633	175,633
Unclaimed dividend	-	-	-	6,421	-	6,421	6,421
Unpaid Dividend	-	-	-	11,052	-	11,052	11,052
	16,566,719	**6,911,869**	**23,478,588**	**6,762,139**	**-**	**6,762,139**	**30,240,727**
Off balance sheet items							
Guarantees	-	-	-	949,743	-	949,743	949,743
Bills discounted	-	-	-	1,575,871	-	1,575,871	1,575,871
Commitments	-	-	-	1,234,487	3,092,244	4,326,731	4,326,731
	-	**-**	**-**	**3,760,101**	**3,092,244**	**6,852,345**	**6,852,345**

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, markup risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

Risk Management is carried out under policies and principles approved by the Board of Directors. All treasury related transactions are carried out within the parameters of these policies and principles.

The information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk and the Company's management of capital is as follows:

41.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest / markups rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: currency risk, markup risk and other price risk. The Company is exposed to currency risk and markup risk only.

a) Currency risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign exchange.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	2019	2018
	USD 000s	
Trade debts	20,178	23,375
Cash and bank balances	-	637
Trade and other payables	(1,384)	(673)
Net exposure	18,794	23,338

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

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Foreign currency commitments and guarantees outstanding at year end are as follows:

	2019	2018
	000s	
USD	**14,108**	27,976
EURO	**10,655**	7,336
JPY	**37**	2,325
CHF	**6,859**	-
CNY	**2,817**	-

The following significant exchange rates were applied during the year:

Rupee per USD		
Average rate (Selling/Buying)	**137.67/137.29**	110.65 / 110.51
Reporting date rate (Selling/Buying)	**164.5/164**	121.60 / 121.40

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2019 would have increased/ decreased the equity and profit/ loss after tax by Rs. 109.4 million (2018: Rs.99.16 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for June 30, 2018.

The sensitivity analysis prepared in not necessarily indicative of the effects on profit for year.

b) Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Company has long term finance and short term borrowings at fixed and variable rates. During the year the Company has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

The Company is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding “Prepayment Option” and “Rollover Option”, which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 91.2 million (2018: Rs. 54.9 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs.29,218 million (2018: Rs. 23,478 million) which are subject to interest/mark-up rate risk. Applicable interest/mark-up rates for financial assets and liabilities are given in respective notes.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2019, if markups on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 65.93 million (2018: Rs 55.05 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2019, if markups on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 99.78 million (2018: Rs. 36.2 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in markup at the unconsolidated statement of financial position would not effect unconsolidated statement of profit or loss of the Company.

c) Other Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk.

41.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation without considering the fair value of the collateral available there against. Concentration of credit risk arises when a number of counter parties 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.

Exposure to credit risk

Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2019	2018
		Rs. 000s	
Loans, advances and other receivables	21	**474,810**	380,556
Long term deposit		**369,752**	202,959
Trade debts - net of impairment allowance	20	**7,071,272**	5,398,565
Bank balances	23	**263,088**	436,444
		8,178,922	**6,418,524**

The Company manages credit risk as follows:

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Loans, advances and other receivables

These loans are due from employees and are recovered in monthly installments deductible from their salaries. Retirement balances are also available for these employees against which balance can be adjusted incase of default. The Company actively pursues for the recovery of these loans and the Company does not expect that these employees will fail to meet their obligations, hence the Company no impairment allowance is required there against.

Other advances and receivables include bank guarantee margin, advance for investments and miscellaneous which neither past due nor impaired. The Company believes that based on past relationship, credit rating and financial soundness of the counter parties chances of default are remote and also there is no material impact of changes in credit risks of such receivables so no impairment allowance is necessary in respect of these advances and receivables.

Long Term Deposits

These are mainly held for rented premises and utilities with the counter parties which have long association with the Company and have a good credit history. The management does not expect to incur credit loss there against.

Trade debts

Trade debts are due from local and foreign customers. The Company manages credit risk inter alia by setting out credit limit in relation to individual customers, by obtaining advance against sales and/or through letter of credits and/or by providing impairment allowance for life time expected credit losses trade debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments. Further the majority of the customers have been transacting with the Company for several years. The Company actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Company does not expect these customers will fails to meet their obligations except for some past due trade debts against which adequate allowance for impairment have been made.

The Company has established an allowance for impairment of the trade debts that represent its estimate of expected (using simplified approach / provision matrix) based on actual credit loss experience over last year in respect of trade debts.

Aging of trade debts considered good including past due but not impaired is as follows:

	Note	2019	2018
		Rs. 000s	
1 to 6 months		7,037,084	5,368,758
6 months to 1 year		32,977	22,326
1 year to 3 years		1,211	7,481
	20	7,071,272	5,398,565

Management believes that the unimpaired balances that are past dues are still collectable in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debtors are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

Bank balances

The Company limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating.

The bank balances along with credit ratings are tabulated below:

	Note	2019	2018
		Rs. 000s	
AAA		75,089	44,580
AA+		116,806	155,968
AA		49,967	2,275
A+		6,692	437
A1		100	162
A		823	1,557
A-		-	735
AA-		3,812	230,730
BBB-		9,799	-
	23	263,088	436,444

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which adequate impairment allowance has been made as a matter of prudence. The ageing of the past due and impaired trade debts is more than 3 months and less than 2 years.

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41.3 Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and Note no 40.

The Company manages liquidity risk by maintaining sufficient cash in hand and at banks and ensuring the fund availability through adequate credit facilities. At June 30, 2019, the Company has Rs. 22,265 million (2018: Rs. 21,486 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 3,303 million (2018: Rs. 6,409 million) and also has Rs. 492 million (2018: Rs.470 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

41.4 Capital risk management

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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

The Company's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2019 and 2018 were as follows;

	2019	2018
	Rs. 000s	
Total borrowings	28,999,085	23,353,807
Cash and bank	(491,984)	(470,250)
Net debt	28,507,101	22,883,557
Total equity	15,333,213	12,620,727
Total equity and debt	43,840,314	35,504,284
Gearing ratio (%)	65	64

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

42 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1 — Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 — Inputs are unobservable inputs for the asset or liability Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Company does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

43 EVENT AFTER BALANCE SHEET DATE

43.1 Subsequent Acquisition

Subsequent to year end, the shareholders of the company in the Extraordinary general meeting held on August 30, 2019 have approved to invest an amount of Rs. 2,295 million in an associated company World Wide Developers (Pvt) Limited in order to acquire 50% shares from existing shareholders of the associated company and to subscribe for further issue by the associated company.

43.2 Subsequent Appropriations

The Board of Directors of the Company in its meeting held on October 01,2019 has proposed the following:

a) 25% final cash dividend

b) 20% bonus issue i.e., one share for every five shares held

44 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on October 01, 2019.

45 CORRESPONDING FIGURES

For better presentation, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs. 000s
Sales - net (Exchange gain on realization of export receivables)	Other income	**288,825**
Cost of Sales (Exchange loss on purchase)	Other income	**(17,611)**

46 GENERAL

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

ATTENDANCE AT BOARD MEETINGS

FOR THE YEAR ENDED JUNE 30, 2019

Name of Directors	Board Required	Board Attended	Audit Committee Required	Audit Committee Attended	Human Resource & Remuneration Committee Required	Human Resource & Remuneration Committee Attended
Mohomed Bashir	4	4	4	4	1	1
Zain Bashir	4	4	-	-	1	1
Mohammed Zaki Bashir	4	4	-	-	-	-
Ziad Bashir	4	4	-	-	-	-
S.M. Nadim Shafiqullah	4	3	4	4	-	-
Dr. Amjad Waheed	4	3	4	3	-	-
Ehsan A. Malik	4	4	-	-	1	1

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

Additional Information

Categories of Shareholders	Number	Shares held
Associated Companies, Undertaking and Related Parties		
Gul Ahmed Holdings (Private) Limited	1	239,226,714
Swisstex Chemicals (Private) Limited	1	10,702,493
Trustee - Gul Ahmed Textile Mills Limited Employees Provident Fund Trust	1	1,694,281
NIT and ICP		
IDBP (ICP Unit)	1	2,064
IDBL (ICP Unit)	1	2,822
CDC - Trust National Investment (Unit) Trust	1	17,902
CDC - Trustee National Investment (Unit) Trust	1	7,296,763
CDC - Trustee Nit Income Fund - MT	1	64,500
CDC - Trustee Nit-Equity Market Opportunity Fund	1	150,000
Mutual Funds		
CDC - Trustee ABL Stock Fund	1	1,136,000
CDC - Trustee AKD Index Tracker Fund	1	24,000
CDC - Trustee Alfalah Capital Preservation Fund II	1	30,000
CDC - Trustee Alfalah GHP Alpha Fund	1	350,894
CDC - Trustee Alfalah GHP Stock Fund	1	478,491
CDC - Trustee Alfalah GHP Value Fund	1	225,800
CDC - Trustee APF-Equity Sub Fund	1	72,000
CDC - Trustee Askari Asset Allocation Fund	1	1,000
CDC - Trustee Askari Equity Fund	1	4,000
CDC - Trustee Atlas Stock Market Fund	1	908,000
CDC - Trustee Faysal MTS Fund - MT	1	68,000
CDC - Trustee First Habib Income Fund - MT	1	109,000
CDC - Trustee First Habib Stock Fund	1	43,000
CDC - Trustee JS Large Cap. Fund	1	173,000
CDC - Trustee JS Pension Savings Fund - Equity Account	1	111,000
CDC - Trustee MCB Pakistan Asset Allocation Fund	1	1,781,000
CDC - Trustee MCB Pakistan Stock Market Fund	1	8,301,900
CDC - Trustee Nafa Stock Fund	1	7,398,200
CDC - Trustee NBP Balanced Fund	1	579,500
CDC - Trustee NBP Sarmaya Izafa Fund	1	834,300
CDC - Trustee Pakistan Capital Market Fund	1	320,500
CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	1	544,500
CDC - Trustee PIML Asset Allocation Fund	1	105,000
CDC - Trustee PIML Value Equity Fund	1	50,000
CDC - Trustee UBL Asset Allocation Fund	1	346,000
CDC - Trustee UBL Dedicated Equity Fund	1	69,879
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	432,000
CDC - Trustee UBL Stock Advantage Fund	1	2,530,121
CDC - Trustee Unit Trust of Pakistan	1	379,000
Golden Arrow Selected Stocks Fund Limited	1	270,000
MC FSL - Trustee JS Growth Fund	1	441,000
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	1	4,000
Banks, NBFI, DFI and Investment Companies	72	4,110,280
Insurance Companies	7	16,294,509
Joint Stock Companies	30	5,430,093
Modaraba Companies	1	75
Financial Institutions	4	85,931
Foreign Investors	5	2,206,506
Charitable Institutions	6	396,173
Government Departments	3	189,407
Directors		
Mohomed Bashir (Chairman)	1	2,831,314
Zain Bashir (Vice Chairman)	1	4,840
Mohammad Zaki Bashir (Chief Executive)	1	4,840
Ziad Bashir	1	4,840
S. M. Nadim Shafiqullah	1	16,146
Dr. Amjad Waheed	1	13,899
Ehsan A. Malik	1	3,000
Directors'/CEO's Spouse		
Tania Zain Bashir	1	4,840
Shareholders holding 5% or more Voting Interest		
Gul Ahmed Holdings (Private) Limited	1	239,226,714

Details of trading in the shares by:

The following trading was carried out by the Chairman and Associated Company during the year under review:-

Directors

Mohomed Bashir (Chairman) — 850,000 Shares Purchased

Associated Company

Swisstex Chemicals (Private) Limited — 2,097,000 Shares Purchased

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

No. of Shareholders	Shareholdings		Shares held
	From	To	
736	1	100	26,832
1,024	101	500	365,276
666	501	1,000	533,160
940	1,001	5,000	2,343,290
228	5,001	10,000	1,731,049
88	10,001	15,000	1,137,646
55	15,001	20,000	988,181
41	20,001	25,000	941,585
18	25,001	30,000	509,951
16	30,001	35,000	524,304
8	35,001	40,000	302,558
7	40,001	45,000	305,456
21	45,001	50,000	1,023,001
6	50,001	55,000	316,086
10	55,001	60,000	581,991
6	60,001	65,000	376,654
2	65,001	70,000	137,879
5	70,001	75,000	370,500
4	75,001	80,000	313,695
2	80,001	85,000	168,500
1	85,001	90,000	86,500
4	90,001	95,000	370,730
7	95,001	100,000	699,500
2	100,001	105,000	206,500
1	105,001	110,000	109,000

No. of Shareholders	Shareholdings		Shares held
	From	To	
1	110,001	115,000	111,000
4	115,001	120,000	468,456
2	120,001	125,000	249,500
1	125,001	130,000	127,500
2	130,001	135,000	261,000
1	140,001	145,000	141,306
2	145,001	150,000	299,500
3	150,001	155,000	460,000
2	155,001	160,000	316,000
1	170,001	175,000	173,000
2	185,001	190,000	374,375
4	195,001	200,000	795,000
1	220,001	225,000	224,500
2	225,001	230,000	452,800
3	235,001	240,000	719,000
4	250,001	255,000	1,007,400
1	255,001	260,000	259,200
1	260,001	265,000	262,200
1	265,001	270,000	270,000
1	275,001	280,000	276,439
1	285,001	290,000	288,600
1	310,001	315,000	312,000
1	320,001	325,000	320,500
5	345,001	350,000	1,735,000
2	350,001	355,000	701,394
1	360,001	365,000	361,000

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

No. of Shareholders	Shareholdings		Shares held
	From	To	
2	375,001	380,000	759,000
1	390,001	395,000	390,500
2	400,001	405,000	800,749
1	410,001	415,000	413,000
1	415,001	420,000	419,500
1	430,001	435,000	432,000
1	440,001	445,000	441,000
1	445,001	450,000	450,000
1	475,001	480,000	478,491
1	540,001	545,000	544,500
1	555,001	560,000	555,851
1	575,001	580,000	579,500
1	580,001	585,000	583,500
1	610,001	615,000	613,900
1	830,001	835,000	834,300
1	885,001	890,000	889,500
1	905,001	910,000	908,000
1	955,001	960,000	960,000
1	1,030,001	1,035,000	1,035,000
1	1,135,001	1,140,000	1,136,000
1	1,460,001	1,465,000	1,464,500
1	1,690,001	1,695,000	1,694,281
2	1,780,001	1,785,000	3,561,000
1	2,005,001	2,010,000	2,009,004
1	2,530,001	2,535,000	2,530,121

No. of Shareholders	Shareholdings		Shares held
	From	To	
1	2,830,001	2,835,000	2,831,298
1	3,335,001	3,340,000	3,340,000
1	4,910,001	4,915,000	4,914,000
1	7,295,001	7,300,000	7,296,763
1	7,395,001	7,400,000	7,398,200
1	8,300,001	8,305,000	8,301,900
1	9,435,001	9,440,000	9,437,866
1	11,025,001	11,030,000	11,029,600
1	12,795,001	12,800,000	12,799,493
1	239,225,001	239,230,000	239,226,714
3,986			**356,495,525**

S.No	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Individuals	3,817	38,406,927	10.77
2	Investment Companies & Mutual Funds	112	280,686,411	78.75
3	Insurance Companies	7	16,294,509	4.57
4	Joint Stock Companies	31	18,229,586	5.11
5	Modaraba Companies	1	75	-
6	Financial Institutions	4	85,931	0.02
7	Foreign Investors	5	2,206,506	0.62
8	Charitable Institutions	6	396,173	0.11
9	Government Departments	3	189,407	0.05
		3,986	**356,495,525**	**100.00**

CONSOLIDATED

FINANCIAL STATEMENTS

2019

GulAhmed Since 1953

GROUP DIRECTORS REPORT

The directors are leased to present their report together with the audited Consolidated Financial Statements of the Group for the year ended June 30, 2019.

The Group

The Group companies of Gul Ahmed International Limited (FZC)-UAE GTM comprising of (Europe) Limited-UK, GTM USA Corp.-USA, Sky Home Corp.-USA, Vantona Home Limited and JCCO 406 Limited are wholly owned subsidiaries of Gul Ahmed Textile Mills Limited. All the subsidiaries are engaged in trading of textile and related products.

Group Results

The Consolidated financial results of the group are given below:

	Rupees (000s)
Profit before tax	4,030,514
Taxation	400,282
Profit after tax	3,630,202
Un-appropriated profit brought forward	7,262,937
Amount available for appropriation	**10,893,169**
Appropriation	
Transfer to statutory reserve	(179)
Amount carried to other comprehensive Income	(5,495)
Cash dividend	(891,239)
Amount carried forward	9,996,256
	10,893,169
Earnings per share (Rs.)	Rs. 10.18/share

Pattern of Shareholding

Gul Ahmed International Limited (FZC) - UAE is wholly owned subsidiary of Gul Ahmed Textile Mills Limited (Parent Company). GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC)- UAE whereas GTM USA Corp.-USA, Sky Home Corp.-USA, Vantona Home Limited and JCCO 406 Limited are wholly owned subsidiaries of GTM (Europe) Limited.

Parent Company is a subsidiary of Gul Ahmed Holdings (Private) Limited holding 239,226,714 (2018: 239,226,714) shares of Rs. 10 each constituting 67.1% (2017: 67.1%) of total paid up capital.

Subsequent Effects

The directors of the Group in their meeting held on 1st October 2019 have proposed the following:

1 Cash dividend: Pay cash dividend @ Rs. 2.5 per share i.e. 25% for the year ended June 30, 2019.
2 Bonus Shares: Issuance of bonus shares in the proportion of "one" share for every "five" shares held i.e.20%.

