



Textile Mills Limited

Condensed Interim Financial Information
For the Nine Months Ended March 31, 2020

Company Information

BOARD OF DIRECTORS	Mohomed Bashir Zain Bashir Mohammed Zaki Bashir Ziad Bashir Dr. Amjad Waheed Ehsan A. Malik Zeeba Ansar	- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non Executive Director - Non Executive Director - Independent Director - Independent Director
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	Ehsan A. Malik Mohomed Bashir Dr. Amjad Waheed Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Ehsan A. Malik Mohomed Bashir Zain Bashir Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
BANKERS	Allied Bank Limited Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited Bank of Khyber BankIslami Pakistan Limited Citi Bank Dubai Islamic Bank Pakistan Limited Industrial and commercial bank of China 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 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	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for the nine months ended March 31, 2020.

ECONOMIC OVERVIEW

The outbreak of COVID-19 has engulfed the entire world with huge loss of life along with economic turmoil. The world is witnessing unprecedented lockdowns, reduced economic activities and accordingly, the International Monetary Fund (IMF) forecasts global economy to shrink by 3% this year. Although, Pakistan government's decisive policy measures to move our country's economy towards stabilization and adjustment path had started to show positive outcomes in narrowing of the current account deficit and reversing macroeconomic imbalances during first 9 months of the financial year, the COVID-19 pandemic has posed extraordinary challenges to the nation including uncertain short term growth prospects and its related socio-economic repercussions.

Figures released by the State Bank and other Government Agencies depict a glaring improvement in Current Account Deficit (CAD) by 73.1% to US\$ 2.8 billion in Jul-Mar FY 2019-20 (US\$ 10.3 billion Jul-Mar FY 2018-19) which is mainly driven by a decline in imports by 16.2% to US\$ 32.9 billion in Jul-Mar 2019-20 (US\$ 39.3 billion Jul-Mar FY 2018-19) followed by 1.1% increase in exports to US\$ 18.3 billion in Jul-Mar 2019-20 (US\$ 18 billion Jul-Feb 2018-19) and 6% increase in Workers' Remittances to US\$ 16.9 billion in Jul-Mar 2019-20 (US\$ 16 in Jul-Mar 2018-19).

However, industrial sector's struggle to maintain sustainability, owing to increased energy and finance costs, coupled with a slow growth in agricultural sector, due to the worst infestation in over 2 decades, were posing economic challenges on domestic front. With these challenges on hand, the outbreak of the pandemic COVID-19 poses an even stiff challenge to the economy.

INDUSTRIAL OVERVIEW

Country's total exports fell by \$61 million to \$1.973 billion in January 2020, increased by 13.61% to \$2.13 billion as compared to \$1.88 billion during February and witnessed a 15.56% decline in March 2020 from \$2.13 to \$1.8 billion. Textile exports registered a growth of 4.24% to US\$ 10.4 billion in the first nine months of FY 2019-20 (US\$ 9.9 billion Jul-Mar FY 2018-19). Prominent categories were readymade garments with a registered growth of 10.9% followed by, 6.7% in knit and 2.5% in bed wear. In addition, the disappointing cotton production and resultant increase in prices, consistent inflationary pressures and higher interest rates are rendering it difficult for the industry to keep up the momentum.

As other countries worldwide, including Pakistan, impose lockdowns to prevent the spread of the pandemic, Pakistan's textile sector is facing pressure on sales in form of delays and cancelation of orders, leaving the capacities unutilized. This coupled with a sudden lock down imposed in Pakistan and particularly in Sindh had and will lead to operations loss, exchange losses due to erratic changes and inventory losses due to unnecessary inventory buildup. Similarly, the Retail sector continues to struggle amid the lockdown as well whereby retail stores across the country are still closed which is leading to liquidity challenges for the sector along with a massive hit on revenues and margins.

FINANCIAL PERFORMANCE

Key performance numbers are presented below:

	Units	Nine Month ended March 31	Nine Month ended March 31, 2019
Export sales	Rs. in millions	28,514	21,908
Local sales	Rs. in millions	16,378	18,243
Total sales	Rs. in millions	44,892	40,151
Gross profit	Rs. in millions	8,124	9,065
Profit before tax	Rs. in millions	1,096	2,980
Profit after tax	Rs. in millions	700	2,697
Earnings per share (EPS)	Rupees	1.64	6.31
Debt to equity ratio	Times	0.77	0.60
Current ratio	Times	1.03	1.15
Break-up-value per share	Rupees	35.39	40.47

The quarter under review was depressing mainly due to lower PKR realization caused by PKR getting stronger against US\$ compared with the rates prevailing on June 30, 2019 and getting too volatile during March 2020. Despite decrease in realizable sales value, we faced the challenges of higher cotton prices due to short local cotton crop, higher cost of dyes and chemical, ancillary materials, non-availability of Export Refinance resulting in availing higher rates borrowings etc. Due to our customer based mainly in Europe and then in USA, we started to have negative impacts in the form of customers seeking more price reductions/discounts, reduction in already ordered quantity and even rescheduling in orders. This caused, lower sales in Feb and March as well as further reduced margin and some increase in inventory levels. With the enforcement of the lockdown in the third week of March our entire operations and sales came to a complete halt. As a result, though we made gross profit in the quarter under review but could not cover our distribution, selling and finance cost. Moreover, due to our retail chain spread all over the country in rented premises, we also got hit by the first-time application of IRS 16. Last but not the least, we also got exposed to minimum income tax liability, which substantially enhanced our post tax loss.

FUTURE OUTLOOK

The catchphrase of the COVID-19 crisis, which has engulfed nearly the entire world and carries severe consequences for countries' populations and economies, is "uncertainty". The IMF recently published the World Uncertainty Index, which reveals that the coronavirus is associated with the highest level of uncertainty in the economic context since the index started recording data. On 14 April, the IMF updated its global growth projections from only three months ago, indicating that the global economy is expected to experience its worst recession since the Great Depression, surpassing the deep economic slump following the global financial crisis a decade ago. With the IMF predicting global economy to contract by 3% in year 2020, the COVID-19 pandemic is expected to affect various industries besides unemployment. The company is taking measures to innovate and quickly identify new sources of revenue from sectors that are actually facing supply issues due to the pandemic. The company strongly believes that in moments of crisis there will be opportunities. We are identifying these areas and quickly catering to their needs with rapid product development.

COVID-19 is severely impacting manufacturing production in developing countries because: 1) demand from high-income countries for manufacturing goods and raw materials is decreasing; 2) value chains are being

disrupted due to delays in the delivery of necessary components and supplies from more technological advanced countries; 3) other factors, including policies (e.g. restriction of movement of goods and people inability of employees to reach the workplace or financial constraints, which affect the normal production process. All these negative channels will inevitably have an impact on exports from developing countries. The losses in export volume will be further intensified by the decline in energy and commodity prices.

IMF Staff Report reveals that Pakistan's primary deficit is now expected to deteriorate to 2.9 percent of GDP fiscal year 2020 (from 0.8 percent expected earlier) due to a 1.8 percentage point decline in tax revenue relative to the pre-virus baseline and the needed higher spending to support the health response, social safety nets for the very poor, and employment.

The Government of Pakistan has been successful in procuring fresh loans from IMF and World Bank besides rescheduling. To cope with the crisis and to help both individuals, business & industry has announced various measures and announced certain relaxations including but not limited to PKR 1.25 trillion package to support all sectors of the society, started refunds of and reduced policy rates by 425 basis points within the month.

According to World Bank, Pakistan may unfortunately fall into a recession – for the first time in 68 years – due to the severe impact of the deadly pandemic, economy expected to be shrinking up to 2.2% and a painful decline in per capita income. It further says that remittances to Pakistan in 2020 are projected to decline by 20 per cent, totaling about \$17 billion, compared with \$22.5bn remitted in 2019.

Your Company, with all the constraints and limitations, has prepared itself by employing guidelines for preventive action against spread of COVID-19 on its premises, and has started limited operations, after recently allowed by the government. Under these uncertain circumstances, where hardly anything may be avoided/influenced/minimized by the management the only agenda and strategy of us is to ensure “business continuity”.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the nine months ended March 31, 2020 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) – UAE, GTM (Europe) Limited – UK, GTM USA Corp. – US, Sky Home Corporation USA, and Vantona Home Limited, UK are attached.

ACKNOWLEDGEMENT

We acknowledge and appreciate the efforts and valuable support of all stakeholders.

For and on behalf of the Board

April 29, 2020
Karachi

Mohomed Bashir
Chairman

Mohammad Zaki Bashir
Chief Executive Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Financial Position
As at March 31, 2020



	Note	Un-Audited March 2020	Audited June 2019
Rupees in '000			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
750,000,000 ordinary shares of Rs.10 each		7,500,000	7,500,000
Issued, subscribed and paid-up capital		4,277,946	3,564,955
427,794,630 ordinary shares of Rs. 10 each			
(June-19:356,495,525 ordinary shares of Rs. 10 each)			
Reserves		10,863,580	11,768,258
		15,141,526	15,333,213
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	11,599,919	8,856,901
Lease liability against right of use assets	6	2,386,456	-
Deferred liabilities			
Deferred taxation - net		-	71,330
Staff gratuity		164,901	86,717
		164,901	158,047
CURRENT LIABILITIES			
Trade and other payables		13,706,109	9,637,514
Accrued mark-up/profit		309,034	300,010
Short term borrowings		23,606,927	18,961,882
Current maturity of long term financing	5	1,279,458	1,180,302
Current maturity of lease liability against right of use asset	6	911,932	-
Dividend payable		23,663	24,338
		39,837,123	30,104,046
CONTINGENCIES AND COMMITMENTS			
	7		
		69,129,925	54,452,207
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	23,440,048	18,994,305
Right of use Assets	9	3,101,331	-
Intangible assets	10	84,123	44,646
Long term investment	11	1,198,336	128,450
Long term loans and advances		60,540	63,343
Long term deposits		383,014	369,752
		28,267,392	19,600,496
CURRENT ASSETS			
Stores and spares		1,760,396	1,469,564
Stock-in-trade		24,019,388	21,369,532
Trade debts		6,816,137	7,071,272
Loans, advances and other receivables		2,986,001	1,680,413
Short term prepayments		642,641	303,737
Refunds due from Government		2,678,173	1,487,248
Taxation - net		997,770	977,961
Cash and bank balances	13	962,027	491,984
		40,862,533	34,851,711
		69,129,925	54,452,207

The annexed notes from 1 to 21 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Profit or Loss
For the half year ended March 31, 2020



Note	Un-Audited			
	Nine months ended		Quarter ended	
	July to March	July to	January to	January to
	2020	March 2019	March 2020	March 2019
	-----Rupees in '000-----			
Sales - net	44,892,287	40,151,454	14,237,998	13,738,572
Cost of sales	36,768,518	31,086,029	12,324,644	10,627,870
Gross profit	8,123,769	9,065,425	1,913,354	3,110,702
Distribution costs	3,520,204	3,409,711	1,210,271	1,227,288
Administrative costs	2,283,470	1,992,972	738,464	723,659
Other operating costs	218,238	209,224	40,235	26,412
	6,021,912	5,611,907	1,988,970	1,977,359
	2,101,857	3,453,518	(75,616)	1,133,343
Other income	424,673	511,238	351,683	108,810
Operating profit	2,526,530	3,964,756	276,067	1,242,153
Finance cost	12 1,430,081	984,845	507,197	393,114
Profit/loss before taxation	1,096,449	2,979,911	(231,130)	849,039
Taxation				
- Current	14 480,265	295,718	183,176	200,959
- Deferred	(83,368)	(13,099)	(44,528)	3,273
	396,897	282,619	138,648	204,232
Profit/loss after taxation	699,552	2,697,292	(369,778)	644,807
		Re-stated		Re-stated
Earning per share - basic and diluted (Rs.)	1.64	6.31	(0.86)	1.51

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MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Comprehensive Income
For the half year ended March 31, 2020



	Un-Audited			
	Nine months ended		Quarter ended	
	July to	July to	January to	January to
	March	March	March	March
Note	2020	2019	2020	2019
	-----Rupees in '000-----			
Profit/loss after taxation	699,552	2,697,292	(369,778)	644,807
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>699,552</u>	<u>2,697,292</u>	<u>(369,778)</u>	<u>644,807</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Changes in Equity
For the half year ended March 31, 2020



	Share Capital	Capital reserve - Share Premium	Revenue Reserve		Reserves	Total
			General Reserve	Unappropriated Profit		
----- Rupees '000-----						
Balance as at June 30, 2018 (Audited)	3,564,955	1,405,415	5,380,000	2,270,357	9,055,772	12,620,727
Transfer to Unappropriate Profit	-	-	(5,380,000)	5,380,000	-	-
Transaction with owners						
Final dividend for the year ended June 30, 2018	-	-	-	(891,239)	(891,239)	(891,239)
Total comprehensive income						
Profit after taxation	-	-	-	2,697,292	2,697,292	2,697,292
Other comprehensive income	-	-	-	-	-	-
	-	-	-	2,697,292	2,697,292	2,697,292
Balance as at March 31, 2019 (Un-audited)	3,564,955	1,405,415	-	9,456,410	10,861,825	14,426,780
for the period April 01, 2019 to June 30, 2019						
Profit after taxation	-	-	-	911,928	911,928	911,928
Other comprehensive loss	-	-	-	(5,495)	(5,495)	(5,495)
	-	-	-	906,433	906,433	906,433
Balance as at 30 June, 2019	3,564,955	1,405,415	-	10,362,843	11,768,258	15,333,213
Final dividend for the year ended June 30, 2019	-	-	-	(891,239)	(891,239)	(891,239)
Issuance of Bonus Shares	712,991	(712,991)	-	-	(712,991)	-
Total comprehensive income						
Profit after taxation	-	-	-	699,552	699,552	699,552
Other comprehensive income	-	-	-	-	-	-
	-	-	-	699,552	699,552	699,552
Balance as at March 31, 2020 (Un-audited)	4,277,946	692,424	-	10,171,156	10,863,580	15,141,526

The annexed notes from 1 to 21 form an integral part of these condensed interim un-consolidated financial statements.

MOHAMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended March 31, 2020



Note	Un-Audited	
	Nine months ended	
	July to March 2020	July to March 2019
-----Rupees in '000-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	1,096,449	2,979,911
Adjustments for:		
Depreciation on property, plant and equipment	2,114,828	1,403,381
Amortisation	17,051	10,298
Provision for gratuity	116,874	27,614
Finance cost	1,153,509	984,845
Finance cost on leased liability against right of use asset	276,572	-
Provision for slow moving/obsolete stores and spares	17,179	22,476
Impairment allowance against doubtful trade debts	-	23,176
Property, plant and equipment scrapped	-	-
Loss on disposal of property, plant and equipment	125,315	37,544
Unclaimed liabilities written back	-	-
Gain on disposal of property, plant and equipment	(30,969)	(25,290)
	3,790,359	2,484,044
Cash flows from operating activities before adjustments of working capital	4,886,808	5,463,955
Changes in working capital:		
Increase/(decrease) in current assets		
Stores and spares	(308,011)	(522,831)
Stock-in-trade	(2,649,856)	(6,958,960)
Trade debts	255,135	(337,393)
Loans, advances and other receivables	(1,305,588)	(575,989)
Short term prepayments	(338,904)	120,838
Refunds due from Government	(1,190,925)	(257,117)
	(5,538,149)	(8,531,452)
Increase in current liabilities		
Trade and other payables	4,068,595	2,712,859
	(1,469,554)	(5,818,593)
Cash generated from/(used in) operations before adjustment of following	3,417,254	(354,638)
Adjustments for:		
Gratuity paid	(38,690)	(21,059)
Finance cost paid	(1,421,057)	(906,036)
Income tax paid or deducted	(488,036)	(564,724)
Decrease in long term loans and advances	2,803	34,097
Increase in long term deposits	(13,262)	(87,796)
	(1,958,242)	(1,545,518)
Net Cash generated used in Operating activities	1,459,012	(1,900,156)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(6,292,481)	(3,598,341)
Addition to intangible assets	(56,528)	(34,533)
Proceeds from sale of property, plant and equipment	191,109	129,286
Long term investments made during the period	(1,069,886)	-
Net cash used in investing activities	(7,227,786)	(3,503,588)
Balance carried forward	(5,768,774)	(5,403,744)

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended March 31, 2020



Note	Un-Audited	
	Nine months ended	
	July to March 2020	July to March 2019
	-----Rupees in '000-----	
Balance brought forward	(5,768,774)	(5,403,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	3,747,071	2,671,706
Long term financing repaid	(904,897)	(1,007,215)
Payments for lease liability against right of use asset	(356,488)	-
Dividend paid	(891,914)	(884,058)
Net cash generated from/(used in) financing activities	<u>1,593,772</u>	<u>780,433</u>
Net decrease in cash and cash equivalents	(4,175,002)	(4,623,311)
Cash and cash equivalents - at the beginning of the period	(18,469,898)	(14,605,831)
Cash and cash equivalents - at the end of the period	<u><u>13</u> (22,644,900)</u>	<u><u>(19,229,142)</u></u>

The annexed notes from 1 to 21 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

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 on Pakistan Stock Exchange Limited. The Company is a composite textile mill 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.

The Company has the following subsidiaries:

Details of Subsidiaries

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

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

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

<u>Unit</u>	<u>Area</u>	<u>Address</u>
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
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** Geographical locations and addresses of all factory building on rented premises are as follows;

Address

Plot# 369, Main National Highway, Landhi, Karachi.
 Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi.
 Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi.
 Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi.
 Plot# 12, Sector 23, Korangi Industrial area, Karachi.

- 1.4** As at March 31, 2020, the Company has 65 retail outlets, 30 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2019:64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises).

2 BASIS OF PREPARATION

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

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

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

These condensed interim un-consolidated financial statements comprise of the condensed interim un-consolidated statement of financial position as at March 31, 2020 and the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of cash flows and condensed interim un-consolidated statement of changes in equity for the quarter ended March 31, 2020.

The comparative statement of financial position, presented in these condensed interim un-consolidated financial statements, as at June 30, 2019 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2019, whereas the comparative condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of cash flows and condensed interim un-consolidated statement of changes in equity for the quarter ended March 31, 2020 have been extracted from the condensed interim un-consolidated financial statements of the Company for the quarter ended March 31, 2019.

These condensed interim unconsolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2019.

2.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the nine month ended March 31, 2020

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual

3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim un-consolidated financial statements as those applied in the preparation of un-consolidated financial statements for the year ended June 30, 2019, except for change in accounting policy as described in note 3.1.

3.1 Change in accounting policy due to first time adoption of IFRS 16

Upon adoption of IFRS 16, the lessees are required to recognise a lease liability for the obligation to make lease payments and a right of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. Under IAS 17, leased assets, under operating lease mode, were not recognised on statement of financial position and it only required lessees to recognise a periodic lease expense (rent) on a straight-line basis over the term for leases tenure and relevant lease commitments were disclosed.

With effect from July 01, 2019, the Company has applied IFRS 16 for recognition of the property leases using the modified retrospective approach. Under this method, the standard has been applied retrospectively, with the cumulative effect of initially applying the standard, recognised at the date of initial application. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period. The Company has also used various practical expedients permitted by the standard. The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates.

New accounting policies of the Company upon adoption of IFRS 16 are:

Right-of-Use (RoU) assets

On initial application the RoU assets are initially measured at the present value of the consideration (lease payments) to be made over the lease term. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment loss. RoU assets are depreciated on a straight-line basis over the lease term.

Lease liability

On initial application the Company recognises lease liabilities measured at the present value of the consideration (lease payments) to be made over the lease term adjusted for prepayments. The lease payments are discounted using the incremental rate of borrowing. Subsequently, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim un-consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2019.

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2019.

5 LONG TERM FINANCING - SECURED

	Un-Audited March 2020	Audited June 2019
	-----Rupees in '000-----	
Opening balance	10,037,203	8,277,726
Add: Obtained during the period / year	3,747,071	3,121,440
Less: Repaid during the period / year	(904,897)	(1,361,963)
	<u>12,879,377</u>	<u>10,037,203</u>
Less: Current portion shown under current liabilities	<u>(1,279,458)</u>	<u>(1,180,302)</u>
	<u>11,599,919</u>	<u>8,856,901</u>

6 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	Un-Audited March 2020 Rupees in '000
Lease liabilities included in the statement of financial position As at March 31, 2020 of which are:	
Current maturity of lease liability against right of use asset	911,932
Non-current lease liability	<u>2,386,456</u>
	<u>3,298,388</u>

7 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2019 remained unchanged during the current period except following;

- a) In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 13.6 of the financial statements for the year ended June 30, 2019 except the increase in amount of provision of Rs. 2,731 million (June-2019: Rs.2,327 million) commencing from May 22, 2015.
- b) Income tax amended order under section 122(1) of the Income Tax Ordinance, 2001, for the tax year 2016 has been issued, 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 contested the matter in appeal against amended order, and Commissioner Income Tax (Appeal) passed an order in favor of the Company allowing the expenses aggregating to Rs.290 million wherein, the Department has filed appeal to Appellate Tribunal against the order, however, 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.
- c) The Federal Government vide Finance Act, 2019 dated June 30, 2019 made amendments in section 65(B) whereby it restricted the percentage of tax credit from 10% to 5% on amount invested in extension, expansion, balancing, modernization and replacement (BMR) of the plant and machinery for the tax year 2019 and the period for investment in plant and machinery for availing tax credit is curtailed to 30-6-2019 from 30-6-2021. The Company along with other petitioners has challenged the amendment in the Sindh High Court through constitutional petition, the Honorable Sindh High Court has passed an interim order on December 23, 2019 allowing the petitioners to file the income tax return as per un-amended provisions of section 65(B) of income tax ordinance, 2001, hence the Company has claimed tax credit on BMR @10% in the income tax return for the year ended 30 June, 2019.
- d) The Company along with several other petitioners has filed a Constitution Petition against the Karachi Water & Sewerage Board (KWSB) and others in the Honourable Sindh High Court against a notification dated 30.10.2019 issued by the KWSB whereby increased water charges from Rs. 242 to Rs. 313 per 1000 gallons which is 29% more than the existing rates with retrospective effect from 1.07.2019. The Honourable Sindh High Court has issued stay order against the impugned notification on 16.01.2020 already restrained KWSB from taking any coercive action against the Company. The Company has provided banker's verified various Cheques of aggregate amount of Rs. 27.659 million (June 2019 Rs. Nil) being difference between Rs. 313 and Rs. 242 per 1000 gallons as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision in these unconsolidated financial Information.