Karachi
October 01, 2019

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUL AHMED TEXTILE MILLS LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Gul Ahmed Textile Mills Limited and its subsidiaries (''the Group") which comprise the consolidated statement of financial position as at June 30, 2019, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern of Subsidiary Company

We draw attention to note 1.2 to the annexed consolidated financial statements, which indicates that the only major customer of an indirect subsidiary company, GTM USA Corporation (GTM USA) has filed bankruptcy. Resultantly, GTM USA has ceased it operations from October, 2018 and as the company is registered as foreign corporation in New York therefore it cannot trade outside the state of New York, USA, whereas other group entities in similar industry are operating in New York as well in other states of USA. Therefore, future revenue from normal trade in same industry is less probable and solely depends upon the discretion of the management of the Group. In such circumstances financial assistance from related parties are inevitable for future sustainability of GTM USA. These events and conditions, along with other matters as set forth in the note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the GTM USA's ability to continue as going concern. The underlying going concern assumption is contingent upon the mitigating factors as mentioned in the note 1.2 to these consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the annexed consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Stock in Trade** The Group has significant levels of stock in trade amounting to Rs. 22.184 billion as at the reporting date, being 40% of total assets of the Group. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials. The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter. (Refer Notes 19 and 2.4 (f) and 3.13 to the annexed consolidated financial statement)	Our audit procedures included the following: • Attending the year end stock taking at selected locations to gain comfort over the existence and condition of inventories and internal controls designed by the Group. • Obtaining understanding of internal controls designed by the Group over recording of purchases and valuation & costing of the inventories, and testing their operating effectiveness on sample basis. • Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. Performing re-calculation of weighted average costs on sample basis. • Obtaining the valuation sheets of the inventories and tracing / reconciling quantities from working papers of observation of physical stock taking. • Evaluating valuation basis used are appropriate and consistently applied include analysis of costing of different items on sample basis. • Assessing the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Group before and after year end. • Performing analytical and other relevant audit procedures. • Considering the adequacy of the Group's disclosures in respect of inventories.

S. No.	Key audit matter	How the matter was addressed in our audit
2	**Borrowings** The Group has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 29.04 billion, being 73.6% of total liabilities, as at reporting date. Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in the consolidated financial statements and compliance with various loan covenants, this is considered to be a key audit matter. (Refer Notes 6, 11, 3.6 and 3.7 to the annexed consolidated financial statements)	Our audit procedures included: • Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. • Verification of disbursement of loans and utilization on sample basis. Review of charge registration documents. • Verification of repayments made by the Group during the year on sample basis to confirm that repayments are being made on time and no default has been made. • Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtaining confirmation from Banks and other lenders of the Group to confirm balances, terms & conditions stated in the terms sheets and compliance thereof. • Performing analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the consolidated financial statements.

S. No.	Key audit matter	How the matter was addressed in our audit
3	**Contingencies** The Group is under litigation cases in respect of various matters including Gas Infrastructure Developments Cess (GIDC), claims from various Government Institutions / Departments, tax matters and other miscellaneous claims in respect of the assets of the Group. Given the nature of contingencies, the assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payments and analysis of a reliable estimate, requires significant management's judgment to ensure appropriate accounting and disclosures. These judgments can change over time as new facts emerge and the case progresses. Therefore, we have identified this matter as a key audit matter. (Refer Notes 13, 9, 2.4 (b) and 3.4 to the annexed consolidated financial statements)	Our audit procedures included the following: • Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Review of the relevant information including case proceedings, related industry information and correspondences in respect of the ongoing litigations. • Obtaining confirmation from the legal counsel of the Group to evaluate the status of the pending litigations and view point of the legal counsel thereon. • Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computing the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. • Assessing the appropriateness of the related disclosures made in the accompanying consolidated financial statements in light of IAS-37 "Provisions and Contingencies".

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Group, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fahad Ali Shaikh.

Kreston Hyder Bhimji & Co

Chartered Accountants

Karachi:

Dated: October 01, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Equity and Liabilities			
Share Capital and Reserves			
Share capital	4	3,564,955	3,564,955
Reserves	5	12,318,411	9,458,376
		15,883,366	13,023,331
Non-Current Liabilities			
Long term financing	6	8,856,901	6,911,869
Deferred Liabilities			
Deferred taxation	7	88,342	37,690
Defined benefit plan-Staff Gratuity	8	92,431	71,517
		180,773	109,207
		9,037,674	7,021,076
Current Liabilities			
Trade and other payables	9	9,911,216	7,126,081
Accrued mark-up/profit	10	300,010	175,633
Short term borrowings	11	19,036,992	15,146,734
Current maturity of long term financing	6	1,180,302	1,365,857
Unclaimed dividend		8,263	6,421
Unpaid dividend	12	16,075	11,052
Provision for taxation		7,463	13,157
		30,460,321	23,844,935
Contingencies and Commitments	13		
		55,381,361	43,889,342

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

	Note	2019	2018
		Rs. 000s	
Assets			
Non-Current Assets			
Property, plant and equipment	14	19,009,542	16,121,877
Intangible assets	15	171,880	32,005
Long term investment	16	-	55,794
Long term loans and advances	17	64,781	38,607
Long term deposits		373,852	205,999
Deferred taxation	7	4,204	290
		19,624,259	16,454,572
Current Assets			
Stores and spares	18	1,469,564	961,088
Stock-in-trade	19	22,183,853	16,419,958
Trade debts	20	6,866,069	5,666,199
Loans, advances and other receivables	21	1,855,410	1,192,970
Short term prepayments		320,591	249,933
Refunds due from Government	22	1,487,248	1,827,764
Taxation-net		977,961	597,781
Cash and bank balances	23	596,406	519,077
		35,757,102	27,434,770
		55,381,361	43,889,342

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Sales - net	24	59,189,652	46,570,318
Cost of sales	25	46,431,611	36,685,081
Gross profit		12,758,041	9,885,237
Distribution costs	26	4,889,571	4,052,193
Administrative costs	27	3,191,519	2,687,136
Other operating costs	28	311,783	208,043
		8,392,873	6,947,372
		4,365,168	2,937,865
Other income	29	1,167,995	473,436
Operating profit		5,533,163	3,411,301
Finance cost	30	1,502,649	989,613
Profit before taxation		4,030,514	2,421,688
Taxation	31	400,282	261,307
Profit after taxation		3,630,232	2,160,381
Earnings per share - basic and diluted (Rs.)	32	10.18	6.06

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Profit after taxation		3,630,232	2,160,381
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss subsequently			
Remeasurement loss on defined benefit plan	8.3	(6,189)	(13,063)
Related tax effect		694	1,396
		(5,495)	(11,667)
Items that may be reclassified to statement of profit or loss subsequently			
Exchange difference on translation of foreign subsidiaries		126,537	35,455
		121,042	23,788
Total comprehensive income		3,751,274	2,184,169

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rs. 000s	
Cash Flows From Operating Activities			
Profit before taxation		4,030,514	2,421,688
Adjustments for:			
Depreciation	14.1.2	1,948,699	1,865,421
Amortisation	15.1	16,123	12,680
Provision for gratuity	8.2	49,054	67,792
Finance cost	30	1,502,649	989,613
Provision for slow moving/obsolete stores and spares	18.1	18,930	17,210
Impairment allowance against trade debts	20.3	6,083	42,138
Capital work in progress charged to consumption		5,070	-
Gain on disposal of property, plant and equipment	14.1.4	(23,775)	(80,407)
Loss on disposal of property, plant and equipment	14.1.4	47,587	40,814
		3,570,420	2,955,261
Cash flows from operating activities before adjustments of working capital changes		7,600,934	5,376,949
Changes in working capital:			
(Increase)/Decrease in current assets			
Stores and spares		(527,406)	9,918
Stock-in-trade		(5,640,665)	(3,758,871)
Trade debts		(889,104)	(2,067,729)
Loans, advances and other receivables		(567,305)	(346,777)
Short term prepayments		(70,658)	(37,069)
Refunds due from Government		340,516	(188,018)
		(7,354,622)	(6,388,546)
Increase in current liabilities			
Trade and other payables		2,198,296	1,366,687
		(5,156,326)	(5,021,859)
Cash generated from operations before following:		2,444,608	355,090
Gratuity paid		(34,329)	(40,371)
Finance cost paid		(1,378,272)	(952,878)
Income tax paid/deducted		(735,097)	(452,799)
Increase in long term loans and advances - Net		(26,174)	1,485
Increase in long term deposits - Net		(167,853)	(10,750)
		(2,341,725)	(1,455,313)
Net cash generated from/(used in) operating activities		102,883	(1,100,223)

	Note	2019	2018
		Rs. 000s	
Cash Flows From Investing Activities			
Addition to property, plant and equipment		(5,014,926)	(2,216,870)
Addition to intangible assets		(37,671)	(2,797)
Proceeds from sale of property, plant and equipment		149,679	261,162
Long term investments - net		(14,534)	(55,794)
Net cash used in investing activities		(4,917,452)	(2,014,299)
Cash Flows From Financing Activities			
Long term financing obtained		3,121,440	1,270,699
Long term financing repaid		(1,361,963)	(817,887)
Dividend paid		(884,374)	(353,234)
Net cash generated from financing activities		875,103	99,578
Exchange difference on translation of foreign subsidiaries		126,537	35,455
Net decrease in cash and cash equivalents		(3,812,929)	(2,979,489)
Cash and cash equivalents - at the beginning of the year		(14,627,657)	(11,648,168)
Cash and cash equivalents - at the end of the year	34	(18,440,586)	(14,627,657)

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Reserves							Total
		Capital reserve - Share Premium	Revenue reserve				Reserves		
			General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary (Note 5.4)	Unappropriated profit			
	Rs. 000s								
Balance as at June 30, 2017	3,564,955	1,405,415	4,980,000	123,550	18,060	1,103,678	7,630,703		11,195,658
Transfer to:									
General reserve	-	-	400,000	-	-	(400,000)	-		-
Statutory reserve	-	-	-	-	1,588	(1,588)	-		-
	-	-	400,000	-	1,588	(401,588)	-		-
Transaction with owners									
Final dividend for the year ended June 30, 2017	-	-	-	-	-	(356,496)	(356,496)		(356,496)
Total comprehensive income for the year ended June 30, 2018									
Profit after taxation	-	-	-	-	-	2,160,381	2,160,381		2,160,381
Other comprehensive income / (loss)	-	-	-	35,455	-	(11,667)	23,788		23,788
	-	-	-	35,455	-	2,148,714	2,184,169		2,184,169
Balance as at June 30, 2018	**3,564,955**	**1,405,415**	**5,380,000**	**159,005**	**19,648**	**2,494,308**	**9,458,376**		**13,023,331**
Transfer to:									
General reserve	-	-	(5,380,000)	-	-	5,380,000	-		-
Statutory reserve					179	(179)	-		-
	-	-	(5,380,000)	-	179	5,379,821	-		-
Transactions with owners									
Final dividend for the year ended June 30, 2018	-	-	-	-	-	(891,239)	(891,239)		(891,239)
Total comprehensive income for the year ended June 30, 2019									
Profit after taxation	-	-	-	-	-	3,630,232	3,630,232		3,630,232
Other comprehensive income / (loss)	-	-	-	126,537	-	(5,495)	121,042		121,042
	-	-	-	126,537	-	3,624,737	3,751,274		3,751,274
Balance as at June 30, 2019	**3,564,955**	**1,405,415**	**-**	**285,542**	**19,827**	**10,607,627**	**12,318,411**		**15,883,366**

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND ITS OPERATIONS

1.1 Gul Ahmed Group (“the Group”) comprises the following:

- Gul Ahmed Textile Mills Limited
- Gul Ahmed International Limited (FZC) - UAE
- GTM (Europe) Limited - UK
- Vantona Home limited
- JCCO 406 Ltd.
- GTM USA Corp. - USA
- Sky Home Corp.- USA

Gul Ahmed Textile Mills Limited (The Holding Company) was incorporated on April 01, 1953 in Pakistan as a private limited company subsequently converted into public limited company on January 07, 1955 and is listed on Pakistan Stock Exchange Limited. The Holding Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

The Holding Company’s registered office is situated at Plot No. 82, Main National Highway, Landhi, Karachi.

Gul Ahmed International Limited (FZC) - UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA Corp., Sky Home Corp., VANTONA HOME Ltd. and JCCO 406 Ltd. are wholly owned subsidiaries of GTM (Europe) Limited.

The Holding Company is a subsidiary of Gul Ahmed Holdings (Private) Limited. Note no.5.2.1.

Details of Subsidiaries			
Name	**Date of Incorporation**	**Country of Incorporation**	**Percentage of Holding**
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA Corp. - Indirect subsidiary	March 19, 2012	U.S.A	100%
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home limited - Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 limited - Indirect Subsidiary	September 29, 2017	U.K	100%

All subsidiaries are engaged in distribution/trading of textile related products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1.2 During the year the Sears Holdings (the only customer of the subsidiary company GTM USA Corporation(GTM USA)) has closed its operations and officially filed for bankruptcy. The amount receivable of USD 152,111 has been written off by GTM USA and presently GTM USA has no new customer which can revitalize its operations therefore GTM USA has seized its operations from October 2018. Till GTM USA does not find any significant customer, its trading prospects are very low.

The Group has continued the trend of transferring all major operations from GTM USA Corporation to SKY Home Corporation including trading and commission income and this trend is expected to continue in the future. However, the Holding Company intends to support GTM USA in all respect and the management of GTM USA is also striving for acquiring new business and customers. Therefore GTM USA has prepared its financials statements on a going concern basis. However, these events and conditions indicate existence of material uncertainty to continue as going concern.

1.3 Geographical locations and addresses of all immoveable properties owned by The Holding Company is as follows;

Unit	Area	Address
Unit 1,2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
Unit 4 & 5	14.9 Acres	Survey No.82, Deh Landhi ,Karachi
Unit 6,7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
Lasani warehouse	4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi
MTF Plot	44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
Plot	2 Kanal,19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg, Lahore

1.3.1 Units signifies different processing units i.e. weaving, spinning and processing.

1.4 Geographical locations and addresses of all factory buildings and warehouses on rented premises are as follows;

Unit	Address
Highway stitching complex	Plot# 369, Main National Highway, Landhi, Karachi
Yarn Dyeing and Knitting unit	Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi
Stitching unit	Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi
Hussaini stitching unit	Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi
Apparel division	Plot# 12, Sector 23, Korangi Industrial area, Karachi
GTM USA Corporation	295 5th ave, suit 702, NewYork - NY - 10016

1.5 As at June 30, 2019, The Group has 64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2018:65 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises).

1.6 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries, here-in-after collectively referred to as the Group.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary companies are prepared for the same reporting period as the Holding Company's, using consistent accounting policies.

The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital. All intra-group balances, transactions and unrealised gains/losses resulting from intra-group transactions and dividends are eliminated in full.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These consolidated financial statements comprise of consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with explanatory notes forming part thereof and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

These consolidated financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the functional currency of the Holding Company.

2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the Group's consolidated financial statements, are as follows:

a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no. 8.4 to these consolidated financial statements for valuation of present value of defined benefit obligations.

b) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/ non-occurrence of the uncertain future event(s).

c) Useful lives, pattern of economic benefits and impairments

Estimates with respect to residual values and useful lives and patterns of flow of economic benefits are based on the analysis of management of the Group. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimate in the future might effect the carrying amount of respective item of property, plant and equipment, with the corresponding effect on the depreciation charge and impairment.

d) Intangibles

The Group reviews appropriateness of useful life. Further, where applicable, an estimate of recoverable amount of intangible asset is made for possible impairment on an annual basis.

e) Provision for obsolescence and slow moving spare parts and loose tools

Provision for obsolescence and slow moving spare parts is based on parameters set out by management, which includes ageing, expected use and realisable values.

f) Stock-in-trade

The Group reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated currently prevailing selling price/market price less estimated expenditures to make the sales.

g) Impairment of Financial assets

The Group reviews the recoverability of its financial assets i.e. trade debts, advances and other receivables to assess amount of doubtful debts and allowance required there against on annual basis. While determining impairment allowance, The Group considers financial health, market and economic information, aging of receivables, credit worthiness, credit rating, past records and business relationship.

h) Taxation

The Group takes into account relevant provisions of the prevailing income tax laws and decisions taken by the Taxation Authorities, while providing for current and deferred taxes as explained in note No. 3.5 of these consolidated financial statements. Deferred tax calculation has been made based on estimate of expected future ratio of export and local sales based on past history.

2.5 New and revised standards and interpretations

a) New and amended Standards and Interpretations became effective during the year:

Details of new and amended standards and interpretations mandatory for the first time for the financial year beginning on July 1, 2018 are as under:

IAS 40 'Investment Property' amendments to clarify transfers or property to, or from, investment property (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment is not relevant to the Group's consolidated financial statements.

IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment) (Effective for annual periods beginning on or after 1 January 2018)

The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendment is not relevant to The Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment) (Effective for annual periods beginning on or after 1 January 2018)

The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4:

-an option that permits entities to reclassify, from consolidated statement of profit or loss to consolidated statement of other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach");

-an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach")

The amendment is not relevant to The Group's consolidated financial statements.

IFRS 9 'Financial instruments' (Effective for annual periods beginning on or after 1 July 2018)

IFRS 9, 'Financial instruments', has replaced the guidance in IAS 39. This includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting for financial assets and financial liabilities. The impact of application this new standard is disclosed below;

IFRS 9 replaces IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 01 July 2018 resulted in changes in titles of classification and presentation of the financial instruments and related accounting policies which are set out in note 3.17 and 3.19. The changes are summarized below;

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The Group's management while making assessment related to classification of the financial instruments has considered business model within which a financial asset is held, management's intentions with respect to collection of cash flows and trading of the financial instruments and accordingly the management has classified its financial instruments into the appropriate IFRS 9 categories. The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at July 01, 2018 as disclosed in note 40.