Guarantees

- (a) Guarantees of Rs. 1,120 million (June-2019: Rs. 1,035 million) has been issued by banks on behalf of the company 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. 938 million (June 2019: Rs. 893 million).
- (b) Post dated cheques of Rs. 3,208 million (June-2019: Rs. 3,125 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 Rs. 4,326 million (June-2019: Rs. 4,876 million).
- (d) Corporate guarantee of Rs 143.550 million (June 2019: Rs. 146 million) Rs.662.986 million (2019: 661 million) and Rs. 150 million (2019: 148 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed Internation FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- (a) The Company is committed for capital expenditure as at March 31, 2020 of Rs. 4,754 million (June 2019: Rs. 2,838 million).

8 PROPERTY, PLANT AND EQUIPMENT

		Un-Audited March 2019	Audited June 2019
		-----Rupees in '000-----	
	8.1 8.2 &		
Operating fixed assets	8.3	17,319,371	18,068,449
Capital work in progress (CWIP)	8.4	6,120,677	925,856
		23,440,048	18,994,305
		Un-Audited	
		Nine months ended	Nine months ended
		March	March
		2020	2019
		-----Rupees in '000-----	
8.1 Additions during the period			
Land		152,251	-
Buildings and structures on leasehold land		372,029	201,122
Plant and machinery		480,225	1,712,654
Furniture and fixtures		11,298	4,240
Office equipment		76,239	105,746
Vehicles		9,251	41,969
		1,101,293	2,065,731

8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.19.65 million (March 2019: Rs. 161.06 million), Rs.69.54 million (March 2019: Rs.1,496 million) and Rs. Nil (March 2019: Rs.60.45 million) respectively.

		Un-Audited	
		March 2020	March 2019
		-----Rupees in '000-----	
8.2 Disposals - operating fixed assets (at net book value)			
Plant and machinery		262,983	83,157
Vehicles		26,106	58,383
		<u>289,088</u>	<u>141,540</u>
8.3 Depreciation charge during the period		<u>1,561,283</u>	<u>1,403,381</u>
		Un-Audited	
		March 2020	March 2019
		-----Rupees in '000-----	
8.4 Additions - capital work in progress (at cost)			
Machinery		4,103,135	2,660,950
Building		1,372,175	529,335
Others		-	60,452
		<u>5,475,311</u>	<u>3,250,737</u>
		Un-Audited	Audited
		March 2020	June 2019
		-----Rupees in '000-----	
9 RIGHT OF USE ASSETS			
Balance as at initial application i.e. July 01, 2019		3,654,877	-
Depreciation charged for the period		(553,546)	-
Balance as at 31 Mar, 2020		<u>3,101,331</u>	<u>-</u>
10 INTANGIBLE ASSETS			
	Note	Un-Audited	Audited
		March 2020	June 2019
		-----Rupees in '000-----	
Intangible - net book value	10.1&10.2	<u>84,123</u>	<u>44,646</u>
		Un-Audited	
		March 2020	March 2019
		-----Rupees in '000-----	
10.1 Additions - intangibles (at cost)			
Computer Software		56,528	34,533
10.2 Amortization charge during the period		<u>17,051</u>	<u>10,298</u>
11 LONG TERM INVESTMENT			
		Un-Audited	Audited
		March 2020	June 2019
		-----Rupees in '000-----	
Investment in Subsidiary - Gul Ahmed International Limited FZC		58,450	58,450
Investment in Associate - World Wide Developers (Pvt) Limited		1,069,886	-
Investment in Term Finance Certificate		70,000	70,000
		<u>1,198,336</u>	<u>58,450</u>

12 FINANCE COST

Mark-up/profit on short term borrowings
 Mark-up/profit on long term financing
 Markup on Finance lease obligation
 Bank and other charges
 Exchange loss on foreign currency loans
 Markup on workers' profit participation fund

Un-Audited March 2020	Un-Audited March 2019
-----Rupees in '000-----	
648,537	513,028
250,208	262,760
276,572	-
207,470	199,469
42,468	2,217
4,826	7,371
1,430,081	984,845

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances
 Short term borrowings

Un-Audited March 2020	Un-Audited March 2019
-----Rupees in '000-----	
962,027	642,746
(23,606,927)	(19,871,888)
(22,644,900)	(19,229,142)

14 TAXATION

Provision for current taxation has been made on the basis of minimum tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.

15 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.

15.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	March-2020	March-2019	March-2020	March-2019	March-2020	March-2019	March-2020	March-2019	March-2020	March-2019	March-2020	March-2019
	-----Rs. 000s-----											
Sales	11,405,162	10,209,482	2,524,348	1,216,841	16,133,987	14,965,209	30,750,780	27,245,435	(15,921,990)	(13,485,513)	44,892,287	40,151,454
Cost of sales	10,173,593	8,969,925	2,144,088	1,283,996	11,979,592	10,361,988	28,393,234	23,955,633	(15,921,990)	(13,485,513)	36,768,517	31,086,029
Gross profit/(loss)	1,231,569	1,239,557	380,260	(67,155)	4,154,395	4,603,221	2,357,546	3,289,802	-	-	8,123,770	9,065,425
Distribution cost and Administrative cost	135,495	106,659	82,377	48,650	3,403,410	3,422,391	2,182,392	1,824,983	-	-	5,803,674	5,402,683
Profit/(Loss) before tax and before charging following	1,096,074	1,132,898	297,883	(115,805)	750,985	1,180,830	175,154	1,464,819	-	-	2,320,096	3,662,742
Finance Cost											1,430,081	984,845
Other operating cost											218,238	209,224
Other income											(424,673)	(511,238)
											1,223,646	682,831
Profit before taxation											1,096,450	2,979,911
Taxation											396,897	282,619
Profit after taxation											699,553	2,697,292
Depreciation and Amortisation Expense	430,922	386,776	239,335	238,942	793,776	240,033	667,845	547,928	-	-	2,131,879	1,413,679

15.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	March-2020	June - 2019	March-2020	June - 2019	March-2020	June - 2019	March-2020	June - 2019	March-2020	June - 2019	March-2020	June - 2019
	-----Rs. 000s-----											
Assets	18,711,641	13,998,440	4,467,795	3,698,216	14,333,483	9,177,713	30,574,896	25,982,446	1,042,111	1,595,392	69,129,925	54,452,207
Liabilities	8,732,658	5,383,577	2,575,062	2,093,069	6,139,613	1,401,000	15,914,281	13,281,795	20,626,785	16,959,553	53,988,399	39,118,994
Segment Capital & Intangible Expenditure	4,065,219	1,972,503	367,226	844,451	371,606	367,046	1,179,369	1,580,830	365,589	280,949	6,349,009	5,045,779

15.3 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.

15.4 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.

15.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.8,970 million (March-2019: Rs. 7,696 million).

15.6 Information by geographical area



	Revenue		Non-current assets	
	Mar-20	Mar-19	Mar-20	Jun-19
	-----Rupees in '000-----			
Pakistan	20,499,235	18,243,054	28,208,942	16,780,507
Germany	8,256,761	7,435,156	-	-
United States	4,161,732	2,881,182	-	-
France	1,562,360	1,793,736	-	-
Netherlands	2,355,188	2,109,154	-	-
United Kingdom	1,516,604	1,319,005	-	-
Italy	1,552,483	1,830,408	-	-
Spain	644,565	465,265	-	-
China	635,670	672,969	-	-
Sweden	781,266	685,103	-	-
United Arab Emirates	258,673	14,786	58,450	58,450
Other Countries	2,667,750	2,701,636	-	-
	44,892,287	40,151,454	28,267,392	16,838,957

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The 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 carried out transaction with various related parties.