Financial Instruments	Original classification under IAS 39	New classification under IFRS 9	Carrying Amount under IAS-39	Carrying Amount under IFRS-9
			Rs. 000s	
Loans, advances and other	Loans and receivables	Amortised cost	362,893	362,893
Long term deposits	Loans and receivables	Amortised cost	205,999	205,999
Trade debts	Loans and receivables	Amortised cost	5,666,199	5,666,199
Cash and bank balances	Loans and receivables	Amortised cost	519,077	519,077

Retrospective application of changes in classification of financial assets due to adoption of IFRS 9 has no change in original carrying amounts of financial assets of the Group's as there is no material impact due to change in measurement and classification categories. The adoption of IFRS 9 did not have a significant effect on the Group's accounting policies related to financial liabilities.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. As stated in note 3.18, the Group has applied simplified approach for estimating lifetime expected credit losses with respect to trade receivables and has determined that the application of IFRS 9's impairment requirement at 01 July 2018 results in no additional allowance for trade receivables.

IFRS 15 'Revenue from contract with customers' (Effective for annual periods beginning on or after 1 January 2018)

The IASB has issued a new standard for the recognition of revenue. This new standard has replace IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards.

The Group manufactures and contracts with customers for the sale of textile products which generally include single performance obligation, i.e., transfer of goods. The management has concluded that control over the goods is retained by The Group before these are dispatched to the customer therefore revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, i.e., when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at transaction price received / to be received at that point in time, as the control has been transferred to the customers. The Group pays commission upon certain sales contracts which are expensed out in line with revenue recognition considering practical expedient.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

The requirements of this IFRS 15 are generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 18 and the Group used to follow same recognition principles as mentioned in new IFRS 15. Therefore, adoption of IFRS 15 at 01 July 2018, do not have an effect on the consolidated financial statements of the Group except certain disclsoure requirements which are stated at respective notes.

IFRIC 22 'Foreign currency transactions' (Effective for annual periods beginning on or after 1 January 2018)

The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments do not have impact on the Group's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 12 Disclosure of Interests in Other Entities amendments resulting from Annual Improvements 2014–2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Groups's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures amendments resulting from Annual Improvements 2014–2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

This amendment clarifies that the election to measure an investment in an associate or a joint venture that is held by an entity and that is a venture capital organization, or other qualifying entity, at fair value through profit or loss is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendment is not relevant to the Group's consolidated financial statements.

Annual improvements to IFRS standards 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements —(Effective for annual periods beginning on or after 1 January 2018)

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendment is not relevant to the Group's consolidated financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

b) Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards that have been published that are mandatory to the Group's accounting period beginning on or after the dates mentioned below:

IAS 1 Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Error - Amendments regarding the definition of material (Effective for annual periods beginning on or after 1 January 2020)

The IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) in October 2018 to clarify and align the definition of material.The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions of primary users of general purpose financial statements. Although the amendments to the definition of material will not have a significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

IAS 19 'Employee Benefits' amendments in Plan Amendment, Curtailment or Settlement (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:
-If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments are unlikely to have any material impact on the Group's consolidated financial statements.

IAS 28 'Investments in Associates and Joint Ventures' (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are:
-Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
-Paragraph 41 has been deleted because the IFRS Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. The amendment is not relevant to the Group's consolidated financial statements.

IFRS 3 Business Combinations Amendments to clarify the definition of a business (Effective for annual periods beginning on or after 1 January 2020)

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The amendment is unlikely to have material impact on the Groups financial statement.

Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019)

For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.The amendments are unlikely to have any material impact on The Group's consolidated financial statements.

IFRS 16 'Leases' (Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has yet to assess the full impact of this standard on its consolidated financial statements.

IFRIC 23 'the Accounting for uncertainties in income taxes' (Effective for annual periods beginning on or after 1 January 2019)

This Amendment clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. This IFRIC is not likely to have a material impact on the Group's consolidated financial statements.

Annual improvements to IFRS standards 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IAS 12 - Income Taxes (Effective for annual periods beginning on or after 1 January 2019)

This amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in consolidated statement of profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Group's consolidated financial statements.

IAS 23 - Borrowing Costs (Effective for annual periods beginning on or after 1 January 2019)

The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale or any non-qualifying assets are included in that general pool. The amendments are not likely to have material impact on the Group's consolidated financial statements.

Amendments to references to Conceptual Framework for Financial Reporting (Effective for annual periods beginning on or after 1 January 2020)

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting

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them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The groups may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, groups should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

c) New Standards issued by IASB but not yet been notified by SECP

	International Financial Reporting Standards (IFRSs)	International Financial Reporting Standards (IFRSs)
IFRS 1	- First Time Adoption of IFRS	January 1, 2004
IFRS 14	- Regulatory Deferral Accounts	January 1, 2016
IFRS 17	- Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

All monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the reporting date.

All non-monetary items are translated into Pak Rupees at the rates on date of transaction or on the date when fair values are determined.

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction.

Foreign exchange gains and losses on translation or realization are recognised in the statement of profit or loss.

For the purposes of consolidation, income and expense items of the foreign subsidiaries are translated at annual average exchange rate. All monetary and non monetary assets and liabilities are translated at the exchange rate prevailing at the statement of financial position date. Exchange differences arising on the translation of foreign subsidiaries are recognized under translation reserve in consolidated reserves until the disposal of interest in such subsidiaries.

3.2 Staff retirement benefits

Defined contribution plan

The Holding Company operates a recognized provident fund scheme for its eligible employees to which equal monthly contribution is made by the Holding Company and the employees at the rate of 8.33% of the basic salary. The Holding Company contribution is charged to consolidated statement of profit or loss.

Defined benefit plan

The Holding Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Holding Company obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2019. The results of valuation are summarized in note No. 8. The Subsidiary Company also accounts for gratuity for its employees in accordance with prevailing laws in the country of the subsidiary company, and provision made is accordingly based on management's estimates.

Current service cost, past service cost and interest cost is recognized in consolidated statement of profit or loss. Remeasurement gains and losses arising at each valuation date are recognized fully in other comprehensive income.

3.3 Accumulated employee compensated absences

The Group provides for compensated absences for all eligible employees in the period in which these are earned in accordance with the rules of the Group.

3.4 Provisions and contingencies

Provisions are recognized when The Group has present obligation (legal or constructive) as a result of past event and 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. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year. The charge for current tax also includes impact of available tax credits and adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred tax is accounted for using liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss , except that it relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively.

3.6 Borrowings

Borrowings are recorded at the amount of proceeds received/ fair values and are subsequently recorded at amortized cost using the effective interest rate method whereby the differences, if any, between the proceeds of borrowings and redemption values is amortised over the period of borrowing.

3.7 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

3.8 Trade and other payables

Liabilities for trade and other payables are recognized at cost which is the fair value of the consideration to be paid for goods and services received plus directly attributable costs and these are subsequently measured at amortised cost.

3.9 Property, plant and equipment

3.9.1 Operating fixed assets

Recognition/Measurement

“The cost of an item is recognised as an asset if and only if the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Operating fixed assets are stated at cost less any accumulated depreciation and any accumulated impairment losses except leasehold land which is stated at cost.

Subsequent Cost

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to The Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred. The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to The Group and its cost can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognized in consolidated statement of profit or loss as incurred.

Depreciation

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) and turbines in plant and machinery, which are depreciated at straight line method. These assets are depreciated at rates specified in the note No. 14.1 Depreciation is charged on additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Derecognition

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 disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in consolidated statement of profit or loss in the period of derecognition.

3.9.2 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date less impairment, if any. Cost represents expenditure incurred on property, plant and equipment in the course of construction, acquisition, installation, development and implementation. These expenditures are transferred to relevant category of property, plant and equipment as and when these are available for intended use.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any, Amortization is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 15.1.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset’s fair value less costs to sell or value in use.

Goodwill is stated at cost less accumulated impairment losses, if any, as their useful life is indefinite and are tested for impairment annuallly.

3.11 Business combinations and Goodwill

The Group uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at the acquisition date, being the excess of:

a) the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and

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b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the consolidated statement of profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured subsequent to initial recognition, at cost less accumulated losses, if any, and is tested annually or whenever, there is an indication of impairment.Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss.

3.12 Stores and spares

Stores and spare parts, except goods-in-transit, are stated at moving average cost less provision for slow moving/obsolete items. Cost of goods-in-transit includes invoice/purchase amount plus other costs incurred thereon up to reporting date.

3.13 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued at lower of weighted average cost and net realisable value. Waste products are valued at net realisable value. Cost of raw materials and trading stock comprises of the invoice value plus other charges incurred thereon. Cost of work-in-process and finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon up to reporting date.

Net realisable value signifies the estimated selling prices in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

3.14 Trade and Other Receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value and subsequently at amortised cost. An allowance is made for lifetime expected credit losses using simplified approach as mentioned in note 3.18. Trade debts are written off when there is no reasonable expectation of recovery, i.e., when these are considered irrecoverable.

3.15 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is recognized on following basis:

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are despatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.

- Profit on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and rates applicable thereon.
- Duty draw back on export sales is recognized on an accrual basis at the time of export sale.
- Processing charges are recorded when processed goods are delivered to customers.
- Dividend income is recognized when the Group's right to receive the payment is established.
- Interest on loans and advances to employees is recognized on the effective interest method.

3.16 Financial Instruments

Financial instruments include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when The Group becomes a party to the contractual provisions of instrument.

3.16.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

3.16.2 Classification of financial assets

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by The Group's business model for managing the financial assets and their contractual cash flow characteristics. A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The Group classifies its financial instruments in the following categories:
- at amortised cost.
- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or

Financial assets that meet the following conditions are classified as financial assets at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are classified as financial assets at FVTOCI:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are classified as financial assets at FVTPL.

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3.16.3 Classification of financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

3.16.4 Subsequent measurement

Financial assets and liabilities at amortised cost

These are subsequently measured at amortized cost using the effective interest method. The amortized cost of financial assets is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in the consolidated statement of profit or loss.

Financial assets at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition of a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which The Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of profit or loss, but is transferred to consolidated statement of changes in equity.

Financial assets and liabilities at FVTPL

These are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL and any interest / markup or dividend income are included in the consolidated statement of profit or loss.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss).

3.17 Derecognition of Financial Instruments

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired

Any gain or loss on derecognition of financial asset or liability is also included to the consolidated statement of profit or loss .

3.18 Impairment

Financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

The Group applies a simplified approach in calculating ECLs for trade receivables. Therefore, The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical / actual credit loss experience, analysis of current financial position of debtors, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, The Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quanlitative information and analysis, based on The Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which The Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets. The Gross carrying amount of a financial asset is written off when The Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with The Group's procedures for recovery of amounts due.

Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of such assets is estimated.

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An impairment loss is recognised if the carrying amount of a specific asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.19 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if The Group has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of The Group or the counter parties.

3.20 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprises cash and cheques in hand and balances with banks on current, savings and deposit accounts less short-term borrowings.

3.21 Dividend and appropriation to reserves

Final dividend distributions to The Group's shareholders are recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by The Group's shareholders at the Annual General Meeting, while the interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. Appropriations of profit are reflected in the consolidated statement of changes in equity in the period in which such appropriations are approved.

3.22 Segment reporting

Segment reporting is based on the operating (business) segments of The Group. An operating segment is a component of The Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relates to transactions with any of The Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

3.23 Business combination during the year

During the year an indirect subsidiary Company GTM (Europe) Limited has acquired 100% shares of JCCO 406 Limited (JCCO) under share purchase and termination deed (the agreement). As a result of the agreement JCCO has become subsidiary company on June 27, 2019 GTM (Europe) Limited. JCCO owns wholly owned subsisidary Vantona Homes Limited. The fair values of the identifiable assets and liabilities assumed as on the acquisition date, as incorporated in these consolidated financial statements, are as follows;

		"Carrying value as on year end in GBP ('000)"	"Carrying value as on year end in PKR ('000)"	"Fair value recognised on acquitions in PKR ('000)"
Assets:				
	Intangible assets	497,627	103,402	103,402
	Deferred tax asset	17,448	3,626	3,626
	Stock	593,052	123,230	123,230
	Trade Debts	1,524,852	316,849	316,849
	Loans, advances and other receivables	457,845	95,135	95,135
	Cash and bank balances	11,541	2,399	2,399
	Total Assets	3,102,365	644,641	644,641
Liabilities:				
	Trade and other payables	2,824,189	586,839	586,839
Total identifiable net assets on acquisition date		278,176	57,802	57,802
Consideration paid		350,001	72,727	72,727
Provisional Goodwill on acquisiiton date		71,825	14,925	14,925
Impact on statement of cash flows				
	Total consideration			(72,727)
	Opening carrying value of long term investment			55,794
	Cash and bank balance acquired on business combination			2,399
				(14,534)

For determining the Fair value of assets and liabilities at the time of acquisition as required by IFRS - 3 'Business Combination', the management has assessed that the fair value of assets and liabilities acquired approximates to its carryying value on the date of aquisition. However, the management has decided to finalize the determination of valuation of assets acquired and liabilities assumed within one year from the aquisition date, which is allowed under IFRS - 3 'Business Combination' as measurement period, therefore provisional figures based on latest available financial statements for the year ended June 30, 2019 have been considered for the aquisition accounting.

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4 SHARE CAPITAL

4.1 Authorised capital

2019	2018		2019	2018
Number of Shares			Rs. 000s	
750,000,000	750,000,000	Ordinary shares of Rs.10 each	7,500,000	7,500,000

4.2 Issued, subscribed and paid - up capital

2019	2018		2019	2018
Number of Shares			Rs. 000s	
192,161,738	192,161,738	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	1,921,617	1,921,617
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid shares under scheme of arrangement for amalgamation	54,473	54,473
158,886,461	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	1,588,865	1,588,865
356,495,525	356,495,525		3,564,955	3,564,955

4.2.1 As at June 30, 2019, Gul Ahmed Holdings (Private) Limited (GAHPL) , the ultimate Holding Company of the Group, held 239,226,714 (2018: 239,226,714) ordinary shares of Rs. 10 each, constituting 67.10% (2018: 67.10%) of total paid-up capital of the Holding Company. Number of shares held by the associated companies and undertakings, other than GAHPL, aggregated to 14,493,774 (2018: 12,396,774) ordinary shares of Rs. 10 each.

4.2.2 As per the Honorable Sindh High Court's order, the Holding Company has held 1,541,432 shares, 69,138 shares and 398,434 shares out of the total bonus shares issued during the year 2015 to GAHPL, the associated company and other parties respectively, as these shareholders are the part of the suit filed against the tax on bonus shares imposed through Finance Act 2014.

5 RESERVES

	Note	2019	2018
		Rs. 000s	
Capital Reserve			
- Share premium	5.1	1,405,415	1,405,415
Revenue Reserve			
- General Reserve	5.2	-	5,380,000
- Unappropriated Profit		10,607,627	2,494,308
		10,607,627	7,874,308
Exchange difference on translation of foreign subsidiaries		285,542	159,005
Statutory reserve	5.3	19,827	19,648
		12,318,411	9,458,376

5.1 The share premium account is a capital reserve and can be applied only in accordance with provisions of section 81 of the Companies Act, 2017.

5.2 This represented appropriation of profit in past years to meet future exigencies. During the year this has been transferred to un-appropriated profits as approved in Board of Directors meeting held on September 18, 2018.

5.3 This represent reserve created by Gul Ahmed International Limited FZC, in accordance with Emiri decree No. 2 of 1995, issued by the ruler of Sharjah, U.A.E.

6 LONG TERM FINANCING

	Note	2019	2018
		Rs. 000s	
From Banking Companies - Secured	6.1	7,078,540	5,499,037
From Non-Banking Financial Institutions - Secured	6.2	2,958,663	2,778,689
		10,037,203	8,277,726
Current portion shown under current liabilities		(1,180,302)	(1,365,857)
		8,856,901	6,911,869

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
6.1 Banking Companies						
Askari Bank Limited Loan 1 Under LTFF scheme	6.4, 6.7	20 quarterly October-2016	8,346	8.50 % p.a. payable quarterly	75,114	108,498
Askari Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	26,348	38,068
Askari Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	10,663	14,924
Askari Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	20 quarterly February-2018	165	3 % p.a. payable quarterly	2,310	2,970
Askari Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	20 quarterly May-2018	4,880	3 % p.a. payable quarterly	73,184	92,701
Askari Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	20 quarterly June-2018	200	3 % p.a. payable quarterly	2,996	3,795
Askari Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	20 quarterly June-2018	269	3 % p.a. payable quarterly	4,298	5,103
Askari Bank Limited Loan 8 Under LTFF scheme	6.3, 6.7	20 quarterly July-2018	3,656	3 % p.a. payable quarterly	58,490	73,113
Askari Bank Limited Loan 9 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	445	3 % p.a. payable quarterly	7,126	8,908
Askari Bank Limited Loan 10 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	252	3 % p.a. payable quarterly	4,032	5,030
Askari Bank Limited Loan 11 Under LTFF scheme	6.3, 6.7	32 quarterly August-2020	6,155	2.75 % p.a. payable quarterly	196,956	196,956
Askari Bank Limited Loan 12 Under LTFF scheme	6.3, 6.7	32 quarterly September-2020	370	2.75 % p.a. payable quarterly	11,843	11,843
Askari Bank Limited Loan 13 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly October-2020	105	2.75 % p.a. payable quarterly	3,355	-
Askari Bank Limited Loan 14 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly November-2020	1,443	2.75 % p.a. payable quarterly	46,163	-
Askari Bank Limited Loan 15 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly February-2021	736	2.75 % p.a. payable quarterly	23,547	-
Askari Bank Limited Loan 16 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly March-2021	283	2.75 % p.a. payable quarterly	9,041	-
Askari Bank Limited Loan 17 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly July-2021	284	2.75 % p.a. payable quarterly	9,095	-
AlBaraka Bank (Pakistan) Limited Islamic Banking	6.4, 6.8	20 quarterly March-2016	7,780	Three months KIBOR Ask rate + 1.10% payable quarterly	46,680	77,800
Bank Al-Habib Limited Under LTFF scheme	6.6	16 half yearly October-2019	13,519	2.75 % p.a. payable quarterly	216,296	216,296

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Bank Al-Falah Limited - Loan 1 Islamic Banking	6.4, 6.8	9 half yearly July-2014	1,147	Six months KIBOR Ask rate + 1.25% payable half yearly	-	1,147
Bank Al-Falah Limited - Loan 2 Islamic Banking	6.4, 6.8	9 half yearly August-2014	1,472	Six months KIBOR Ask rate + 1.25% payable half yearly	-	1,472
Bank Al-Falah Limited - Loan 3 Islamic Banking	6.4, 6.8	9 half yearly September-2014	8,172	Six months KIBOR Ask rate + 1.25% payable half yearly	-	8,172
Bank Al-Falah Limited - Loan 4 Islamic Banking	6.4, 6.8	9 half yearly October-2014	10,285	Six months KIBOR Ask rate + 1.25% payable half yearly	-	10,285
Bank Al-Falah Limited - Loan 5 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	17,469	3 % p.a. payable quarterly	279,504	-
Bank Al-Falah Limited - Loan 6 Under LTFF scheme	6.3, 6.7	16 half yearly August-2021	6,667	3 % p.a. payable quarterly	106,668	-
Bank Al-Falah Limited - Loan 7 Under LTFF scheme	6.3, 6.7	16 half yearly September-2021	1,220	3 % p.a. payable quarterly	19,521	-
Bank Al-Falah Limited - Loan 8 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	15,440	3 % p.a. payable quarterly	247,038	-
The Bank of Khyber	6.3	07 half yearly August-2019	17,143	Six months KIBOR Ask rate + 0.50% payable half yearly	120,000	-
Bank of Punjab - Loan 1 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	84	3 % p.a. payable quarterly	2,105	2,358
Bank of Punjab - Loan 2 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	1,143	3 % p.a. payable quarterly	28,570	31,998
Bank of Punjab - Loan 3 Under LTFF scheme	6.3, 6.7	28 quarterly October-2018	2,144	3 % p.a. payable quarterly	53,607	60,040
Bank of Punjab - Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly November-2018	3,085	3 % p.a. payable quarterly	77,125	86,380
Bank of Punjab - Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	6,904	3 % p.a. payable quarterly	172,610	193,323
Bank of Punjab - Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,644	3 % p.a. payable quarterly	42,747	46,035
Bank of Punjab - Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	7,692	3 % p.a. payable quarterly	199,998	215,382
Bank of Punjab - Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	5,467	3 % p.a. payable quarterly	142,141	153,075
Bank of Punjab - Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	661	3 % p.a. payable quarterly	17,843	18,504
Bank of Punjab - Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	3,212	3 % p.a. payable quarterly	86,712	89,924
Bank of Punjab - Loan 11 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	195	3 % p.a. payable quarterly	5,274	5,469

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Bank of Punjab - Loan 12 Under LTFF scheme	6.3, 6.7	28 quarterly May-2020	3,483	3 % p.a. payable quarterly	97,512	97,512
Faysal Bank Limited Loan 1 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly June-2021	13,781	2.75% p.a. payable quarterly	440,981	-
Faysal Bank Limited Loan 2 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly August-2021	1,844	2.75% p.a. payable quarterly	59,018	-
Habib Bank Limited Loan 1	6.5, 6.8	04 half yearly October-2017	10,391	Three months KIBOR Ask rate + 0.5% payable half yearly	-	20,781
Habib Bank Limited Loan 2	6.5, 6.8	05 half yearly October-2017	249	Three months KIBOR Ask rate + 0.5% payable half yearly	249	747
Habib Bank Limited Loan 3	6.5, 6.8	06 half yearly October-2017	3,306	Three months KIBOR Ask rate + 0.5% payable half yearly	6,612	13,221
Habib Bank Limited Loan 4	6.5, 6.8	09 half yearly October-2017	14,063	Three months KIBOR Ask rate + 0.5% payable half yearly	70,313	98,438
Habib Bank Limited Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly October-2018	14,747	3 % p.a. payable quarterly	427,659	471,900
Habib Bank Limited Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2018	82	3 % p.a. payable quarterly	2,368	2,613
Habib Bank Limited Loan 7 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	221	3 % p.a. payable quarterly	6,630	7,072
Habib Bank Limited Loan 8 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	95	3 % p.a. payable quarterly	2,846	3,036
Habib Bank Limited Loan 9 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2019	174	3 % p.a. payable quarterly	5,216	5,564
Habib Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	32 quarterly March-2021	8,774	2.8 % p.a. payable quarterly	280,779	-
MCB Bank Limited Loan 1	6.5	10 half yearly February-2017	1,486	Three months KIBOR Ask rate + 2.25% payable half yearly	7,430	10,402
MCB Bank Limited Loan 2 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	15,864	8.25% p.a. payable quarterly	79,320	111,048
MCB Bank Limited Loan 3 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	1,541	6.75% p.a. payable quarterly	7,705	10,787
MCB Bank Limited Loan 4 Under LTFF scheme	6.5, 6.7	10 half yearly April-2017	2,425	8.25% p.a. payable quarterly	12,126	16,976
MCB Bank Limited Loan 5 Under LTFF scheme	6.5, 6.7	10 half yearly June-2017	5,773	8.25% p.a. payable quarterly	28,865	40,411
MEEZAN Bank Limited Islamic Banking	6.5, 6.8	8 quarterly March-2017	107,910	Three months KIBOR Ask rate +1% payable quarterly	-	431,640

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
National Bank of Pakistan Loan 1	6.3	10 half yearly August-2016	49,598	Six months KIBOR Ask rate + 0.75% payable half yearly	198,393	297,588
National Bank of Pakistan Loan 2 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly May-2018	5,835	2.80% p.a. payable quarterly	87,535	110,875
National Bank of Pakistan Loan 3 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly July-2018	5,451	2.80% p.a. payable quarterly	87,200	109,012
National Bank of Pakistan Loan 4 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly August-2018	179	2.80% p.a. payable quarterly	2,856	3,570
National Bank of Pakistan Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly September-2018	5,228	2.80% p.a. payable quarterly	83,643	104,568
National Bank of Pakistan Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	1,903	2.80% p.a. payable quarterly	32,343	38,050
National Bank of Pakistan Loan 7 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	5,699	2.80% p.a. payable quarterly	96,875	113,970
National Bank of Pakistan Loan 8 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly November-2018	708	2.80% p.a. payable quarterly	12,033	14,156
National Bank of Pakistan Loan 9 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly November-2020	8,253	2.75% p.a. payable quarterly	264,082	-
National Bank of Pakistan Loan 10 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly January-2021	2,361	2.75% p.a. payable quarterly	75,551	-
National Bank of Pakistan Loan 11 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2021	1,794	2.75% p.a. payable quarterly	57,396	-
National Bank of Pakistan Loan 12 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2021	2,914	2.75% p.a. payable quarterly	93,254	-
National Bank of Pakistan Loan 13 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly May-2021	3,727	2.75% p.a. payable quarterly	119,279	-
National Bank of Pakistan Loan 14 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly June-2021	4,981	2.75% p.a. payable quarterly	159,384	-
National Bank of Pakistan Loan 15 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly August-2021	3,115	2.75% p.a. payable quarterly	99,671	-
National Bank of Pakistan Loan 16 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly September-2021	2,209	2.75% p.a. payable quarterly	70,672	-

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
NIB Bank Limited	6.3	16 quarterly June-2015	168	Three months KIBOR Ask rate + 1.50% payable quarterly	-	679
SONERI Bank Under LTFF scheme	6.3, 6.7	16 half yearly March-2018	14,457	5% p.a. payable quarterly	187,939	216,853
United Bank Limited Loan 1	6.3	12 half yearly September-2013	269	Six months KIBOR Ask rate + 1.00% payable half yearly	-	537
United Bank Limited Loan 2	6.3	12 half yearly October-2013	1,235	Six months KIBOR Ask rate + 1.00% payable half yearly	-	2,470
United Bank Limited Loan 3	6.3	12 half yearly December-2013	5,892	Six months KIBOR Ask rate + 1.00% payable half yearly	-	11,783
United Bank Limited Loan 4	6.3	12 half yearly January-2014	11,913	Six months KIBOR Ask rate + 1.00% payable half yearly	11,913	35,738
United Bank Limited Loan 5 Under LTFF scheme	6.4, 6.7	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	10,812	14,416
United Bank Limited Loan 6 Under LTFF scheme	6.4, 6.7	10 half yearly August-2017	398	6.50% p.a. payable quarterly	2,391	3,188
United Bank Limited Loan 7 Under LTFF scheme	6.4, 6.7	10 half yearly September-2017	215	6.50% p.a. payable quarterly	1,290	1,720
United Bank Limited Loan 8 Under LTFF scheme	6.4, 6.7	10 half yearly October-2017	102	6.50% p.a. payable quarterly	612	816
United Bank Limited Loan 9	6.4	10 half yearly March-2018	2,385	5% p.a. payable quarterly	16,695	21,465
United Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	10 half yearly December-2017	89	6.50% p.a. payable quarterly	623	712
United Bank Limited Loan 11 Under LTFF scheme	6.4, 6.7	10 half yearly February-2018	318	5% p.a. payable quarterly	2,233	2,869
United Bank Limited Loan 12 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	4,182	5% p.a. payable quarterly	29,273	37,639
United Bank Limited Loan 13 Under LTFF scheme	6.4, 6.7	10 half yearly April-2018	1,827	5% p.a. payable quarterly	12,789	16,443
United Bank Limited Loan 14 Under LTFF scheme	6.4, 6.7	10 half yearly May-2018	954	4% p.a. payable quarterly	6,684	8,592
United Bank Limited Loan 15 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	132	5% p.a. payable quarterly	919	1,183
United Bank Limited Loan 16 Under LTFF scheme	6.4, 6.7	10 half yearly August-2018	11,979	5% p.a. payable quarterly	95,840	119,798
United Bank Limited Loan 17 Under LTFF scheme	6.4, 6.7	16 half yearly June-2020	9,384	2.75% p.a. payable quarterly	150,142	150,142
United Bank Limited Loan 18 Under LTFF scheme	6.4, 6.7	16 half yearly October-2020	23,826	2.75% p.a. payable quarterly	381,215	381,215

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
United Bank Limited Loan 19 Under LTFF scheme	6.4, 6.7	16 half yearly November-2020	1,495	2.75% p.a. payable quarterly	23,920	23,920
United Bank Limited Loan 20 Under LTFF scheme	6.4, 6.7	16 half yearly December-2020	8,335	2.75% p.a. payable quarterly	133,353	133,353
United Bank Limited Loan 21 Under LTFF scheme	6.4, 6.3 6.7, 6.9	16 half yearly January-2021	3,016	2.75% p.a. payable quarterly	48,256	-
United Bank Limited Loan 22 Under LTFF scheme	6.4, 6.3 6.7, 6.9	16 half yearly February-2021	706	2.75% p.a. payable quarterly	11,295	-
United Bank Limited Loan 23 Under LTFF scheme	6.4, 6.3 6.7, 6.9	16 half yearly April-2021	2,847	2.75% p.a. payable quarterly	45,550	-
Samba Bank Limited Loan 1 Under LTFF scheme	6.3, 6.7	10 half yearly September-2019	15,710	3% p.a. payable quarterly	157,099	157,099
Samba Bank Limited Loan 2 Under LTFF scheme	6.3, 6.7	10 half yearly January-2020	10,809	3% p.a. payable quarterly	108,084	108,084
Samba Bank Limited Loan 3 Under LTFF scheme	6.3, 6.7	10 half yearly February-2020	1,339	3% p.a. payable quarterly	13,391	13,391
Samba Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	10 half yearly March-2020	140	3% p.a. payable quarterly	1,402	1,402
Samba Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	10 half yearly August-2020	2,237	3% p.a. payable quarterly	22,369	22,369
Samba Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	10 half yearly November-2020	5,461	3% p.a. payable quarterly	54,613	54,613
Samba Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	10 half yearly December-2020	4,304	3% p.a. payable quarterly	43,042	43,042
		Total from Banking Companies			7,078,540	5,499,037

6.2 Non-Banking Financial Institutions - Secured

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
Pair Investment Company Loan 1 Under LTFF scheme	6.5, 6.7	12 half yearly May-2018	11,417	3.5% p.a. payable half yearly	102,750	125,583
Pair Investment Company Loan 2 Under LTFF scheme	6.5, 6.7	12 half yearly June-2018	11,375	3.5% p.a. payable half yearly	102,025	124,775
Pair Investment Company Loan 3 Under LTFF scheme	6.5, 6.7	12 half yearly October-2019	17,798	3% p.a. payable half yearly	213,579	213,579
Pair Investment Company Loan 4 Under LTFF scheme	6.5, 6.7	12 half yearly December-2019	236	3% p.a. payable half yearly	2,831	2,831
Pair Investment Company Loan 5 Under LTFF scheme	6.5, 6.7	12 half yearly February-2020	1,230	3% p.a. payable half yearly	14,756	14,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Pair Investment Company Loan 6 Under LTFF scheme	6.5, 6.7	12 half yearly April-2020	1,508	3% p.a. payable half yearly	18,101	18,101
Pair Investment Company Loan 7 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	26,509	3% p.a. payable half yearly	424,149	-
Pair Investment Company Loan 8 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	512	3% p.a. payable half yearly	8,191	-
Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2018	10,099	3% p.a. payable quarterly	262,396	302,792
Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2018	816	3% p.a. payable quarterly	21,220	24,487
Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	2,481	3% p.a. payable quarterly	64,454	74,378
Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	1,317	3% p.a. payable quarterly	34,224	39,484
Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	417	3% p.a. payable quarterly	10,825	12,495
Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly April-2018	31	3% p.a. payable quarterly	830	954
Pak Kuwait Investment Pvt. Ltd Loan 7 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2018	1,218	3% p.a. payable quarterly	32,880	37,752
Pak Kuwait Investment Pvt. Ltd Loan 8 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2018	71	3% p.a. payable quarterly	1,924	2,208
Pak Kuwait Investment Pvt. Ltd Loan 9 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2018	6,997	3% p.a. payable quarterly	188,875	216,863
Pak Brunei Investment Company Loan 1 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly December-2018	28,637	2.5% p.a payable quarterly	400,915	458,187
Pak Brunei Investment Company Loan 2 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly May-2019	2,419	2.5% p.a payable quarterly	36,291	38,710
Pak Brunei Investment Company Loan 3 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly July-2019	5,468	2.5% p.a payable quarterly	87,496	87,496
Pak Oman Investment Company Loan 1 Under LTFF scheme	6.4 6.7, 6.9	32 quarterly January-2019	8,596	2.75% p.a payable quarterly	257,891	275,083

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2019	2018
					------Rs. 000s----	
Pak Oman Investment Company Loan 2 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly February-2019	7,410	2.75% p.a payable quarterly	222,301	237,121
Pak Oman Investment Company Loan 3 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly March-2019	6,927	2.75% p.a payable quarterly	207,813	221,667
Pak Oman Investment Company Loan 4 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly May-2019	238	2.75% p.a payable quarterly	7,389	7,627
Pak Oman Investment Company Loan 5 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly May-2019	60	2.75% p.a payable quarterly	1,849	1,908
Pak Oman Investment Company Loan 6 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly June-2019	7,144	2.75% p.a payable quarterly	221,480	228,624
Pak Oman Investment Company Loan 7 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly September-2019	351	2.75% p.a payable quarterly	11,228	11,228
		Total from Non-Banking Financial Institutions			2,958,663	2,778,689

6.3 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Holding Company.

6.4 These loans are secured by charge over specified machinery.

6.5 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Holding Company and equitable mortgage over land and building.

6.6 These loans are secured by charge over specified machinery of the Holding Company and equitable mortgage over land and building.

6.7 The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of up to five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.

6.8 These loans are obtained under Shariah Compliant Arrangements.

6.9 These loans are secured by ranking charge over present and future property plant and equipment of the Holding company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

7 DEFERRED TAXATION

	Note	2019	2018
		Rs. 000s	
Deffered tax liability	7.1	88,342	37,690
Deferred tax asset of indirect subsidiaries	7.2	(4,204)	(290)
		84,138	37,400

7.1 Deferred tax arises due to:

	2019	2018
Taxable temporary differences in respect of		
Accelerated tax depreciation allowance	392,832	334,038
Provision for income of subsidiaries	17,012	13,998
	409,844	348,036
Deductible temporary differences in respect of		
Provision for gratuity	(9,730)	(6,748)
Impairment allowance against doubtful trade debts	(35,173)	(33,491)
Provision for slow moving items/obsolete items of stores and spares	(18,790)	(15,869)
	(63,693)	(56,108)
Tax credit	(257,809)	(254,238)
	88,342	37,690

7.1.1 Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001.

7.1.2 The Holding Company has unrecognised available tax credit of Rs.Nil (2018: 299.30 million) under section 65 of the Income Tax Ordinance 2001.