Relationship with the Company	Nature of transactions	Un-Audited	
		Mar-20	Mar-19
		Rupees in '000	
Parent Company	Dividend paid	598,067	598,067
Subsidiaries and indirect subsidiaries	Sale of goods	1,628,147	1,563,899
	Sales through subsidiaries acting as agents	154,627	-
	Commission paid	295,376	303,289
Associated Companies and other related parties	Purchase of goods	145,580	52,262
	Sale of goods	8,608	1,458
	Rent paid	61,581	57,816
	Fees paid	2,500	2,500
	Donation paid	6,000	917
	Bills discounted	8,516,723	7,439,447
	Markup and other bank charges	115,669	114,021
	Company's contribution to provident fund	159,479	130,974
	Dividend paid	36,491	26,979
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Mar-20	Jun-19
		Rupees in '000	
Subsidiary companies	Long term investment	58,450	58,450
	Corporate guarantee issued in favour of subsidiary company	956,611	954,161
	Trade and other payables	115,180	125,357
	Trade debts	1,627,573	1,316,125
Associated companies and others related parties	Long term investment	1,069,886	-
	Deposit with banks	164,630	46,495
	Borrowings from Banks	933,739	959,025
	Bank guarantee	938,326	893,326
	Trade and other payables	5,910	7,781
	Accrued mark-up	2,148	14,348
	Advance to supplier	-	2,882
	Trade debts	4,478	845
	Loans to key management personnel & executive	82,295	100,129
	Payable to employee's provident fund	27,375	22,644
	Prepaid Rent	38,403	40,054

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending March 31, 2020 amounting to Rs. 1,044 million (March 31, 2019: Rs.733 million) on account of remuneration.

17 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).

Financial assets and liabilities of the Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

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.

18 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

Company has approached all Banks and DFIs for one year deferment of long term loans installments, in line with the relief measures announced by the State Bank of Pakistan. The aggregate of amount due within one year is around Rs. 1.25 billion, and if approved, would result in the extension of the total loan repayment period by one year.

19 CORRESPONDING FIGURES

For better presentation and due to revisions in the Companies Act 2017, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs '000
Sales	Other income	
Sales - net (Exchange gain on realization of export receivables)	Other income	372,264
Cost of sales	Other income	
Cost of sales (Exchange gain on purchase)	Other income	38,747

20 DATE OF AUTHORISATION



These financial statements were authorised for issue on 29 April, 2020 by the Board of Directors of the Company.

21 GENERAL

- 21.1 Allocations for the workers' profit participation fund, workers' welfare fund and taxation are provisional and final liability including liability for deferred taxation will be determined on the basis of annual results.
- 21.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer



Textile Mills Limited

Consolidated Accounts
Consolidated Condensed Interim Financial Information
For the Nine Months Ended March 31, 2020

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Financial Position
As at March 31, 2020



	Note	Un-Audited March 2020	Audited June 2019
Rupees in '000			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
750,000,000 ordinary shares of Rs.10 each		7,500,000	7,500,000
Issued, subscribed and paid-up capital		4,277,946	3,564,955
427,794,630 ordinary shares of Rs. 10 each			
(June-19:356,495,525 ordinary shares of Rs. 10 each)			
Reserves		11,348,531	12,318,411
		15,626,477	15,883,366
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	11,599,919	8,856,901
Lease liability against right of use assets	6	2,386,456	-
Deferred liabilities			
Deferred taxation		-	88,342
Defined benefit plan-Staff gratuity		167,320	92,431
		167,320	180,773
CURRENT LIABILITIES			
Trade and other payables		14,089,158	9,911,216
Accrued mark-up/profit		309,034	300,010
Short term borrowings		23,734,526	19,036,992
Current maturity of long term financing	5	1,279,458	1,180,302
Current maturity of lease liability against right of use asset	6	911,932	-
Dividend payable		23,663	24,338
Provision for taxation		-	7,463
		40,347,771	30,460,321
CONTINGENCIES AND COMMITMENTS			
	7		
		70,127,943	55,381,361
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	23,456,244	19,009,542
Right of use Assets	9	3,101,331	171,880
Intangible assets	10	211,595	-
Long Term investment	11	1,139,886	70,000
Long term loans and advances		62,137	64,781
Long term deposits		387,170	373,852
Deferred taxation		3,580	4,204
		28,361,943	19,694,259
CURRENT ASSETS			
Stores and spares		1,760,396	1,469,564
Stock-in-trade		24,743,959	22,183,853
Trade debts		6,844,156	6,866,069
Loans, advances and other receivables		2,996,136	1,785,410
Short term prepayments		661,169	320,591
Refunds due from Government		2,678,173	1,487,248
Taxation - net		997,770	977,961
Cash and bank balances	13	1,084,241	596,406
		41,766,000	35,687,102
		70,127,943	55,381,361

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Profit or Loss
For the Nine Months Ended March 31, 2020



Note	Un-Audited			
	Nine Months Ended		Quarter Ended	
	July to March 2020	July to March 2019	January to March 2020	January to March 2019
	-----Rupees in '000-----			
Sales - net	46,553,226	41,579,822	14,722,054	14,089,389
Opening stock of finished goods	13,326,847	9,997,559	16,645,371	12,698,657
Cost of goods manufactured	41,609,636	35,048,920	13,710,765	12,038,303
Purchases and processing charges	1,171,343	1,081,271	465,440	286,904
Closing stock of finished goods	(18,052,713)	(14,208,231)	(18,052,713)	(14,208,231)
Cost of sales	38,055,113	31,919,519	12,768,863	10,815,633
Gross profit	8,498,113	9,660,303	1,953,191	3,273,756
Distribution cost	3,568,201	3,587,937	1,147,640	1,285,428
Administrative cost	2,711,686	2,303,699	858,651	816,265
Other operating cost	218,238	234,514	40,235	51,702
	6,498,125	6,126,150	2,046,526	2,153,395
	1,999,988	3,534,153	(93,335)	1,120,361
Other income	453,892	536,964	334,092	134,255
Operating profit	2,453,880	4,071,117	240,757	1,254,616
Finance cost	1,439,313	995,403	509,706	395,539
Profit before taxation	1,014,567	3,075,714	(268,949)	859,077
Taxation				
- Current	481,285	296,379	183,731	200,951
- Deferred	(83,368)	(13,099)	-	3,273
	397,917	283,280	183,731	204,224
Profit after taxation	616,650	2,792,434	(452,680)	654,853
Earning per share - basic and diluted (Rs.)	1.44	6.53	(1.06)	1.53
		Re-stated		Re-stated

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Comprehensive Income
For the Nine Months Ended March 31, 2020

	Un-Audited			
	Nine Months Ended		Quarter Ended	
	July to March 2020	July to March 2019	January to March 2020	January to March 2019
	-----Rupees in '000-----			
Profit after taxation	616,650	2,792,434	(452,680)	654,853
Other comprehensive income for the period				
Items that will be reclassified to profit and loss account subsequently				
Exchange difference on translation of foreign subsidiaries	17,700	(10,996)	34,641	1,009
Total comprehensive income	634,350	<u>2,781,438</u>	<u>(418,039)</u>	<u>655,862</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Changes in Equity
For the Nine Months Ended March 31, 2020

For the nine months ended March 31, 2020								
	Share capital	Capital reserve - Share Premium	Reserves				Subtotal Reserves	Total
			Revenue reserve					
			General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary			
-----Rupees '000-----								
Balance as at June 30, 2018 (Audited)	3,564,955	1,405,415	5,380,000	159,005	19,648	2,494,308	9,458,376	13,023,331
Transfer to unappropriated profit	-	-	(5,380,000)	-	-	5,380,000	-	-
Transaction with owners								
Final dividend for the year ended June 30, 2018	-	-	-	-	-	(891,239)	(891,239)	(891,239)
Total comprehensive income for nine months ended March 31, 2019 (un-audited)								
Profit after taxation	-	-	-	-	-	2,792,434	2,792,434	2,792,434
Other comprehensive income	-	-	-	(10,996)	-	-	(10,996)	(10,996)
	-	-	-	(10,996)	-	2,792,434	2,781,438	2,781,438
Balance as at March 31, 2019 (Un-Audited)	3,564,955	1,405,415	-	148,009	19,648	9,775,503	11,348,575	14,913,530
Transfer to								
Statutory reserve	-	-	-	-	179	(179)	-	-
Total comprehensive income								
Profit after taxation	-	-	-	-	-	837,798	837,798	837,798
Other comprehensive income	-	-	-	137,533	-	(5,495)	132,038	132,038
	-	-	-	137,533	-	832,303	969,836	969,836
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
Transactions with owners								
Final dividend for the year ended June 30, 2019	-	-	-	-	-	(891,239)	(891,239)	(891,239)
Issuance of Bonus Shares	712,991	(712,991)	-	-	-	-	(712,991)	-
Total comprehensive income for nine months ended March 31, 2020 (un-audited)								
Profit after taxation	-	-	-	-	-	616,650	616,650	616,650
Other comprehensive loss	-	-	-	17,700	-	-	17,700	17,700
	-	-	-	17,700	-	616,650	634,350	634,350
Balance as at March 31, 2020 (Un-Audited)	4,277,946	692,424	-	303,242	19,827	10,333,038	11,348,531	15,626,477

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Nine Months Ended March 31, 2020

	Un-Audited	
	Nine Months Ended	
Note	July to March 2020	July to March 2019
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,014,567	3,075,714
Adjustments for:		
Depreciation on property, plant and equipment	2,116,634	1,405,632
Amortisation	23,896	11,901
Provision for gratuity	116,874	28,387
Finance cost	1,162,741	995,403
Finance cost on leased liability against right of use asset	276,572	-
Provision for slow moving/obsolete stores spares and loose tools	17,179	22,476
Impairment allowance against doubtful trade debts	-	23,176
Gain on disposal of property, plant and equipment	(30,969)	(25,290)
Loss on disposal of property, plant and equipment	125,315	37,544
	3,808,242	2,499,229
Cash flows from operating activities before adjustments of working capital	4,822,809	5,574,943
Changes in working capital:		
Increase/(decrease) in current assets		
Stores and spares	(308,011)	(522,831)
Stock-in-trade	(2,560,106)	(7,200,942)
Trade debts	21,913	(336,174)
Loans, advances and other receivables	(1,210,726)	(581,710)
Short term prepayments	(340,578)	108,171
Refunds due from Government	(1,190,925)	(257,117)
	(5,588,433)	(8,790,603)
Increase in current liabilities		
Trade and other payables	4,177,943	2,843,525
	(1,410,490)	(5,947,078)
Cash generated from/(used in) operations before adjustment of following	3,412,319	(372,135)
Adjustment for:		
Gratuity paid	(41,985)	(23,232)
Finance cost paid	(1,430,289)	(916,594)
Income tax paid or deducted	(512,907)	(572,146)
Increase/(decrease) in long term loans and advances	2,644	35,390
Decrease in long term deposits	(13,318)	(84,756)
	(1,995,855)	(1,561,338)
Net cash generated from/(used in) operating activities	1,416,464	(1,933,473)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(6,295,243)	(3,598,341)
Addition to intangible assets	(63,611)	(35,014)
Proceeds from sale of property, plant and equipment	191,105	132,353
Long term Investment	(1,069,886)	(8,316)
Net cash used in investing activities	(7,237,635)	(3,509,317)
Balance carried forward	(5,821,171)	(5,442,790)

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Nine Months Ended March 31, 2020



Note	Un-Audited	
	Nine Months Ended	
	July to March 2020	July to March 2019
	-----Rupees in '000-----	

Balance brought forward (5,821,171) (5,442,790)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained	3,747,071	2,671,706
Long term financing repaid	(904,897)	(1,007,215)
Payments against lease liability against right of use asset	(356,488)	-
Dividend paid	(891,914)	(884,058)
Net cash generated from/(used in) financing activities	1,593,772	780,433
Exchange difference on translation of foreign subsidiaries	17,700	(10,996)
Net decrease in cash and cash equivalents	(4,209,699)	(4,673,353)
Cash and cash equivalents - at the beginning of the period	(18,440,586)	(14,627,657)
Cash and cash equivalents - at the end of the period	13 (22,650,285)	(19,301,010)

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Consolidated
Financial Statements (Un-audited)
For the Nine Months Ended March 31, 2020

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
- GTM USA Corp. - USA
- Sky Home Corp.- USA
- Vantona Home Limited
- JCCO 406 Limited

Gul Ahmed Textile Mills Limited (The Holding Company) was incorporated on 1st April 1953 in Pakistan as a private limited company, converted into public limited company on 7th January 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. 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 Group is a subsidiary of Gul Ahmed Holdings (Private) Limited and owns 66.78% shares of the Group.

1.2 Basis of consolidation

The financial information include the financial information of the Group.

Subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies over the subsidiary and is excluded from consolidation from the date of disposal or cessation of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

The assets and liabilities of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of investment held by the Company is eliminated against the subsidiary's share capital. All intra-group balances and transactions are eliminated.

Details of Subsidiaries

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

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

1.3 Geographical locations and addresses of all lands owned by the Group are as follows;

<u>Unit</u>	<u>Area</u>	<u>Address</u>
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

1.4 Geographical locations and addresses of all factory building on rented premises are as follows;

Address
 Plot# 369, Main National Highway, Landhi, Karachi
 Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi
 Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi
 Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi
 Plot# 12, Sector 23, Korangi Industrial area, Karachi
 295 5th ave, suit 702, NewYork - NY - 10016
 Grane Road Mill, Grane Road, Haslingden, BB4 5ES

1.5 As at March 31, 2020, The Group has 66 retail outlets, 30 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2019:64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises).

2 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position of Gul Ahmed Textile Mills Limited, its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Vantona Home Limited which is the wholly owned subsidiary of GTM (Europe) Limited and JCCO 406 Limited which is the wholly owned subsidiary of GTM (Europe) Limited as at March 31, 2020 and the related consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof for the period then ended. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

These condensed interim consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of Financial Position as at March 31, 2020 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the nine months ended March 31, 2020.

The comparative statement of Financial Position, presented in these condensed interim consolidated financial statements, as at June 30, 2019 has been extracted from the audited financial statements of the Group for the year ended June 30, 2019 whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for nine months ended March 31, 2020 have been extracted from the condensed interim consolidated financial statements of the Group for nine months ended March 31, 2019.

These condensed interim consolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2019.

2.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the nine months ended March 31, 2020

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2019; however, these do not have any significant impact on these consolidated condensed interim financial statements hence not detailed. Further following new standards have become effective during the period due to which certain changes in accounting policies have been made as detailed in note 3.1.