7.2 Deferred tax asset of indirect subsidiary companies

	2019	2018
	Rs. 000s	
Deductible temporary differences in respect of		
Accelerated tax depreciation allowance	(3,966)	(290)
Short term timing differences	(238)	
	(4,204)	(290)

7.2.1 The subsidary Company GTM (Europe) Ltd has unutilised tax losses of Rs.Nil (2018: Rs. 4 million) available for utilisation against future taxable profits, subject to HMRC agreement.

7.3 Movement in deferred taxation

	Note	Liability	Asset	2019	2018
				Rs. 000s	
Opening balance		37,690	(290)	37,400	316,322
Charged to consolidated statement of profit or loss		51,346	(288)	51,058	(277,526)
Credited to other comprehensive income		(694)	-	(694)	(1,396)
Acquired under business combination	3.23	-	(3,626)	(3,626)	-
Closing balance		88,342	(4,204)	84,138	37,400

8 DEFINED BENEFIT PLAN- STAFF GRATUITY

8.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability

	Note	2019	2018
		Rs. 000s	
Opening balance		71,517	31,033
Charge for the year	8.2	49,054	67,792
Remeasurement loss charged in other comprehensive income	8.3	6,189	13,063
Benefits paid during the year		(34,329)	(40,371)
Closing balance		92,431	71,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

8.2 Charge for the year recognized in statement of profit or loss

	Note	2019	2018
		Rs. 000s	
Current service cost		36,623	31,735
Past Service Cost	8.2.1	5,720	32,197
Markup cost		4,364	374
	27.1	46,707	64,306
Charge in respect of obligation of the subsidiary company	8.6	2,347	3,486
		49,054	67,792

8.2.1 Past service cost relates to employees employed in preceding year but became eligible for gratuity during the current year.

8.3 Remeasurement loss charged in other comprehensive income

	2019	2018
Actuarial losses from changes in financial assumptions	202	36
Experience adjustments	5,987	13,027
	6,189	13,063

8.4 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation of the Holding Company's obligations:

	2019	2018
Discount rate used for year end obligation	14.25% p.a	7.75% p.a
Discount rate used for markup cost	9.00% p.a	9.00% p.a
Expected increase in salary	13.25%	8%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Set back 1 Year	Set back 1 Year
Withdrawal rates	Age-Based	Age-Based
Retirement assumption	Age 60	Age 60

8.5 Associated Risks

a) Final Salary Risk (Linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on final salary (which will closely reflect inflation and other macro economics factors), the benefit amount increases as salary increases with time.

b) Demographic Risk

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

8.6 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have completed the minimum qualifying period. Liability is determined using actuarial valuation in case of Holding Company where as in case of subsidiary company the liability is estimated by the management as the quantum of the same is not significant. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2019. The disclosure is based on information included in that actuarial report.

8.7 Sensitivity Analysis

Year end sensitivity analysis (± 100 bps) on Defined Benefit Obligation as presented by actuary in the report.

	Note	2019	2018
		Rs. 000s	
Discount Rate + 100 bps		82,793	60,277
Discount Rate - 100 bps		91,162	66,452
Salary increase + 100 bps		91,162	66,452
Salary increase - 100 bps		82,728	60,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

8.8 Maturity Profile

Maturity profile on Defined Benefit Obligation as presented by actuary in the report;

	Note	2019	2018
		Rs. 000s	
FY 2019		NA	23,245
FY 2020		30,813	17,965
FY 2021		33,773	15,286
FY 2022		28,789	12,498
FY 2023		26,315	10,946
FY 2024		24,285	10,095
FY 2025		23,046	9,196
FY 2026		23,716	9,320
FY 2027		22,685	9,714
FY 2028		26,188	10,686
FY 2029 onwards		29,129	423,957
FY 2030 onwards		2,336,040	NA

The average duration of the defined benefit obligation is 5 years.

9 TRADE AND OTHER PAYABLES

	Note	2019	2018
		Rs. 000s	
Creditors - Others		3,572,623	2,404,579
- Due to related parties		7,781	158,121
		3,580,404	2,562,700
Accrued expenses	9.1.1, 9.1.2, 9.1.3	5,660,310	3,995,832
Advances from customers		213,918	213,682
Security deposit against franchise stock	9.2	93,250	93,250
Workers' profit participation fund	9.3	213,632	124,781
Workers' welfare fund	13.8	66,725	47,556
Taxes withheld		51,006	53,896
Payable to employees' provident fund trust		22,644	21,025
Others		9,327	13,359
		9,911,216	7,126,081

9.1.1 Accrued expenses include Infrastructure Cess amounting to Rs. 353 million (2018: Rs. 242 million). The Holding Company along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi through petition dated May 28, 2011. Furthermore, the Holding Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. During the year ended June 30, 2018 the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was also enacted by the Province of Sindh against which the Holding Company has filed constitutional petition dated October 14, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed for interim relief to the Company till final judgment as allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

9.1.2 The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated August 31, 2015 regarding increase in the Gas rate tariff, on November 16, 2015 which was decided by the Honorable Sindh High Court in favour of the Holding Company and thereafter the Government filed an appeal in the Divisional Bench of the Honorable Sindh High Court against the decision which has also been decided in favour of the Holding Company. During 2017, the Oil and Gas Regulatory Authority (OGRA) had issued another notification dated December 12, 2016 and SSGC billed @ Rs. 600 per MMBTU instead of Rs.488.23 per MMBTU. The Holding Company along with others have filed petition in the Honorable Sindh High Court against the notification and the Honorable Court has granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. The OGRA issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to said notification the Holding Company paid the bills accordingly at the prevailing rates. Upto the September 2018 the Holding Company has provided banker's verified various Cheques of aggregate amount of Rs. 250.67 million (2018: Rs.217.35 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision up to the September 2018 amounting to aggregate Rs. 410.60 million (2018: Rs. 377.28 million) in the consolidated financial statements.

9.1.3 The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court on December 18, 2015, challenging the charging of captive power tariff instead of Industry tariff rate to the Holding Company, since the Holding Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Holding Company. The Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Holding Company paid the bills accordingly at the specified rates. Upto the September 2018 the Company has provided banker's verified various cheques of Rs. 388.57 million (2018: Rs. 332.39 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained provision made up to September, 2018 amounting to aggregate Rs. 626.23 million (2018: Rs. 570.05 million) in the consolidated financial statements.

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9.2 These security deposits are utilised for the purpose of the business as per written agreements, in compliance with requirement of section 217 of Companies Act 2017.

9.3 Workers' profit participation fund

	Note	2019	2018
		Rs. 000s	
Opening balance		124,781	42,981
Allocation for the year	28	213,632	124,781
Markup for the year	9.3.1	7,371	1,817
		345,784	169,579
Payments made during the year		(132,152)	(44,798)
Closing balance		213,632	124,781

9.3.1 Interest on Workers' Profit Participation Fund is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilised by the Company till the date of payment to the fund.

10 ACCRUED MARK-UP/PROFIT

	Note	2019	2018
		Rs. 000s	
Mark-up/ Profit on long term financing		70,903	55,806
Mark-up/profit on short term borrowings		229,107	119,827
	10.1	300,010	175,633

10.1 This includes profit of Rs. 10.5 million and Rs. 67.1 million (2018: Rs. 0.9 million and Rs. 27.9 million) accrued on long term financing and short term borrowings respectively under Shariah Compliant arrangements.

10.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs.14.4 million (2018: Rs. 8.8 million).

11 SHORT TERM BORROWINGS

	Note	2019	2018
		Rs. 000s	
Short term bank borrowings			
Local currency		19,036,992	15,146,734

11.1 This includes Istisna (Shariah Compliant) amounting to Rs. 4,454 million (2018: Rs. 3,005 million) in local currency.

11.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. Unavailed facility at the year end was Rs. 3,303 million (2018: Rs. 6,409 million). The facility for short term finance matures within twelve months. Short term borrowings include amount due to Habib Metropolitan Bank Limited, an associated company, of Rs. 959 million (2018: Rs. 964 million).

11.3 This Includes Short term borrowing amounting Rs.75.1 million @ 6.25% (2018: Rs. Nil) by SKY HOME Corporation. This is secured against corporate guarantee of the Holding Company, personal guarantee of a Director, promissory note of USD 900,000 in favour of the Bank and charge over current assets of respective subsidiary. The aggregate limit of the facility is Rs. 148.05 million out of which Rs.72.9 million is unutilized.

12 UNPAID DIVIDEND

Dividend payable includes the dividend amount of Rs. 16.1 million (2018: Rs.11.1 million) held by the Holding Company, as referred in note No. 4.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 12.3 million and Rs. 0.55 million (2018: Rs. 8.5 million and Rs. 0.38 million) of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively.

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13 CONTINGENCIES AND COMMITMENTS

13.1 The Holding Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2018: Rs. 84 million). The Holding Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal Rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Holding Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

13.2 The Holding Company has filed a Petition in the Honorable Sindh High Court, dated March 30, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (2018: Rs. 50.83 million). This demand has been raised after lapse of more than two years although the records and books of the Holding Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

13.3 The Holding Company along with several other companies has filed a Consitution Petition No. 2206 of 2016 on April 18, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Honourable Sindh High Court against a notice issued by the EOBI to the Holding Company to pay contribution at the revised rate of wages with retrospective effect. The Honourable Sindh High Court has already restrained EOBI from taking any coercive action against the Holding Company. The matter is now pending before the court for final outcome and the legal counsel of the Holding Company do not forsee any claim/losses that are likely to arise therefrom. Therefore the Holding Company has not made provision to the extent of Rs. 119.6 million out of expected liability of Rs. 261.6 million.

13.4 The Holding Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent on October 17, 2011. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made for difference unpaid amount of Rs.7.4 million.

13.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made amendements in SRO 1125(I)/2011 dated December 31, 2011 for disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustments on packing material of textile products is not being allowed for adjustment with effect from July 01, 2016. The Holding Company has challenged the disallowance of input tax adjustments on packing material in the Sindh High Court through suit No. 2381/2016 dated November 10, 2016 against Federation of Pakistan and others. The matter is pending before the Honourable Court for final outcome and the legal counsel of the Holding Company do not forsee any liability that is likely to arise, hence no provision is made for amount of Rs 446.18 million.

13.6 On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015, on July 22, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015 and hence the Holding Company has not paid GIDC under the above referred laws. No provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these consolidated financial statements amounting to Rs. 868.2 million (2018: Rs. 868.2 million).

The Honorable High Court of Sindh vide its judgment dated October 26, 2016 have held GIDC Act 2015 ultra vires the Constitution. The Government thereafter has filed an appeal in the Sindh High court. However the management on prudent basis has recognized the provision under the GIDC Act, 2015 commencing from May 22, 2015 to the reporting date amounting to Rs. 2,327 million (2018: Rs. 1,725 million) in these consolidated financial statements.

13.7 The Holding Company has filed a suit in the Honorable Sindh High Court on March 28, 2002 for recovery of Rs. 33.4 million (2018: Rs. 33.4 million) against sale of property included in other receivables note No.21. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

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13.8 The Holding Company along with other petitioners challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008 dated February 4, 2011. The Honorable Sindh High Court decided the matter in favor of the Government. The Holding Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on November 10, 2016 declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. Review petition has been filed by the Federal Government in the Honorable Supreme Court against the judgment. Therefore the Holding Company as a matter of prudence has maintained the provisions made in the consolidated financial statements. Review petition has been filed in the Honorable Supreme Court against the judgment. The Holding Company does not expect any liability in this respect.

13.9 Various cases for reinstatement and settlement dues have been filed by the former employees of the Holding Company which are pending for hearing or final outcome before various courts. There may arise financial liability in respect of these matters depending on the orders of the court as and when passed. Since the amount of financial liability is not ascertainable at this point of time and the favourable outcomes are expected in these cases, hence no provision has been made there against.

13.10 Holding Company's tax audit for the tax year 2016 has been finalised and amendment order has been issued under section 122(i) of the Income Tax Ordinance 2001, wherein certain provisions and expenses aggregating to Rs. 338.2 (having tax impact of Rs. 108.2 million) million have been added back to the income as claimed in the deemed assessment, while super tax of Rs. 42.8 million has been levied. The Holding Company is in the process of contesting the matter in appeal against amended order and the management believes that the aforementioned matter will ultimately be decided in favour of the Holding Company. Accordingly, no provision is required to be made in these consolidated financial statements.

13.11 Guarantees and others

a) Rs.1,034.7 million (2018: Rs. 839.3 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 893.3 million (2018: Rs. 770.8 million)

b) Post dated cheques Rs.3,125 million (2018 : Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.

c) Bills discounted amounted to Rs.4,960 million (2018: Rs. 1,292 million) including Bills discounted from associated company amounting to Rs 2,160 million (2018: Rs.1,005.5 million)

d) Corporate guarantee of Rs 145.6 million (2018: Rs. 110.5 million), Rs. 660.5 million (2018: Rs. NIL) and Rs. 148.1 million (2018: Nil) have been issued to various banks in favour of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC - UAE and Sky Home Corporation - USA respectively.

13.12 Commitments

a) The Group is committed for capital expenditure as at June 30, 2019 of Rs. 2,838.2 million (2018: Rs. 1,234.4 million)

b) The Group is committed to minimum rental payments for each of following period as follows:

	2019	2018
	Rs. 000s	
Not more than one year	699,705	800,204
More than one year not more than five years	2,012,348	2,276,407
More than five years	640,795	815,837
	3,352,848	3,892,448

c) Pension Commitments

GTM (Europe) Ltd operates a defined contributions pension scheme. The assets of the scheme are held separately from those of GTM (Europe) Ltd in an independently administered fund. The pension cost charge represents contributions payable by GTM (Europe) Ltd to the fund and amounted to Rs. 7.43 million (2018: Rs. 4.19 million).

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14 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		Rs. 000s	
Operating fixed assets	14.1	18,083,686	14,926,272
Capital work in progress (CWIP)	14.2	925,856	1,195,605
		19,009,542	16,121,877

14.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture	Office Equipment	Vehicles	Total
		Rs. 000s						
At July 1, 2017								
Cost		222,641	5,096,275	17,425,075	124,815	720,805	1,079,438	24,669,049
Accumulated depreciation		-	(2,016,605)	(7,946,295)	(73,525)	(417,705)	(542,018)	(10,996,148)
Foreign currency retranslation		-	2,327	-	1,012	1,633	2,703	7,675
Net book value as at July 1, 2017		**222,641**	**3,081,997**	**9,478,780**	**52,302**	**304,733**	**540,123**	**13,680,576**
Movement during year ended as at June 30, 2018								
Direct additions (at cost)		-	623	68,651	4,718	52,461	62,067	188,520
Transfer from CWIP		-	824,739	2,321,863	-	-	-	3,146,602
Reclassification	14.1.1			(23,058)	-	23,058	-	-
Disposals								
Cost		-	-	(914,891)	(45)	(3,278)	(261,443)	(1,179,657)
Depreciation		-	-	810,499	21	1,856	145,712	958,088
Net book value		-	-	(104,392)	(24)	(1,422)	(115,731)	(221,569)
Depreciation charge for the year		-	(486,600)	(1,200,093)	(4,981)	(73,070)	(100,677)	(1,865,421)
Foreign currency retranslation			(1,081)		830	(2,231)	45	(2,437)
Net book value as at June 30, 2018		**222,641**	**3,419,678**	**10,541,751**	**52,845**	**303,529**	**385,827**	**14,926,271**
Movement during year ended as at June 30, 2019								
Direct additions (at cost)		-	-	-	27,468	149,578	50,387	227,433
Transfer from CWIP	14.2	-	314,585	4,733,849	-	-	-	5,048,434
Disposals	14.1.3							
Cost		-	-	(845,094)	-	-	(122,581)	(967,675)
Depreciation		-	-	732,410	-	-	61,774	794,184
Net book value		-	-	(112,684)	-	-	(60,807)	(173,491)
Depreciation charge for the year	14.1.2	-	(519,644)	(1,264,046)	(7,524)	(81,728)	(75,757)	(1,948,699)
Foreign currency retranslation		-	-	-	1,878	489	1,371	3,738
Net book value as at June 30, 2019		**222,641**	**3,214,619**	**13,898,870**	**74,667**	**371,868**	**301,021**	**18,083,686**
Cost		222,641	6,236,222	22,766,395	156,956	942,624	807,868	31,132,706
Accumulated depreciation		-	(3,022,849)	(8,867,525)	(86,009)	(570,647)	(510,966)	(13,057,996)
Foreign currency retranslation		-	1,246	-	3,720	(109)	4,119	8,976
Net book value as at June 30, 2019		**222,641**	**3,214,619**	**13,898,870**	**74,667**	**371,868**	**301,021**	**18,083,686**
Depreciation rate % per annum		**-**	**10 to 20**	**10 to 20**	**10 to 12**	**15 to 33**	**20 to 25**	

14.1.1 In the preceding year, the Group had decided to reclassify generators pertaining to retail outlets to office equipment, hence their book value has been reclassified from plant and machinery to office equipment.

14.1.2 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		Rs. 000s	
Cost of goods manufactured	25.1	1,526,009	1,466,317
Distribution cost	26	292,890	188,502
Administrative cost	27	129,800	210,602
		1,948,699	1,865,421

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14.1.3 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Plant and machinery						
Embroidery Machine	65,778	15,111	6,601	(8,510)	Negotiation	Naimat Ullah Khan House No. 59 B-1, 2 Sunset Street, Phase 2, DHA Karachi
Gas Generator Waukesha	40,788	19,184	5,395	(13,789)	Negotiation	B.S Industries Plot # I-5 Block-22 Federal B Industrial Area Karachi
Embroidery Machine	14,500	7,198	1,350	(5,848)	Negotiation	SNS Entrprise (Sheraz & Shafiq) Suite #106, Al-Amin Tower, Block-10,Gulshan-e-Iqbal Karachi
Air Jet Looms Tsudakoma	260,213	47,213	42,687	(4,526)	Negotiation	Hi Tech Textile LLC Plot # 674, Ad-Dulayl Q.I.Z Park, P.O.Box # 1495, Al - Mafraq, Jordan Mafraq
Air Jet Looms Picanol Omni	27,680	7,154	3,532	(3,622)	Negotiation	Hi Tech Textile LLC Plot # 674, Ad-Dulayl Q.I.Z Park, P.O.Box # 1495, Al - Mafraq, Jordan Mafraq
Air Dryer	13,331	2,291	2,384	93	Negotiation	Afsar Khan & Co Shop # 139E,Makka Kanta, Sher Shah, Karachi
Chiller	3,320	531	555	24	Negotiation	Afsar Khan & Co Shop # 139E,Makka Kanta, Sher Shah, Karachi
Items with written down value below Rs. 500,000	419,484	14,002	3,781	(10,221)	Negotiation	Various
	845,094	**112,684**	**66,285**	**(46,399)**		
Vehicles						
Honda BAL-375	1,673	571	979	408	Negotiation	Muhammad Amir House # 2/165,Liaqatabad Karachi
Toyota BAU-868	1,819	646	1,001	355	Negotiation	Amir Tajdin Sawja Flat no. A/215, 2nd Floor, Clifton Garden 2, Block-3, Clifton Karachi
Toyota BAZ-256	1,839	678	1,136	458	Negotiation	Khurram Mushtaq House # A-134, Block 7, Mohalla Gulistan-E-Johar Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Honda city BBM-560	2,486	967	1,553	586	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11th Executive Tower, Clifton,Karachi
Suzuki BBZ-504	1,313	549	885	336	Negotiation	Nasir Ahmed House # 195,Gul Houses, Gulistan-E-Johar Near Safoora Chowrangi, Karachi
Cultus VXRI BCX-765	1,068	501	755	254	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi
Honda city BDJ-466	1,671	813	1,203	390	Negotiation	Muhammad Kashif Ali Khan Flat # 17, Safari View Apartment, Gulshan E Iqbal, Block-7, Karachi
Toyota Corolla BDP-725	1,776	894	310	(584)	Company Policy	Mr. Sufian Ashraf House No. C-31, Block-14, Karachi
Suzuki Swift BDQ-719	1,099	553	600	47	Negotiation	Arwen Tech (Associated Company) 48-F/B,Block 6,PECHS Karachi
Suzuki Swift BEA-554	1,289	674	1,024	350	Negotiation	Muqeet Azfar House No.A-493,Block 11-A, North Karachi, Karachi
Honda City BDX-641	1,663	869	1,402	533	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami Karachi
Suzuki Cultus BEG-504	1,084	590	840	250	Negotiation	Abdul Waseem Khan House No. 1/1295 Shah Faisal Colony No.1 Karachi
Honda City BEH-438	1,671	909	1,375	466	Negotiation	Muhammad Adeel Zaheer House # B-312,Block-10 F.B.Area,Gulberg Town, Karachi
Suzuki Cultus BEL-045	1,125	612	863	251	Negotiation	Muhammad Rafiq Jaikab Line, House No.348, Sector A-1, Karachi
Corolla Altis BER-676	2,003	1,133	1,542	409	Negotiation	Akhter Saeed House # A-382,Block-3 Gulshan-e-Iqbal, Karachi
Suzuki Cultus BES-085	1,113	629	773	144	Negotiation	Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road Ramshawmi, Karachi

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Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Honda Atlas BES-165	1,671	944	1,671	727	Company Policy	Mr. Wasi Uzzama House No- 1/107, Area J-1, Korangi No. 5, Karachi
Honda Atlas BEP-472	1,671	944	1,288	344	Negotiation	Waqar Ahmed House No.52, Street No.25, Ganj Mughal Pura, Lahore
Suzuki Swift BEV-010	1,294	732	1,025	293	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11Th Executive Tower,Clifton, Karachi
Honda Atlas BFC-912	1,686	989	1,481	492	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Swift BFD-322	1,443	846	1,139	293	Negotiation	Parvez N Sattar House No. 52 B-1, 2 Sunset Street, Phase 2, DHA, Karachi
Suzuki Cultus BFB-469	1,174	689	908	219	Negotiation	Muneeb Naeem Sagar Flat No. 608 Billys Residency, Gulistan-E-Jauhar, Karachi
Corolla BFE-843	1,867	1,115	1,519	404	Negotiation	Taha Baig House No. 21-A, Block-A KDA Officers Society, Karachi
Suzuki Cultus BFG-064	1,173	700	919	219	Negotiation	Syed Zahid Ali Zaidi Safa Residency, Flat # 803, Block F, North Nazimabad, Karachi
Suzuki Wagon R BFU-291	1,009	624	905	281	Negotiation	Muhammad Asghar Near Gul Ahmed Textile Mills Ltd, Karachi
Suzuki Cultus BFX-757	1,190	762	932	170	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi
Suzuki Swift BGQ-608	1,355	903	1,042	139	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi
Honda City BGQ-024	1,549	1,032	1,344	312	Negotiation	Shahid Mehmood Model Town-A, House No. 177, Khan Pur Rahim Yar Khan
Suzuki Mehran BGK-936	756	504	552	48	Negotiation	Yahya Shamim Saima Mall & Residency, Flat No.D-605, Sector-10-A, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Suzuki Mehran BGL-686	769	513	542	29	Negotiation	Muhammad Arif House No. B-30, 11-C/1, NorthKarachi, Karachi
Suzuki Wagon R BGH-953	1,061	693	940	247	Negotiation	Roshni Zaid House # C-15,Block- 17 Karachi Rufi Heights Phase-2, Gulistan-E-Johhar, Karachi
Corolla BGJ-559	1,811	1,183	1,566	383	Negotiation	Muhammad Yasin House No. A-209, Saima Heaven, Block-4, Gulshan-E-Iqbal, Karachi
XPV Van CV-9862	899	587	472	(115)	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
XPV Van CV-9863	899	587	419	(168)	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Wagon R BGE-556	994	649	800	151	Negotiation	Imran Mushtaq House # 193/2, Street 31,Khayban-E-Qasim,Phase 8,DHA, Karachi
Suzuki Wagon R BGH-957	1,020	666	855	189	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Corolla Altis BGZ-866	2,030	1,407	1,950	543	Negotiation	Mohammad Nauman Ahmed House No. 9-A/11/11 Gold Course Road 2, Phase V, DHA, Karachi
Suzuki Cultus BGX-630	1,204	835	880	45	Company Policy	Mr. Sufian Ashraf House No. C-31, Block-14, Karachi
Corolla Altis BHA-141	2,026	1,431	1,950	519	Negotiation	Shaharyar Khan A/58, Chota Gate, Air Port, Karachi
Suzuki Wagon R BHA-698	1,004	710	867	157	Negotiation	Muhammad Umer Millwala Appartment,Flat # C-15 Nishter Road Ramshawami, Karachi
Suzuki Wagon R BHC-975	1,004	710	945	235	Negotiation	Arshad Ahmed Fahad Heights University Road,Flat # B-204, District Malir, Karachi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Toyota Fortuner BH-1982	6,113	4,910	5,450	540	Negotiation	Adnan Ayub Ali House No. 63/2, Khayaban-E-Bilal, Phase 6, DHA, Karachi.
Honda Civic BLN-522	2,764	1,488	1,697	209	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11Th Executive Tower,Clifton, Karachi
Corolla BEH-590	1,851	923	1,412	489	Negotiation	Mr. Muhammad Farhan Akram Sultan Park, House No. 38/E, Lahore
Suzuki Cultus BGT-825	1,174	785	883	98	Negotiation	Sufiyan House No. C-31, Block-14, Karachi
Suzuki Cultus Cultus BGT-392	1,204	750	937	187	Negotiation	Mr. Syed Zahid Ali Zaidi Safa Residency, Flat # 803, Block F, North Nazimabad, Karachi
Suzuki Wagon R BGU-854	1,051	667	463	(204)	Negotiation	Mr. Imran Ali Nind Singh, Street No. 3, Johar Town, Mian Channu, District Khaniwal.
Suzuki Cultus BFR-188	1,190	724	911	187	Negotiation	Muhammad Umer Millwala Appartment Flat # C-15,Nishter Road Ramshawami, Karachi
Audi MW64 BVG	6,860	3,160	3,160	-	Negotiation	Sana Samad GTM (Europe) U.K.
Items with written down value below Rs. 500,000	43,123	15,057	25,329	10,272	Negotiation	Various
	122,581	60,807	83,394	22,587		
2019	967,675	173,491	149,679	(23,812)		
2018	1,179,657	221,569	261,162	39,593		

14.1.4 Details of net gain on disposal of property, plant and equipment

	Note	2019	2018
		Rs. 000s	
Gain on disposal of property, plant and equipment	29	23,775	80,407
Loss on disposal of property, plant and equipment	28	(47,587)	(40,814)
Net (loss) / gain on disposal of Property, plant and equipment		(23,812)	39,593

14.2 Capital work in progress

	Note	2019	2018
		Rs. 000s	
Machinery and store items		119,130	987,904
Civil works		806,726	207,701
		925,856	1,195,605
The movement in capital work in progress is as follows:			
Balance at beginning of the year		1,195,605	2,311,420
Capital expenditure incurred during the year			
Machinery and store items		3,576,680	1,470,952
Civil works		1,207,075	559,835
		4,783,755	2,030,787
Transfers to operating fixed assets during the year			
Machinery and store items		(4,733,849)	(2,321,823)
Civil works		(314,585)	(824,739)
Other assets		-	(40)
		(5,048,434)	(3,146,602)
Reclassification			
Machinery and store items	14.2.1	288,395	1,420,906
Civil works		(288,395)	(1,420,906)
		-	-
Charged to consumption		(5,070)	-
Balance at end of the year		925,856	1,195,605

14.2.1 There has been a reclassification in capital work in progress from civil works to Machinery and store items, amounting to Rs. 288.4 million (2018: Rs. 1,420.9 million). This is due to subsequent clarification and bifurcation of capital expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

15 INTANGIBLE ASSETS

	Note	Computer Software	Trade Marks	Goodwill	Total
At July 1, 2017					
Cost		201,981	20,140	-	222,121
Accumulated amortisation		(168,234)	(16,958)	-	(185,192)
Foreign currency retranslation difference		-	4,958	-	4,958
Net book value as at July 1, 2017		33,747	8,140	-	41,887
Intangible assets written off					
Cost	15.4	100,977	-	-	100,977
Accumulated amortisation		(100,977)	-	-	(100,977)
		-	-	-	-
Additions (at cost)		-	4,235	-	4,235
Amortisation charge for the year		(9,762)	(2,918)	-	(12,680)
Foreign currency retranslation difference		-	(1,437)	-	(1,437)
Net book value as at June 30, 2018		23,985	8,020	-	32,005
Movement during the year ended June 30, 2019					
Additions (at cost)		34,689	497	-	35,186
Intangible assets acquired under business combination					
Cost		-	137,032	4,286	141,318
Amortisation		-	(37,916)	-	(37,916)
		-	99,116	4,286	103,402
Intangible assets written off					
Cost		-	(3,322)	-	(3,322)
Accumulated amortisation		-	3,322	-	3,322
		-	-	-	-
Goodwill under business combination	3.23	-	-	14,925	14,925
Amortisation charge for the year	15.1	(14,028)	(2,095)	-	(16,123)
Foreign currency retranslation difference		-	2,485	-	2,485
Net book value as at June 30, 2019	15.3	**44,646**	**108,023**	**19,211**	**171,880**
Cost		135,693	161,904	19,211	316,808
Accumulated amortisation		(91,047)	(59,887)	-	(150,934)
Foreign currency retranslation difference		-	6,006	-	6,006
Net book value as at June 30, 2019		**44,646**	**108,023**	**19,211**	**171,880**

15.1 The cost is being amortised using straight line method over a period of five years and the amortisation charge has been allocated as follows:

	Note	2019	2018
		Rs. 000s	
Distribution cost	26	2,665	2,073
Administrative cost	27	13,458	10,607
		16,123	**12,680**

15.2 Remaining useful life range from one to four years

15.3 This includes cost of Rs. 66.5 million (2018: Rs. 45.6 million) in respect of assets which are fully amortized but are still in use of the Group.

15.4 This represents cost of fully amortised intangibles which are no more in use of the Group.

16 LONG TERM INVESTMENT

	2019	2018
	Rs. 000s	
Long term investment in JCCO 406 Limited	-	**55,794**

On May 21, 2018 GTM (Europe) Limited invested in a joint venture, JCCO 406 Limited. GTM (Europe) Limited purchased 50 shares and 50 shares were purchased by Mrs M Soper. JCCO 406 Limited owns the entire share capital of Vantona Homes Limited, a company that sells Roller Blinds. During the year GTM (Europe) Limited acquired further 50% shares of the JCCO 406 Limited and became wholly owned subsidiary of the Company as at June 27, 2019. The Group has consolidated the assets and liabilities of JCCO 406 Limited as on year end as there was no activity during last three days of its financial year end. Investment has been eliminated against those net assets (as stated in note no. 3.23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

17 LONG TERM LOANS AND ADVANCES

	Note	2019	2018
		Rs. 000s	
Considered good			
- Due from executives (other than CEO and Directors)	17.2 & 17.3	85,644	54,594
- Due from non-executive employees		14,486	5,035
		100,130	59,629
Current portion being receivable within twelve months			
- Due from executives		(27,494)	(19,624)
- Due from non-executive employees		(9,293)	(2,691)
	21	(36,787)	(22,315)
Advance against intangible assets		1,438	1,293
		64,781	38,607

17.1 Loans and advances have been given for the purchase of cars, motorcycles and household equipment and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured against cars, outstanding balance of retirement benefits and/or guarantees of two employees.

Included in these are loans of Rs. 4.9 million (2018: Rs. 2.9 million) to executives and Rs. 4.05 million (2018: Rs. 1.9 million) to non-executive which carry no interest. The balance amount carries mark-up at rates ranging from 6.5% to 10.52% (2018: 6.5% to 10%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

17.2 Reconciliation of carrying amount of loans to executives

	Note	2019	2018
		Rs. 000s	
Opening balance		54,594	55,972
Disbursement during the year		67,462	28,488
Recovered during the year		(36,412)	(29,866)
Closing balance		85,644	54,594

17.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 91.8 million (2018: Rs. 64.7 million).

18 STORES AND SPARES

	Note	2019	2018
		Rs. 000s	
Stores and spares		1,190,597	839,494
Dyes and chemicals		446,436	270,133
		1,637,033	1,109,627
Provision for slow moving/obsolete items	18.1	(167,469)	(148,539)
		1,469,564	961,088

18.1 Movement in provision for slow moving/obsolete items

	Note	2019	2018
		Rs. 000s	
Opening balance		148,539	131,329
Charge for the year - Administrative cost	27	8,631	17,210
- Cost of goods manufactured	25.1	10,299	-
		18,930	17,210
Closing balance		167,469	148,539

19 STOCK-IN-TRADE

	Note	2019	2018
		Rs. 000s	
Finished goods	19.1, 19.2 & 25	13,313,206	10,003,358
Raw material	25.2	8,503,455	6,089,797
Work-in-process	25.1	346,491	326,803
Stock-in-transit		20,701	-
		22,183,853	16,419,958

19.1 Finished goods include stock of waste valuing Rs. 54 million (2018: Rs. 49 million) determined at net realizable value.

19.2 This includes finished goods amounting Rs. 122.23 million acquired under business combination at Year end as mentioned in note no. 3.23

19.3 Stock-in-trade include stock of Rs. 2,600 million (2018: Rs. 1,712 million) lying with third parties for processing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

20 TRADE DEBTS

	Note	2019	2018
		Rs. 000s	
Export debtors			
Considered good			
Secured - Irrevocable letter of credit		1,955,705	1,933,854
Unsecured - Contract and others		1,148,227	1,171,475
		3,103,932	3,105,329
Local debtors			
Considered good			
Secured - Irrevocable letter of credit		583,144	832,243
Unsecured - Contract and other		3,178,993	1,728,627
		3,762,137	2,560,870
Considered doubtful		320,746	313,480
		4,082,883	2,874,350
		7,186,815	5,979,679
Impairment allowance	20.3	(320,746)	(313,480)
		6,866,069	5,666,199

20.1 The maximum aggregate month end balance due from related parties during the year was Rs.2.1 million (2018: Rs.1.9 million).

20.2 Aging analysis of the amounts due from related parties is as follows

	2019			
	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2019
	Rs. 000s			
Swisstex Chemicals (Private) Limited- Associated company	-	187	658	845

	2018			
	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2018
	Rs. 000s			
Swisstex Chemicals (Private) Limited- Associated company	-	-	-	-

20.3 Movement in impairment allowance against doubtful trade debts

	Note	2019	2018
		Rs. 000s	
Opening balance		313,480	271,342
Charge for the year	27	6,083	42,138
Exchange difference foreign currency retranslation		1,183	-
Closing balance		320,746	313,480

21 LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2019	2018
		Rs. 000s	
Loans and advances			
Considered Good			
Advances to suppliers		1,339,270	867,390
Current portion of loans to employees;			
- Executives		27,494	19,624
- Other employees		9,293	2,691
	17	36,787	22,315
Others	21.1	79,048	9,418
		115,835	31,733
Other Receivables			
Receivable against sale of property	13.7	33,409	33,409
Bank guarantee margin		81,572	95,038
Others		285,324	165,400
		400,305	293,847
		1,855,410	1,192,970

21.1 This includes Rs. 70 million paid as advance to Habib Bank limited (HBL) against issuance of its Term Finance Certificate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

22 REFUNDS DUE FROM GOVERNMENT

	Note	2019	2018
		Rs. 000s	
Sales tax	22.1	450,445	334,820
Income tax		25,187	25,187
Duty drawback, markup subsidy and rebate		1,011,616	1,467,757
		1,487,248	1,827,764

22.1 This includes Government of Pakistan Sales Tax Refund Bond of Rs.156.4 million issued to the Holding Company against the Sales Tax refund due from Government.