3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim consolidated financial statements as those applied in the preparation of consolidated financial statements for the year ended June 30, 2019, except for change in accounting policy as described in note 3.1.

3.1 Change in accounting policy due to first time adoption of IFRS 16

Upon adoption of IFRS 16, the lessees are required to recognise a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. Under IAS 17, leased assets, under operating lease mode, were not recognised on statement of financial position and it only required lessees to recognise a periodic lease expense (rent) on a straight-line basis over the term for leases tenure and relevant lease commitments were disclosed.

With effect from July 01, 2019, the Group has applied IFRS 16 for recognition of the property leases using the modified retrospective approach. Under this method, the standard has been applied retrospectively, with the cumulative effect of initially applying the standard, recognised at the date of initial application. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period. The Group has also used various practical expedients permitted by the standard. The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Group is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates.

New accounting policies of the Group upon adoption of IFRS 16 are:

Right-of-Use (RoU) assets

On initial application the RoU assets are initially measured at the present value of the consideration (lease payments) to be made over the lease term. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment loss. RoU assets are depreciated on a straight-line basis over the lease term.

Lease liability

On initial application the Group recognises lease liabilities measured at the present value of the consideration (lease payments) to be made over the lease term adjusted for prepayments. The lease payments are discounted using the incremental rate of borrowing. Subsequently, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2019.

The Group's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2019.

5 LONG TERM FINANCING - SECURED

Opening balance
Add: Obtained during the period / year
Less: Repaid during the period / year

Less: Current portion shown under current liabilities

Un-Audited	Audited
March	June
2020	2019
-----Rupees in '000-----	
10,037,203	8,277,726
3,747,071	3,121,440
(904,897)	(1,361,963)
12,879,377	10,037,203
(1,279,458)	(1,180,302)
11,599,919	8,856,901

6 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position
As at March 31, 2020 of which are:

Current maturity of lease liability against right of use asset
Non-current lease liability

Un-Audited
March
2020
Rupees in '000
911,932
2,386,456
3,298,388

7 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2019 remained unchanged during the current period except following:

- a) In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 13.6 of the financial statements for the year ended June 30, 2019 except the increase in amount of provision of Rs. 2,731 million (June-2019: Rs.2,327 million) commencing from May 22, 2015.
- b) Income tax amended order under section 122(1) of the Income Tax Ordinance, 2001, for the tax year 2016 has been issued, 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 Holding Company contested the matter in appeal against amended order, and Commissioner Income Tax (Appeal) passed an order in favor of the Holding Company allowing the expenses aggregating to Rs.290 million wherein, the Department has filed appeal to Appellate Tribunal against the order, however, 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.
- c) The Federal Government vide Finance Act, 2019 dated June 30, 2019 made amendments in section 65(B) whereby it restricted the percentage of tax credit from 10% to 5% on amount invested in extension, expansion, balancing, modernization and replacement (BMR) of the plant and machinery for the tax year 2019 and the period for investment in plant and machinery for availing tax credit is curtailed to 30-6-2019 from 30-6-2021. The Holding Company along with other petitioners has challenged the amendment in the Sindh High Court through constitutional petition, the Honorable Sindh High Court has passed an interim order on December 23, 2019 allowing the petitioners to file the income tax return as per un-amended provisions of section 65(B) of income tax ordinance, 2001, hence the Holding Company has claimed tax credit on BMR @10% in the income tax return for the year ended 30 June, 2019.
- d) The Holding Company along with several other petitioners has filed a Consitution Petition against the Karachi Water & Sewerage Board (KWSB) and others in the Honourable Sindh High Court against a notification dated 30.10.2019 issued by the KWSB whereby increased water charges from Rs. 242 to Rs. 313 per 1000 gallons which is 29% more than the existing rates with retrospective effect from 1.07.2019. The Honourable Sindh High Court has issued stay order against the impugned notification on 16.01.2020 already restrained KWSB from taking any coercive action against the Holding Company. The Holding Company has provided banker's verified various Cheques of aggregate amount of Rs. 27.659 million (June 2019 Rs. Nil) being difference between Rs. 313 and Rs. 242 per 1000 gallons as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision in these consolidated financial Information.

Guarantees

- (a) Guarantees of Rs. 1,120 million (June-2019: Rs. 1,035 million) has been issued by banks on behalf of the holding company 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. 938 million (June 2019: Rs. 893 million).
- (b) Post dated cheques of Rs. 3,208 million (June-2019: Rs. 3,125 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.4,337 million (June-2019: Rs. 4,960 million)
- (d) Corporate guarantee of Rs 143.550 million (June 2019: Rs. 146 million) Rs.662.986 million (June-2019: 661 million) and Rs. 150 million (June-2019: 148 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed Internation FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- (a) The Group is committed for capital expenditure as at March 31, 2020 of Rs.4,754 million (2019: Rs.2,838 million)

Note	Un-Audited	Audited
	March 2020	June 2019
	Rupees in '000	

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1 & 8.2	17,335,567	18,083,686
Capital work in progress (CWIP)	8.4	6,120,677	925,856
		<u>23,456,244</u>	<u>19,009,542</u>

Note	Un-Audited	
	March 2020	March 2019
	Rupees in '000	

8.1 Additions during the period

Land	152,251	-
Buildings and structures on leasehold land	372,029	201,122
Plant and machinery	480,225	1,712,654
Furniture and fixtures	11,298	4,240
Office equipment	76,239	105,746
Vehicles	9,251	41,969
	<u>1,101,293</u>	<u>2,065,731</u>

- 8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.19.65 million (March 2019: Rs. 161.06 million), Rs.69.54 million (March 2019: Rs.1,496 million) and Rs. Nil (March 2019: Rs.60.45 million) respectively.

	Un-Audited	
	March 2020	March 2019
	Rupees in '000	

8.2 Disposals - operating fixed assets (at net book value)

Plant and machinery	262,983	83,157
Vehicles	26,106	58,383
	<u>289,088</u>	<u>141,540</u>

Note	Un-Audited	
	March 2020	March 2019
	Rupees in '000	
8.3 Depreciation charge during the period	1,563,088	1,405,632
8.4 Additions - capital work in progress (at cost)		
Machinery	4,103,135	2,660,950
Building	1,372,175	529,335
Others	-	60,452
	5,475,311	3,250,737
	Un-Audited	Audited
	March	June
	2020	2019
	Rupees in '000	
9 RIGHT OF USE ASSETS		
The recognized right of use assets relate to the following types of assets:		
Balance as at initial application i.e. July 01, 2019	3,654,877	-
Depreciation charged for the period	(553,546)	-
Balance as at March 31, 2020	3,101,331	-
10 INTANGIBLE ASSETS		
Intangible - net book value	10.1 & 10.2	
	211,595	171,880
	211,595	171,880
	Un-Audited	
	March	March
	2020	2019
	Rupees in '000	
10.1 Additions - intangibles (at cost)		
Computer Software	63,611	35,014
10.2 Amortisation charge during the period	23,896	11,901
11 LONG TERM INVESTMENT		
	Un-Audited	Audited
	March	June
	2020	2020
	Rupees in '000	
Investment in Associate - World Wide Developers (Pvt) Limited	1,069,886	-
Investment in Term Finance Certificate	70,000	-
	1,139,886	-
12 FINANCE COST		
	Un-Audited	
	March	March
	2020	2019
	Rupees in '000	
Mark-up/profit on short term borrowings	653,766	582,775
Mark-up/profit on long term financing	250,208	262,760
Bank and other charges	211,473	127,629
Exchange loss on foreign currency loans	42,468	14,868
Markup on Finance lease obligation	276,572	-
Markup on workers' profit participation fund	4,826	7,371
	1,439,313	995,403
	Un-Audited	
	March	March
	2020	2019
	Rupees in '000	
13 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprises of:		
Cash and bank balances	1,084,241	696,071
Short term borrowings	(23,734,526)	(19,997,081)
	(22,650,285)	(19,301,010)
14 TAXATION		
Provision for current taxation has been made on the basis of normal tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.		