23 CASH AND BANK BALANCES

	Note	2019	2018
		Rs. 000s	
Cash in hand		230,856	33,823
Balances with banks in current accounts			
- Local currency		263,026	359,164
- Foreign currency		102,524	126,090
	23.1 & 23.2	365,550	485,254
		596,406	519,077

23.1 Bank balances include amounts held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 60.7 million (2018: Rs. 115.3 million)

23.2 This includes an amount of Rs. 64.7 million (2018: Rs. 237.4 million) placed under Shariah Compliant arrangement.

24 SALES-NET

	Note	2019	2018
		Rs. 000s	
Export sales			
Direct export		31,684,980	25,543,070
Indirect export		2,184,582	4,063,226
		33,869,562	29,606,296
Duty drawback		707,293	868,444
Trade and other discount		(79,968)	(62,764)
Commission		(333,362)	(461,816)
		34,163,525	29,950,160
Local sales		26,192,404	17,530,422
Brokerage		(237,955)	(185,704)
Sales tax		(928,322)	(724,560)
		25,026,127	16,620,158
		59,189,652	46,570,318

24.1 Local sales include revenue from services of Rs. 322.66 million (2018: Rs. 296.53 million).

24.2 Information with respect to disaggregration of revenue by geographical location and internal segment is disclosed in note 33.

25 COST OF SALES

	Note	2019	2018
		Rs. 000s	
Opening stock of finished goods		10,003,358	9,457,429
Cost of goods manufactured	25.1	48,077,225	36,493,302
Purchase of finished goods		1,541,004	737,708
		59,621,587	46,688,439
Closing stock of finished goods	19	(13,189,976)	(10,003,358)
		46,431,611	36,685,081

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

25.1 Cost of goods manufactured

	Note	2019	2018
		Rs. 000s	
Raw materials consumed	25.2	20,393,527	15,514,627
Other material and conversion cost		10,500,644	6,133,153
Stores and spares consumed		5,198,776	4,251,166
Salaries, wages and benefits	27.1	6,674,823	5,592,608
Fuel, power and water		2,833,704	2,751,319
Insurance		70,609	121,037
Repair and maintenance		805,055	679,609
Depreciation	14.1.2	1,526,009	1,466,317
Provision for slow moving/obsolete items	18.1	10,299	-
Other manufacturing expenses		231,098	180,632
Cost of samples shown under distribution costs		(147,631)	(123,008)
		48,096,913	36,567,460
Work-in-process			
Opening		326,803	252,645
Closing	19	(346,491)	(326,803)
		(19,688)	(74,158)
		48,077,225	36,493,302

25.2 Raw materials consumed

	Note	2019	2018
Opening stock		6,089,797	2,951,013
Purchases during the year		22,807,185	18,653,411
Closing stock	19	(8,503,455)	(6,089,797)
		20,393,527	15,514,627

26 DISTRIBUTION COST

	Note	2019	2018
		Rs. 000s	
Salaries and benefits	27.1	1,477,004	1,228,195
Freight and shipment expenses		616,437	508,869
Advertisement and publicity		996,871	857,263
Cost of samples transferred from cost of goods manufactured		147,631	123,008
Rent		967,926	917,748
Depreciation & amortisation	14.1.2 &15.1	295,555	190,575
Export development surcharge		76,034	62,360
Other expenses		312,113	164,175
		4,889,571	4,052,193

27 ADMINISTRATIVE COST

	Note	2019	2018
		Rs. 000s	
Salaries and benefits	27.1	1,206,241	1,054,297
Rent		246,099	226,651
Repairs and maintenance		116,644	46,291
Vehicle up keep and maintenance		203,141	145,440
Utilities		212,140	161,886
Conveyance and traveling		300,053	193,858
Printing and stationery		51,082	25,440
Postage and telecommunication		174,848	168,448
Legal and consultancy fees		196,766	133,621
Depreciation & amortisation	14.1.2 &15.1	143,258	221,209
Auditors' remuneration	27.2	5,975	5,259
Donations	27.3 & 27.4	10,501	13,585
Insurance		36,358	30,657
Impairment allowance against trade debts	20.3	6,083	42,138
Provision for slow moving/obsolete items	18.1	8,631	17,210
Other expenses		273,699	201,146
		3,191,519	2,687,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

27.1 Salaries, Wages & Benefits

	Cost of sales		Distribution cost		Administrative cost		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rs. 000s							
- Salaries, wages and benefits	6,485,748	5,424,435	1,452,062	1,209,458	1,161,908	1,010,392	9,099,718	7,644,285
Retirement benefits								
- Gratuity	46,707	64,306	-	-	2,347	3,486	49,054	67,792
- Contribution to provident fund	111,368	96,667	24,817	18,728	41,986	40,419	178,171	155,814
	158,075	160,973	24,817	18,728	44,333	43,905	227,225	223,606
- Staff compensated absences	31,000	7,200	125	9	-	-	31,125	7,209
	6,674,823	5,592,608	1,477,004	1,228,195	1,206,241	1,054,297	9,358,068	7,875,100

27.2 Auditor's Remuneration

	Note	2019	2018
		Rs. 000s	
Holding Company			
Audit fee - Statutory audit of the unconsolidated financial statements		2,151	1,870
Review fee of half yearly accounts		202	176
Fee for consolidation of holding and subsidiaries		278	242
Review fee of statement of compliance with code of corporate governance		83	72
Other certification fee		83	75
Sindh sales tax on services		224	189
Out of pocket expenses		311	407
		3,332	3,031
Foreign Subsidiaries - Audit fee (multiple audit firms)		2,643	2,228
		5,975	5,259

27.3 Donations include donations to the following organizations in which a director is a trustee:

Name of Donee	Interest in Donee	Name of Director	2019	2018
			Rs. 000s	
Habib University Foundation	Director	Mr. Mohomed Bashir	-	5,000
Pakistan Retail Business Council	Director	Mr. Ziad Bashir	-	500
Landhi Association of Trade & Industry	Director	Mr.Zain Bashir	500	-
			500	5,500

27.4 Donations include donations to the following organizations exceeding Rs. 500,000:

Name of Donee	2019	2018
Karwan-e-Hayat	5,400	5,400
Habib University Foundation	-	5,000
Alleviate addiction suffering trust	-	1,000
Dhoraji Association	1,480	525
	6,880	11,925

28 OTHER OPERATING COST

	Note	2019	2018
		Rs. 000s	
Workers' profit participation fund	9.3	213,632	124,781
Workers' welfare fund		50,564	42,448
Loss on sale of property, plant and equipment	14.1.4	47,587	40,814
		311,783	208,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

29 OTHER INCOME

	Note	2019	2018
		Rs. 000s	
Income from non-financial assets and others			
Gain on sale of property, plant and equipment	14.1.4	23,775	80,407
Scrap sales		1,361	24,628
Others		159,439	93,254
		184,575	198,289
Income from financial assets			
Mark-up income		5,904	3,933
Foreign currency exchange gain - Net	29.1	977,516	271,214
		983,420	275,147
		1,167,995	473,436

29.1 This includes Rs. 935.9 million (2018: Rs. 288.8 million) in respect of export receivables.

30 FINANCE COST

	2019	2018
Mark-up/profit on short term borrowings	830,774	506,413
Mark-up/profit on long term financing	355,254	317,240
Bank and other charges	284,172	149,514
Exchange loss on foreign currency loans	25,078	14,629
Markup on workers' profit participation fund	7,371	1,817
	1,502,649	989,613

30.1 Finance cost includes Rs. 44.4 million and Rs. 209.9 million (2018: Rs. 55.9 million and Rs. 116.7 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

30.2 Finance cost includes Rs. 224.8 million (2018: Rs. 116.2 million) charged by HMBL, an associated company.

31 TAXATION

	Note	2019	2018
		Rs. 000s	
Current taxation			
- For the year		720,135	626,435
- Prior year		56,525	189,817
		776,660	816,252
Less: Tax credit		(427,436)	(277,419)
Deferred tax credit		51,058	(277,526)
	31.1	400,282	261,307

31.1 Reconciliation between accounting profit and tax expense

	2019	2018
Net Profit for the year before taxation	4,030,514	2,421,688
Tax rate (%)	29%	30%
Tax on accounting profit	1,168,849	726,506
Tax effect of		
Tax credits/ Rebates	(428,782)	(278,921)
Prior year	56,525	189,817
Final Tax Regime	(395,180)	(179,313)
Super Tax	47,092	57,002
Inadmissibles	4,641	1,502
Tax credit recorded as deffered tax asset	(3,571)	(254,238)
Tax rate	(9,264)	(9,945)
Subsidiaries - tax rate difference	(3,830)	(1,707)
Subsidiaries - exemption and utilization of tax losses	-	(4,763)
Provision in respect of unappropriated profits of subsidiary	3,014	(4,064)
Others	(39,212)	19,430
	(768,567)	(465,199)
Tax Expense	400,282	261,307

31.2 The provision for current year tax represent tax on taxable income at the rate of 29%. According to management, the tax provision made in the consolidated financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Year	As per Accounts	As per Return/ Assessment
	Rs. 000s	
2018	620,513	561,599
2017	440,682	406,732
2016	382,024	354,710

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32 EARNINGS PER SHARE - basic and diluted

	Note	2019	2018
		Rs. 000s	
Profit for the year		3,630,232	2,160,381
Weighted average number of shares		356,495,525	356,495,525
Earnings per share (Rs.)	32.1	10.18	6.06

32.1 There is no dilutive effect on the earnings per share of The Group as The Group has no potential ordinary shares.

33 SEGMENT INFORMATION

The Group's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the three reportable business segments:

a) Spinning : Production of different qualities of yarn using both natural and artificial fibers.

b) Weaving: Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.

c) Retail and Distribution: On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.

d) Processing, Home Textile and Apparel: Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

e) Subsidiary Companies: These subsidiaries are also in the textile business reselling products to the ultimate customers, imported from Parent Group.

Transactions among the business segments are recorded at cost.

33.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd		GTM USA Corp.		SKY Home Corporation		Elimination Of Inter Segment Transactions		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rs. 000s																							
Sales	10,989,403	8,209,767	2,339,189	1,695,397	20,538,668	15,701,287	36,742,052	31,499,225	523,729	750,225	433,845	1,123,359	-	-	-	-	65,437	294,850	1,182,622	368,522	(13,625,293)	(13,072,314)	59,189,652	46,570,318
Cost of sales	9,250,703	7,007,684	2,269,068	1,568,436	14,113,188	10,741,121	32,994,189	28,483,661	311,565	554,127	192,492	980,363	-	-	-	-	67,610	241,387	729,971	174,913	(13,497,175)	(13,066,611)	46,431,611	36,685,081
Gross profit	1,738,700	1,202,083	70,121	126,961	6,425,480	4,960,166	3,747,863	3,015,564	212,164	196,098	241,353	142,996	-	-	-	-	(2,173)	53,463	452,651	193,609	(128,118)	(5,703)	12,758,041	9,885,237
Distribution costs and administrative costs	153,380	147,523	68,973	69,843	4,633,823	4,041,550	2,469,449	1,992,161	131,460	147,917	216,603	117,437	-	-	-	-	23,118	48,908	384,284	173,989	-	-	8,081,090	6,739,329
Profit/(loss) before tax and before charging the following	1,585,320	1,054,560	1,148	57,118	1,791,657	918,616	1,278,414	1,023,403	80,704	48,181	24,750	25,559	-	-	-	-	(25,291)	4,555	68,367	19,620	(128,118)	(5,703)	4,676,951	3,145,908
Other operating costs																							311,783	208,043
Other income																							(1,167,995)	(473,436)
Finance costs																							1,502,649	989,613
																							646,437	724,220
Profit before taxation																							4,030,514	2,421,688
Taxation																							400,282	261,307
Profit after taxation																							3,630,232	2,160,381
Depreciation & Amortisation Expense	524,577	508,926	326,164	298,596	356,469	301,943	752,521	761,023	4,359	4,958	732	1,116	-	-	-	-	-	1,539	-	-	-	-	1,964,822	1,878,101

33.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd		GTM USA Corp.		SKY Home Corporation		Unallocated		Total Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rs. 000s																							
Assets	13,998,440	11,021,310	3,698,216	3,357,067	9,177,713	5,396,751	25,982,446	22,155,720	598,772	488,118	463,119	410,387	20		659,482		8,199	8,555	723,278	231,653	1,600,842	1,332,597	56,910,528	44,402,158
Elimination of intragroup balances																							(1,529,167)	(512,816)
																							55,381,361	43,889,342
Liabilities	5,383,577	3,802,668	2,093,069	1,895,092	1,401,000	905,830	13,281,795	7,524,144	165,275	201,464	1,157,756	314,148	-		222,201		4,334	97,631	273,015	67,897	16,960,932	16,514,984	40,942,954	31,323,858
Elimination of intragroup balances																							(1,444,959)	(457,847)
																							39,497,995	30,866,011
Segment Capital Expenditure	1,972,503	830,051	844,451	1,844,453	367,046	217,508	1,580,830	143,483	595	2,090	-	-			-		-	-	-	-	287,171	300,334	5,052,597	3,337,919

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33.3 Unallocated items represent those assets and liabilities which are common to all segments and these include long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

33.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

33.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 10,375 million (2018: Rs.10,128 million)

33.6 Information by geographical area

	Revenue		Non-current assets	
	2019	2018	2019	2018
	Rs. 000s			
Pakistan	27,210,709	21,407,944	19,472,046	16,368,577
Germany	10,026,295	7,061,069	-	-
United States	5,333,056	3,841,792	-	4,121
Italy	2,376,765	2,117,128	-	-
Netherlands	2,672,423	2,303,273	-	-
United Kingdom	2,316,616	2,048,074	118,891	61,508
France	2,236,508	1,277,821	-	-
Spain	745,360	1,563,047	-	-
China	1,275,493	806,689	-	-
Sweden	896,918	1,015,527	-	-
United Arab Emirates	541,173	840,120	33,322	20,366
Other Countries	3,558,336	2,287,834	-	-
Total	59,189,652	46,570,318	19,624,259	16,454,572

34 CASH AND CASH EQUIVALENTS

	Note	2019	2018
		Rs. 000s	
Cash and bank balances	23	596,406	519,077
Short term borrowings	11	(19,036,992)	(15,146,734)
		(18,440,586)	(14,627,657)

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019				2018			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rs. 000s							
Managerial remuneration	9,680	7,260	743,878	760,818	9,680	7,260	620,815	637,755
Bonus	806	605	19,003	20,414	-	-	34,192	34,192
House rent allowance	3,872	2,904	231,960	238,736	3,872	2,904	196,322	203,098
Other allowances	968	726	102,053	103,747	968	726	108,343	110,037
Contribution to provident fund	806	605	43,868	45,279	806	605	36,650	38,061
	16,132	12,100	1,140,763	1,168,995	15,326	11,495	996,322	1,023,143
Number of persons	1	1	246	248	1	1	218	220

35.1 The Chief Executive, Directors and certain Executives are provided with free use of Company maintained cars and are also covered under Group's Health Insurance Plan along with their dependents. During the preceding year, a new vehicle policy had been introduced to provide vehicle allowance for new employees and provided option to current employees to buyback or return their vehicles and avail vehicle allowance. Many of the executive employees have opted for vehicle allowance and amount paid in respect of such allowance is aggregated to Rs. 70.8 million (2018: Rs. 24 million).

35.2 The Chief Executive is also provided with free residential telephones.

35.3 Aggregate amount charged during the year in respect of meeting fee to four Non Executive Directors and the Chairman was Rs. 2.16 million (2018: four Non Executive Directors and Chairman Rs. 2.04 million).

35.4 Executive means an employee, other than the Chief Executive and Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

35.5 Mr. Mohomed Bashir, Chairman of Gul Ahmed Internation Ltd FZC UAE has waived his entitlement to remuneration of AED 10,000 (Rs. 0.374 millon) per month.

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36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise associated companies, companies where directors also hold directorship, directors of the Group and key management personnel. The Group in the normal course of business carries out transactions with various related parties.

Relationship with the Group	Nature of Transactions	2019	2018
		Rs. 000s	
Associated companies and other related parties	Purchase of goods	70,305	11,536
	Sale of goods	1,645	72
	Proceeds against sale of vehicles	600	-
	Gain on disposal of vehicle	47	-
	Rent paid	90,562	80,806
	Fees paid	1,917	2,040
	Donation paid	500	5,500
	Bills discounted	10,138,618	7,985,337
	Markup and other bank charges	224,805	116,225
	Holding Company's contribution to provident fund	178,171	155,847
	Dividend paid	26,979	10,896
	Services rendered	-	4,420

Relationship with the Group	Nature of Outstanding Balances	2019	2018
		Rs. 000s	
Associated companies and others related parties	Deposit with banks	46,495	115,270
	Borrowings from Banks	959,025	964,494
	Bank guarantee	893,326	770,804
	Trade and other payables	7,781	15,731
	Advances to suppliers	2,882	-
	Trade debts	845	-
	Accrued mark-up	14,348	8,785
	Loans to key management personnel & executive	100,129	54,594
	Payable to Holding Company's employee's provident fund	22,644	21,025
	Prepaid Rent	40,054	42,588

36.1 There are no transactions with directors of the Holding and subsidiary companies and key management personnel other than under the terms of employment. loans and remuneration of the key management personnel are disclosed in Note no. 17 and 35 respectively.

36.2 Related parties status of outstanding receivables and payable as at June 30, 2019 are also included in respective notes to the consolidated financial statements.

36.3 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

S.No	Company Name	Basis of Relationship	% of shareholding in the Company
1	Habib Metropolitan Bank Limited (HMBL)	Common Directorship	-
2	Swisstex Chemicals (Private) Limited	Group Company & Common Directorship	-
3	Arwen Tech. (Private) Limited	Group Company & Common Directorship	-
4	Win Star (Private) Limited	Group Company & Common Directorship	-
5	TPL Properties Limited	Common Directorship	-
6	Habib University Foundation	Common Directorship	-
7	The Pakistan Business Council	Common Directorship	-
8	Ghafooria Industries (Private) Limited	Group Company & Common Directorship	-
9	LITE Development and management company	Common Directorship	-
10	Grand Industries (Private) Limited	Group Company & Major Shareholders	-
11	Worldwide Developers (Private) Limited	Common Directorship	-
12	Haji Ali Mohammad Foundation	Member of Foundation	-
13	Gul Ahmed Holdings (Private) Limited	Holding Company	-
14	Gul Ahmed Textile Mills Limited Employees Provident Fund Trust	Employees Fund	-

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37 CAPACITY AND PRODUCTION

		2019			2018		
	Unit	Capacity	Production	Working	Capacity	Production	Working
		Rs. 000s					
Spinning	Kgs. (20 Counts converted)	47,643	44,871	3 shifts	47,711	45,326	3 shifts
Weaving	Sq. meters (50 Picks converted)	167,891	148,564	3 shifts	161,598	144,176	3 shifts

Production is lower as compared to capacity due to variation in production mix and various technical and market factors.

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

38 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 14,915 (2018: 13,106) and average number of employees during the year were 14,635 (2018: 13,159).

39 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

	Note	2019 Un-audited	2018 Audited
Size of the fund - Total assets (Rs. 000s)		1,160,096	952,237
Cost of investments made (Rs. 000s)		1,052,136	888,891
Percentage of investments made		90.69%	93.35%
Fair value of investments (Rs. 000s)	39.1	1,076,744	865,822

39.1 The break-up of fair value of investment is:

	2019 Un-audited		2018 Audited	
	Rs. 000s	---%---	Rs. 000s	---%---
Shares in listed companies	79,836	7%	72,741	8%
Government securities	172,236	16%	63,244	7%
Debt securities	246,278	23%	222,784	26%
Mutual funds	205,106	19%	203,900	24%
Balance in saving accounts	373,288	35%	303,153	35%
	1,076,744	100%	865,822	100%

39.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

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40 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabiliites of the Company as at June 30, 2019 are as follows

	2019						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Amortised cost							
Loans,advances and other receivables	36,787	64,781	101,568	479,353	-	479,353	580,921
Long term deposits	-	-	-	-	373,852	373,852	373,852
Trade debts	-	-	-	6,866,069	-	6,866,069	6,866,069
Cash and bank balances	-	-	-	596,406	-	596,406	596,406
	36,787	64,781	101,568	7,941,828	373,852	8,315,680	8,417,248
Financial liabilities							
At Amortised cost							
Long term financing	1,180,302	8,856,901	10,037,203	-	-	-	10,037,203
Trade and other payables	213,632	-	213,632	9,365,935	-	9,365,935	9,579,567
Accrued mark-up / profit	-	-	-	300,010	-	300,010	300,010
Short term borrowings	19,036,992	-	19,036,992	-	-	-	19,036,992
Unclaimed dividend	-	-	-	8,263	-	8,263	8,263
Unpaid Dividend	-	-	-	16,075	-	16,075	16,075
	20,430,926	8,856,901	29,287,827	9,690,283	-	9,690,283	38,978,110
Off balance sheet items							
Guarantees	-	-	-	1,988,900	-	1,988,900	1,988,900
Bills discounted	-	-	-	4,960,000	-	4,960,000	4,960,000
Commitments	-	-	-	3,537,905	2,653,143	6,191,048	6,191,048
	-	-	-	10,486,805	2,653,143	13,139,948	13,139,948

Financial assets and liabiliites of the Group as at June 30, 2018 are as follows:

	2018						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Amortised cost							
Loans,advances and other receivables	19,377	35,522	54,899	306,203	1,791	307,994	362,893
Long term deposits	-	-	-	-	205,999	205,999	205,999
Trade debts	-	-	-	5,666,199	-	5,666,199	5,666,199
Cash and bank balances	-	-	-	519,077	-	519,077	519,077
	19,377	35,522	54,899	6,491,479	207,790	6,699,269	6,754,168
Financial liabilities							
At Amortised cost							
Long term financing	1,365,857	6,911,869	8,277,726	-	-	-	8,277,726
Trade and other payables	124,781	-	124,781	6,686,166	-	6,686,166	6,810,947
Accrued mark-up / profit	-	-	-	175,633	-	175,633	175,633
Short term borrowings	15,146,734	-	15,146,734	-	-	-	15,146,734
Unclaimed dividend	-	-	-	6,421	-	6,421	6,421
Unpaid dividend	-	-	-	11,052	-	11,052	11,052
	16,637,372	6,911,869	23,549,241	6,879,272	-	6,879,272	30,428,513
Off balance sheet items							
Guarantees	-	-	-	949,743	-	949,743	949,743
Bills discounted	-	-	-	1,575,871	-	1,575,871	1,575,871
Commitments	-	-	-	1,234,487	3,092,244	4,326,731	4,326,731
	-	-	-	3,760,101	3,092,244	6,852,345	6,852,345

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41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, markup risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

Risk Management is carried out under policies and principles approved by the Board of Directors. All treasury related transactions are carried out within the parameters of these policies and principles.

The information about the Group's exposure to each of the above risk, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital, is as follows:

41.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates / markups rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: currency risk, markup risk and other price risk. The Group is exposed to currency risk and markup risk only.

a) Currency risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign exchange.

Exposure to foreign currency risk

The Group is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	2019	2018
	USD 000s	
Trade debts	18,926	25,579
Cash and bank balances	625	1,039
Trade and other payables	(125)	(1,533)
Net exposure	19,427	25,085

The Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

Foreign currency commitments and guarantees outstanding at year end are as follows:

	2019	2018
	000s	
USD	14,108	27,976
EURO	10,655	7,336
JPY	37	2,325
CHF	6,859	-
CNY	2,817	-

The following significant exchange rates were applied during the year:

	2019	2018
Rupee per USD		
Average rate (Selling/Buying)	137.67/137.29	110.65 / 110.51
Reporting date rate (Selling/Buying)	164.5/164	121.60 / 121.40

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2019 would have increased/ decreased the equity and profit/ loss after tax by Rs. 92.8 million (2018: Rs.106.6 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for June 30, 2018.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Group has long term finance and short term borrowings at fixed and variable rates. During the year the Group has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option in case of certain variable rate borrowing.

The Group is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 102 million (2018: Rs. 54.9 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs. 29,287.8 million (2018: Rs. 23,549.2 million) which are subject to interest/mark-up rate risk. Applicable interest/mark-up rates for financial assets and liabilities are given in respective notes.

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Cash flow sensitivity analysis for variable rate instruments

At June 30, 2019, if markups on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs. 65.93 million (2018: Rs. 55.05 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2019, if markups on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 100.3 million (2018: Rs. 36.2 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in markup rate at the consolidated statement of financial position would not effect consolidated statement of profit or loss of the Group.

c) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk.

41.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Concentration of credit risk arises when a number of counter parties 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.

Exposure to credit risk

Group's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2019	2018
		Rs. 000s	
Loans, advances and other receivables	21	580,921	362,893
Long term deposit		373,852	205,999
Trade debts - net of impairment allowance	20	6,866,069	5,666,199
Bank balances	23	365,550	485,254
		8,186,392	6,720,345

The Group manages credit risk as follows:

Loans, advances and other receivables

These loans are due from employees and are recovered in monthly installments deductible from their salaries. Retirement balances are also available for these employees against which balance can be adjusted in case of default. The Group actively pursues for the recovery of these loans and the Group does not expect that these employees will fail to meet their obligations, hence the Group believes that no impairment allowance is required there against.

Other advances and receivables include bank guarantee margin, advance for investments and miscellaneous which are neither past due nor impaired. The Group believes that based on past relationship, credit rating and financial soundness of the counter parties chances of default are remote and also there is no material impact of changes in credit risks of such receivables so no impairment allowance is necessary in respect of these advances and receivables.

Long Term Deposits

These are mainly held for rented premises and utilities with the counter parties which have long association with the Group and have a good credit history. The management does not expect to incur credit loss there against.

Trade debts

Trade debts are due from local and foreign customers. The Group manages credit risk inter alia by setting out credit limits in relation to individual customers, and/or by obtaining advance against sales and/or through letter of credits and/or by providing impairment allowance for life time expected credit losses trade debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments. Further the majority of the customers have been transacting with the Group for several years. The Group actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Group does not expect these customers will fail to meet their obligations except for some past due trade debts against which adequate allowance for impairment have been made.

The Group has established an allowance for impairment of the trade debts that represent its estimate of expected (using simplified approach / provision matrix) based on actual credit loss experience over past years in respect of trade debts.

Aging of trade debts considered good including past due but not impaired is as follows:

	Note	2019	2018
		Rs. 000s	
1 to 6 months		6,831,881	5,636,392
6 months to 1 year		32,977	22,326
1 year to 3 years		1,211	7,481
	20	6,866,069	5,666,199

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Management believes that the unimpaired balances that are past dues are still collectable in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debts are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

Bank balances

The Group limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating.

The bank balances along with credit ratings are tabulated below:

	Note	2019	2018
		Rs. 000s	
AAA		177,551	93,390
AA+		116,806	155,968
AA		49,967	2,275
A+		6,692	437
A1		100	162
A		823	1,557
A-		-	735
AA-		3,812	230,730
BBB-		9,799	-
	23	365,550	485,254

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which allowance for impairment has been made as a matter of prudence. The ageing of the past due and impaired trade debts is more than 3 months and less than 2 years.

41.3 Liquidity risk

Liquidity risk represent the risk where the Group will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and in Note no. 40.

The Group manages liquidity risk by maintaining sufficient cash in hand and at banks and ensuring the fund availability through adequate credit facilities. At June 30, 2019, the Group has Rs. 22,579 million (2018: Rs. 21,486 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 3,394 million (2018: Rs. 6,409 million) and also has Rs. 596.4 million (2018: Rs. 519.1 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

41.4 Capital risk management

The primary objectives of the Group when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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

The Group's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2019 and 2018 were as follows:

	2019	2018
	Rs. 000s	
Total borrowings	29,074,195	23,424,460
Cash and bank	(596,406)	(519,077)
Net debt	28,477,789	22,905,383
Total equity	15,883,366	13,023,331
Total equity and debt	44,361,155	35,928,714
Gearing ratio (%)	64	64

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

42 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Group while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 — Inputs are unobservable Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property, plant and equipment is carried at cost less accumulated depreciation and impairment, if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. The Group does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

43 EVENTS AFTER REPORTING PERIOD

43.1 Subsequent Acquisition

Subsequent to year end, the shareholders of the company in the Extraordinary general meeting held on August 30, 2019 have approved to invest an amount of Rs. 2,295 million in an associated company World Wide Developers (Pvt) Limited in order to acquire 50% shares from existing shareholders of the associated company and to subscribe for further issue by the associated company.

43.2 Subsequent Appropriations

The Board of Directors of the Holding Company in its meeting held on October 01, 2019 has proposed the following:

a) 25% final cash dividend

b) 20% Bonus shares i.e., one share for every five shares held.

44 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on October 01, 2019.

45 CORRESPONDING FIGURES

For better presentation, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs 000s
Sales - net (Exchange gain on realization of export receivables)	Other income	288,825
Cost of Sales (Exchange loss on purchase)	Other income	(17,611)

46 GENERAL

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

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DEFINITIONS AND GLOSSARY OF TERMS

FOR THE YEAR ENDED JUNE 30, 2019

Definitions

Profitability Ratios

Profitability ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Liquidity Ratios

Liquidity ratios determine the Company's ability to meet its short term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

Turnover Ratios

Turnover ratios evaluate the operational efficiency of the Company to convert inventory and debtors into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

Investment/Market Ratios

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market ratios evaluate the current market price of a share versus an indicator of the Company's ability to generate profits.

Capital Structure Ratios

Capital structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.

Glossary of terms

AGM	Annual General Meeting
BCI	Better Cotton Initiative
BCP	Business Continuity Planning
BOD	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNIC	Computerised National Identity Card
CPEC	China Pakistan Economic Corridor
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortisation
EOBI	Employees Old Age Benefit Institution
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ETP	Effluent Water Treatment Plant
FDI	Foreign Direct Investments
FY	Fiscal Year
FZC	Free Zone Company
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GST	General Sales Tax
HSE	Health Safety and Environment
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICAP	Institute of Chartered Accountants Pakistan
ICMAP	Institute of Chartered Management Accountants Pakistan
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
IT	Information Technology
KIBOR	Karachi Inter Bank Offer Rate
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
LSM	Large Scale Manufacturing
MMBTU	Million British Thermal Units
MW	Mega Watts
NBFI	Non-Banking Financial Institution
NEQS	National Environmental Quality Standard
PAT	Profit after tax
PBT	Profit before tax
PESTEL	Political, Economic, Social, Technical, Environmental, Legal
PICG	Pakistan Institute of Corporate Governance
PKR	Pak Rupee
R&D	Research & Development
ROE	Return on Equity
SECP	Securities and Exchange Commission of Pakistan
SWOT	Strength, Weakness, Opportunity, Threat
USD	United States Dollar
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund
YoY	Year on Year

FORM OF PROXY

I/We ____

of ____

being a member of Gul Ahmed Textile Mills Limited and holder of ______________________

Ordinary Shares hereby appoint ____

of ____

or failing him/her ____

of ______________________________another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 67th ANNUAL GENERAL MEETING of the Company to be held on October 28, 2019 or at any adjournment thereof.

1) Witness ______________________ Signed by me this ______day of ______2019

Name ______________________

Address ______________________ Signed ______________________

CNIC No. ______________________

Affix Revenue
Stamp Rs. 5.00

2) Witness ______________________

Name ______________________

Address ______________________ Folio No./CDC Account No. ______________

CNIC No. ______________________

Notes:

1. A member entitled to vote at the meeting may appoint a proxy. Proxies in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
2. Proxies granted by shareholders who have deposited their shares into Central Depository Company of Pakistan Limited must be accompanied with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owners. Representatives of corporate members should bring the usual documents required for such purpose. A proxy must be a member of the Company.
3. If member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. If the member is a corporate entity its common seal should be affixed to the proxy.
5. In case of CDC Account Holders, attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

پراکسی فارم

میں / ہم ____________________

ساکن ____________________

بحیثیت گل احمد ٹیکسٹائل ملز کا / کے ایک رکن اور ہولڈر ____________________

عمومی شیئر رکھتا ہوں اپنی جانب سے نامزد کرتا ہوں ____________________

ساکن ____________________

اور ایسا نہ ہونے کی وجہ سے محترم / محترمہ ____________________

ساکن ____________________ کو 28 اکتوبر 2019 کو منعقدہ کمپنی کے سڑسٹھویں (67) سالانہ اجلاسِ عام میں میری / ہماری جانب سے اپنا / ہمارا پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

1) گواہ ____________________

نام ____________________

پتہ ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

اس پر میری طرف سے ________ دن کے ____________ 2019

کو دستخط کئے ____________________

(براہ مہربانی پانچ روپے کا ریونیو اسٹامپ لگائیں)

2) گواہ ____________________

نام ____________________

پتہ ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ____________________

نوٹس:

1 - ممبر جو ووٹ ڈالنے کا حقدار ہے وہ اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاس شروع ہونے سے 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ پتے پر موصول ہو جائیں۔

2 - ایسے شیئر ہولڈرز جو اپنے شیئرز سینٹرل ڈپازٹری کمپنی میں جمع کروا چکے ہیں، ان کی جانب سے جمع کروائی گئی پراکسیز کے ساتھ بینیفیشل اونرز کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیوں کا ہونا ضروری ہے۔ کارپوریٹ ممبران کے نمائندے اس مقصد کے لیے درکار عمومی دستاویزات اپنے ہمراہ لائیں۔ پراکسی کے لیے کمپنی کا رکن ہونا لازمی ہے۔

3 - اگر کوئی رکن ایک سے زائد پراکسی مقرر کرتا ہے اور کمپنی میں ایک سے زائد پراکسی کے دستاویزات جمع کرواتا ہے، ان دستاویزات کو غلط سمجھا جائے گا۔

4 - اگر کوئی ممبر کارپوریٹ ادارہ ہے تو اس کی common seal پراکسی فارم پر لگی ہونی چاہیئے۔

5 - سی ڈی سی اکاؤنٹ ہولڈر ہونے کی صورت میں، پراکسی فارم کے ساتھ بینیفیشل اونرز کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی فراہم کریں۔

GulAhmed

Plot No. 82, Main National Highway Landhi, Karachi - 75120 - Pakistan
Tel: 92 21 111 486 486 | www.gulahmed.com

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