15 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;** Production of greig fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-ups 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.

15.1 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	
	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019	Mar-2020	Mar-2019
	-----Rupees '000-----																							
Sales	11,405,162	10,209,482	2,524,348	1,216,841	16,133,987	14,965,209	30,750,780	27,245,435	344,658	375,152	1,650,653	1,667,460	-	-	127,318	-	9,288	67,376	1,157,169	882,279	(17,422,819)	(15,049,412)	46,553,226	41,579,822
Cost of sales	10,173,593	8,969,925	2,144,088	1,283,996	11,979,592	10,361,988	28,393,234	23,955,633	287,906	273,977	1,540,783	1,482,454	-	-	106,170	-	8,360	62,425	969,948	591,282	(17,442,392)	(15,062,161)	38,055,112	31,919,519
Gross profit	1,231,569	1,239,557	380,260	(67,155)	4,154,395	4,603,221	2,357,546	3,289,802	56,752	101,175	109,870	185,006	-	-	21,148	-	928	4,951	187,221	290,997	19,573	12,749	8,498,114	9,660,303
Distribution costs and administrative costs	135,495	106,659	82,377	48,650	3,403,410	3,422,391	2,182,392	1,824,983	57,422	67,713	107,577	149,661	-	-	61,447	-	255	265	249,512	271,316	-	-	6,279,887	5,891,636
Profit/(loss) before tax and before charging the following	1,096,074	1,132,898	297,883	(115,805)	750,985	1,180,830	175,154	1,464,819	(670)	33,462	2,293	35,345	-	-	(40,299)	-	673	4,686	(62,291)	19,681	19,573	12,749	2,218,227	3,768,667
Other operating costs																							218,238	234,514
Other income																							(453,892)	(536,964)
Finance costs																							1,439,313	995,403
Profit before taxation																							1,203,659	692,953
Taxation																							1,014,568	3,075,714
Profit after taxation																							397,917	283,280
																							616,651	2,792,434
Depreciation and Amortisation Expense	430,922	386,776	239,335	238,942	793,776	240,033	667,845	547,928	3,138	3,236	272	619	-	-	4,601	-	-	-	639	-	-	-	2,140,530	1,417,534

15.2 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	
	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019	Un-Audited Mar-2020	Audited June - 2019
	-----Rupees '000-----																							
Assets	18,711,641	13,998,440	4,467,795	3,698,216	14,333,483	9,177,713	30,574,896	25,982,446	570,920	598,772	1,137,209	463,119	71,830	20	566,068	659,482	12,947	8,199	663,090	723,278	842,692	1,600,843	71,952,570	56,910,528
Elimination of intragroup balances																							(1,824,627)	(1,529,167)
																							70,127,943	55,381,361
Liabilities	8,732,658	5,383,577	2,575,062	2,093,069	6,139,613	1,401,000	15,914,281	13,281,795	61,293	165,275	1,404,586	1,157,756	-	-	397,402	222,201	5,735	4,334	386,807	273,015	20,626,781	16,960,932	56,244,218	40,942,954
Elimination of intragroup balances																							(1,742,753)	(1,444,959)
																							54,501,465	39,497,995
Segment Capital Expenditure	4,065,219	1,972,503	367,226	844,451	371,606	367,046	1,179,369	1,580,830	2,024	595	1,073	-	-	-	20	-	-	-	6,729	-	365,588	287,171	6,358,854	5,052,596

15.3 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.

15.4 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.

15.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.8,970 million (Mar-2019: Rs.7,696 million).

15.6 Information by geographical area

	Revenue		Non-current assets	
	For the nine months ended (Un-audited)		Un-Audited	Audited
	Mar - 2020	Mar - 2019	Mar - 2020	Jun - 2019
	-----Rupees in '000-----			
Pakistan	20,499,235	18,243,054	28,218,274	19,472,046
Germany	8,256,761	7,435,156	-	-
United States	5,229,828	3,665,816	6,090	-
Netherlands	2,355,188	2,109,154	-	-
Italy	1,552,483	1,830,408	-	-
United Kingdom	1,808,351	1,611,616	117,239	118,891
Spain	644,565	465,265	-	-
France	1,562,360	1,793,736	-	-
Sweden	781,266	685,103	-	-
China	635,670	672,969	-	-
United Arab Emirates	559,769	365,909	20,340	33,322
Other Countries	2,667,750	2,701,636	-	-
Total	46,553,226	41,579,822	28,361,943	19,624,259

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, directors of the Group and key management personnel. The Group in the normal course of business carried out transaction with various related parties.

Relationship with the Group	Nature of transactions	Un-Audited	
		Mar - 2020	Mar - 2019
		Rupees in '000	
Parents Company	Dividend Paid	598,067	598,067
Associated Companies and other related parties	Purchase of goods	145,580	11,410
	Sale of goods	8,608	1,458
	Rent paid	61,581	57,816
	Fees paid	2,500	2,500
	Donation paid	6,000	917
	Bills discounted	8,516,723	7,439,447
	Markup and other bank charges	115,669	114,021
	Holding Company's contribution to provident fund	159,479	130,974
	Dividend paid	36,491	26,979
Relationship with the Group	Nature of outstanding balances	Un-Audited	
		Mar - 2020	Jun - 2019
		Rupees in '000	
Associated companies and others related parties	Long term investment	1,069,886	
	Deposit with banks	164,630	46,495
	Borrowings from Banks	933,739	959,025
	Bank guarantee	938,326	893,326
	Trade and other payables	5,910	7,781
	Trade debts	4,478	845
	Accrued mark-up	2,148	14,348
	Advance to supplier	-	2,882
	Loans to key management personnel & executive	82,295	100,129
	Payable to employee's provident fund	27,375	22,644
	Prepaid Rent	38,403	40,054

There are no transactions with directors of the Holding Company and key management personnel other than under the terms of employment for the period ending March 31, 2020 amounting to Rs.1,254 million (March 31, 2019: Rs.858 million) on account of remuneration.

17 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 Holding 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).

Financial assets and liabilities of the Holding Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

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 Holding 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 Holding Company does not expect that unobservable inputs may have significant effect on fair values.

18 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

The Holding Company has approached all Banks and DFIs for one year deferment of long term loans installments, in line with the relief measures announced by the State Bank of Pakistan. The aggregate of amount due within one year is around Rs. 1.25 billion, and if approved, would result in the extension of the total loan repayment period by one year.

19 CORRESPONDING FIGURES

For better presentation and due to revisions in the Companies Act 2017, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs '000
Sales	Other income	
Sales - net (Exchange gain on realization of export receivables)	Other income	372,264
Cost of sales	Other income	
Cost of sales (Exchange gain on purchase)	Other income	38,747

20 DATE OF AUTHORISATION

These financial statements were authorised for issue on April 29, 2020 by the Board of Directors of the Group.

21 GENERAL

- 21.1 Allocations for the workers' profit participation fund, workers' welfare fund and taxation are provisional and final liability including liability for deferred taxation will be determined on the basis of annual results.
- 21.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer