dreams worth weaving

Annual Report 2020

Gadoon Textile Mills Limited

7-A, Muhammad Ali Society
Abdul Aziz Haji Hashim Tabba Street
Karachi 75350 Pakistan

T 021 3520 5479 - 80
F 021 3438 2436
W gadoontextile.com

A Part of YBG

gadoon

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company information

Board of Directors
Mr. Muhammad Yunus Tabba (Chairman)
Mr. Muhammad Sohail Tabba (Chief Executive Officer)
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba
Ms. Zulekha Tabba Maskatiya
Mr. Saleem Zamindar (Independent Director)
Mr. Zafar Masud (Independent Director)

Audit Committee
Mr. Saleem Zamindar (Chairman)
Mr. Zafar Masud
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba

HR and Remuneration Committee
Mr. Saleem Zamindar (Chairman)
Mr. Jawed Yunus Tabba
Ms. Zulekha Tabba Maskatiya

Budget Committee
Mr. Zafar Masud (Chairman)
Mr. Muhammad Ali Tabba
Mr. Muhammad Sohail Tabba
Mr. Jawed Yunus Tabba

Executive Director Finance and Company Secretary
Mr. Abdul Sattar Abdullah

Chief Financial Officer
Mr. Muhammad Imran Moten

Chief Internal Auditor
Mr. Haji Muhammad Mundia

Auditors
Deloitte Yousuf Adil
Chartered Accountants
A Member of Deloitte Touche Tohmatsu

Registered Office
200-201, Gadoon Amazai Industrial Estate,
Distt. Swabi, Khyber Pakhtunkhwa.
Phone: 093-8270212-13
Fax: 093-8270311
E-mail: secretary@gadoontextile.com

Head Office
7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim
Tabba Street, Karachi 75350.
Phone: 021-35205479-80
Fax: 021-34382436

Liaison Office
Syed's Tower, Third Floor, Opposite Custom House,
Jamrud Road, Peshawar.
Phone: 091-5701496
Fax: 091-5702029
E-mail: secretary@gadoontextile.com

Factory Locations
- 200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa.
- 57 km on Super Highway, near Karachi.

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited (Islamic Banking)
Bank AL Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank Pakistan Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

E-Communication
Website: www.gadoontextile.com
Facebook: www.facebook.com/Gadoontextile
LinkedIn: https://www.linkedin.com/company/gadoontextilemillslimited

Share Registrar/Transfer Agent
CDC Share Registrar Services Limited
CDC House 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi.
Toll-Free: 0800 23275

gadoon at a glance

Our History
In the late '80s, the Government invited the corporate sector of Pakistan to set up industrial units in the Gadoon Amazai area of District Swabi, Khyber Pakhtunkhwa, to eradicate prevalent poppy cultivation and provide an alternative source of employment.

The Yunus Brothers Group (YBG), considering this corporate social responsibility, participated towards this noble cause, collaborating with the Government and laid the foundations of Gadoon Textile Mills Limited (GTML) in 1988. The Company continued its operations, despite the unilateral withdrawal of incentive, offered by the Government for setting up industrial units, in 1991.

The aim to achieve its goals led to further expansion and growth, as an additional production facility was set up in Karachi, followed by a merger with Fazal Textile Mills Limited (FTML). The timeless effort made GTML "one of the largest spinning unit of Pakistan."

Our Business
GTML primarily engaged in the textile industry of Pakistan operates in the B2B segment. Involved in the fiber spinning and knitting sector markedly, its production facilities have the capacity of spinning and processing all categories of cotton and manmade fiber, including knitting home textiles.

The innovative and quality products and ethical and professional standards have helped maintain a customer's portfolio, comprising some of the industry's greatest names at home and abroad. These connections have been strengthening the fabric for the previous thirty-two years.

In addition to the textile sector, the Company also operates in the dairy segment where the prime business is the production and sale of milk. The dairy segment started commercial production on June 30, 2019, with a current herd size of over 850 animals.

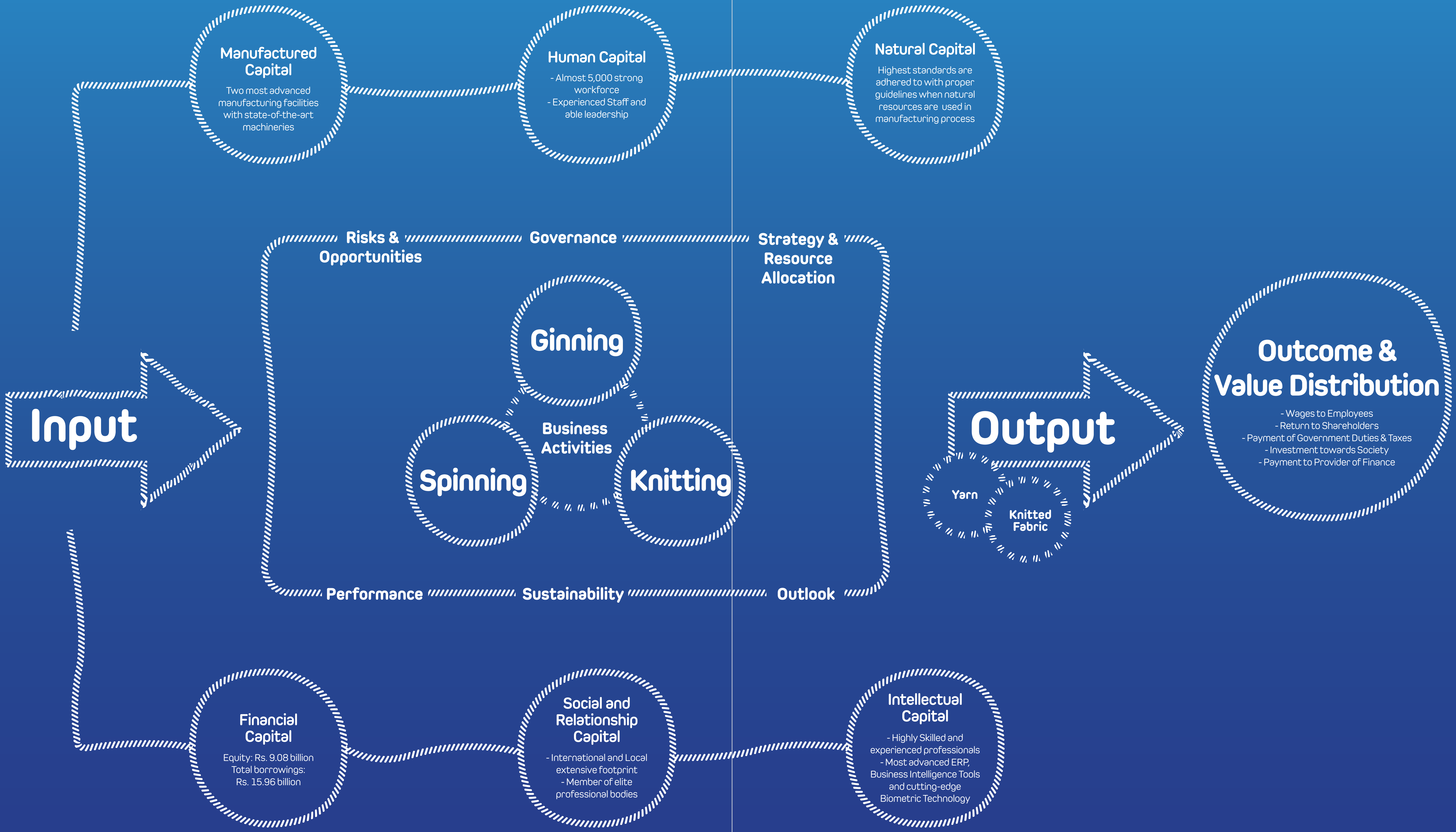
Our Products
The Company offers a diverse product portfolio mentioned as follows:

Yarns
- 100% Grey Cotton Ring Spun Yarn
- Compact Yarn
- Core Spun Yarn
- Fancy Yarn
- Man-Made/Cellulose Yarn
- Melange/Heather Grey Yarn
- Multi Count Yarn
- Multi Slub Yarn
- Murata Jet Spun Yarn
- Murata Vortex Spun Yarn
- Open-End Yarn
- Poly/Cotton Yarn
- Siro Yarn
- Slub Core Spun Yarn
- Slub Yarn
- TFO Yarn
- Zero Twist Yarn

Knitted Fabric
- Grey and Dyed Fabric
- Knitted Fitted Sheet/Comforter

Our Brands
Koyal and Peach are our two yarn brands having a significant prominence in the market.

business model



geographical spread

Belgium
China
Croatia
Dominican Republic
Egypt
El Salvador
France
Germany
Guatemala
Honduras
Hong Kong
Indonesia
Italy
Japan
Kazakhstan
Malaysia
Netherlands
Pakistan
Poland
Portugal
South Korea
Taiwan
Thailand
Turkey
USA
Vietnam

our vision, mission, culture and core values

Vision

To be the textile manufacturer of the first choice for customers at home and abroad, doggedly pursuing sustained leadership in the markets where it competes and making its valuable contribution to the Country's exports.

Mission

Our mission is to manage a textile business entity aimed at producing quality yarns through innovative technology and effective resource management, maintaining high ethical and professional standards, and coming up to the expectations of all our customers.

We persevere to achieve the highest possible operating efficiencies and lowest costs and expand the business through selective expansion so that we are able to deliver maximum value to stakeholders.

Culture

GTML embraces a culture that is driven by a people-oriented approach and empowers a collaborative environment for employees. The management is committed to promoting a coherent culture and facilitating effective teamwork at the workplace; thus, our strong belief in cultivating open communication is reflected in all that we do. Frequent feedback and performance evaluation on various levels are ensured to sustain equity and transparency of employees, which supplement mutual trust and respect among employees and with management.

Core Values

- Total Quality Management
- Ethical Practices
- Environmentally Conscious
- Innovation

code of business conduct and ethical principles

Statement of Intent
The Company ensures that ethical standards are highly maintained and observed in the conducting of business functions. The Code of Conduct policy has been devised to provide direction to the Company employees in meeting the standards of professional and personal integrity and guiding them towards the proficient conduct. The Human Resource department serves its purpose in ensuring that the employees are well aware of the guidelines. Following are the salient features of Code of Conduct:

Compliance with Laws and Regulations
Each employee must comply with all the applicable laws and regulations. Further, it is also imperative to ensure that the rights of all stakeholders are being protected.

Conflict of Interest
Employees are required to avoid engaging in activities that conflict with the Company's best interest. In case an employee or their close relatives are suppliers or competitors of the Company, it shall be disclosed upon the date of joining, as it might result in a situation of conflict of interest. Abuse of position to achieve self-interests is impermissible.

Anti-Bribery and Anti-Corruption
Employees are required to conduct business operations fairly and honestly to maintain the Company's integrity and reputation. Involvement in the acts of bribery or corruption for business or financial gain is prohibited and must be reported.

The Company does not associate itself or is involved with any political party. Thereby, all employees are instructed to refrain from utilizing the assets of the Company in indulgence and appearance for any political activities by any means.

Confidentiality
Confidential information must not be disclosed to unauthorized personnel or used for personal benefit by the employees. Disclosure of sensitive data is permissible in the provision of written approval from authorized individuals, or the information is required by the court, regulatory body, or governmental agency. Confidentiality of the Company information shall be adhered to throughout the employment period, and even after leaving the Company.

Property Protection
The Company expects its employees to abide by the laws of refraining from any embezzlement of its property, both tangible and intangible assets, entrusted to them, and handle them responsibly.

Fair and Respectful Workplace
Providing a positive work environment for its employees is the utmost priority. The Company has high intolerance for disrespect, discrimination, favoritism, harassment, and misuse of authority. GTML is an equal opportunity employer and encourages diversity in the workforce.

The Company expects its employees to withhold similar principals while conducting business functions, as employees are representatives of the Company.

Health, Safety, and Environment
Ensuring the health and safety of its employees and environmental protection is the focus of GTML. In this regard, the Company has adopted measures to offer a safe working environment and minimize its environmental impact.

The possession of firearms or other weapons or any other dangerous or illegal articles on Company premises or while on Company business, with the exception of employment/job requirement in the Company operations, is strictly prohibited.

Quality Assurance
Product quality is the core focus of GTML. The Company is committed to discovering, developing, manufacturing high-quality products without compromising on the contractual or agreed quality of the product.

Separation from the Company's Employment
Employees must ensure that on leaving the Company's employment due to any reason, the charge and all Company belongings are handed over duly to the satisfaction of management. All the material, electronic equipment, computer and accessories, mobile set and SIM card, soft or hard copies of Company documents, or any Company information or property in any shape or form is returned.

group profile

YBG

About YBG
YBG is one of the biggest conglomerates in Pakistan with diversified interests in textiles, building materials, real estate, power generation, chemicals, pharmaceuticals, food, and automotive. The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is one of the largest export houses in Pakistan.

Holding Company

YB HOLDINGS

YB Holdings (Private) Limited (YBHPL)
YBHPL was incorporated in Pakistan in the year 2013 as a Group Holding Company. The company invests mainly in its group companies and has a diverse portfolio in building materials, textiles, energy, chemical, trading, food, and real estate.

Associates

ICI PAKISTAN

ICI Pakistan Limited (ICIP)
ICIP is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (PSX). The company, along with its subsidiaries, is engaged in the manufacturing of polyester staple fiber, POY Chips, soda ash, specialty chemicals, sodium bicarbonate, polyurethanes, marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products, and merchandising of general chemicals. It also acts as an indenting agent and also deals in the manufacturing of infant milk powder.

LUCKY HOLDINGS LIMITED

Lucky Holdings Limited (LHL)
LHL is a subsidiary of Lucky Cement Limited (LCL) and was incorporated in Pakistan in the year 2012 as a public unlisted company under the Companies Ordinance, 1984. LCL holds 75% shares of LHL. The main source of earning of LHL is the royalty income received from ICIP.

Yunus Energy Ltd.

Yunus Energy Limited (YEL)
YEL was incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a public unlisted company, in the year 2011, to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta.

The project is equipped with state-of-the-art European technology. Wind Turbine Generators (WTGs) have been manufactured by Nordex Energy Germany, one of the top WTG manufacturers from Europe; an electrical balance of plants has been supplied by Alstom France, a leading grid solution provider; whereas construction activities have been carried out by Descon Engineering Limited, the biggest construction, and engineering company of Pakistan.

It is a clean energy project, harnessing renewable wind resources for the generation of electric power without any carbon emissions. The project is supplying electricity to the national grid on a regular basis post commencing commercial operations in September 2016.

Associated Companies

Aziz Tabba Foundation

Aziz Tabba Foundation (ATF)

ATF is a not-for-profit organization, incorporated in the year 1987. It is a well-reputed platform which undertakes to provide financial support to the financially deprived people towards their basic amenities and healthcare treatment. Welfare supports include providing financial assistance for their shelters, education, marriage, vocational training, laptop support, equipment support, monthly aid, self-employment scheme (motorcycles & rickshaws), Ramadan rations, and healthcare treatment. In order to address the acute water shortages in different colonies and underprivileged areas of Karachi, the Foundation has also ventured into setting up tube wells besides arranging water through boring sources for the residents of these low-developed localities.

ATF is also running two hospitals, namely Tabba Heart Institute (THI) and Tabba Kidney Institute (TKI), which cater to world-class healthcare services to the community coming from across the Country.

Kia Lucky Motors Pakistan Limited (KLM)

KLM was incorporated in Pakistan in December 2016 as a public unlisted company. The company completed its first year of operations at the end of this year. KLM's state of the art facility has the capacity to produce 50,000 vehicles per annum on a double shift basis. Currently, it has 28 showrooms/service facilities across 17 cities to serve its customers across Pakistan.

KLM received an overwhelming market response to its launch of "SPORTAGE" a 2000 CC SUV and "PICANTO" a 1000 CC Hatchback, the deliveries of which started in July 2019 and October 2019 respectively.

Lucky Air (Private) Limited (LAPL)

LAPL is a subsidiary of LCL and incorporated in Pakistan in 2012 as a private company limited by shares. The company operates an aircraft of Lucky Cement Limited. It provides services of the aircraft crew, aircraft administration, management, fuel & technical and engineering services on inbound and outbound flights of the aircraft for LCL.

Lucky Cement Limited (LCL)

Founded in 1993, LCL stands as the flagship company of YBG. LCL is the largest producer of cement in Pakistan with a production capacity of 12.15 MTPA and remains one of the Country's leading exporters of quality cement. LCL is listed on the PSX. The company has also issued Global Depository Receipts (GDRs), listed and traded on the Professional Securities Market of the London Stock Exchange, and is the first Shariah Compliant company of Pakistan certified by the SECP.

Over the years, the company has grown substantially and is expanding its business operations with production facilities at strategic locations in Karachi to cater to the southern regions and Pezu, Khyber Pakhtunkhwa, to serve the northern areas of the Country. LCL is Pakistan's first company to export sizable quantities of loose cement, being the only cement manufacturer to have its own loading and storage export terminal at Karachi Port.

LCL strives to remain an efficient and low-cost producer and is one of the pioneers to introduce and install Waste Heat Recovery, Refuse Derived Fuel (RDF), and Tyre Derived Fuel (TDF) plants in Pakistan. It also has a self-sufficient captive power generation facility of 180 MW and supplies additionally generated electricity to support the national grid. LCL owns a fleet of bulkers and trailers, which gives added advantage in terms of logistics and efficient deliveries to all types of customers spread across the length and breadth of the Country. LCL remains focused on the responsible and rational use of natural resources, a strategy that allows it to reduce any adverse impact of its operations and increase its operational efficiency. The company has embedded sustainability at the core of its operations. All the initiatives developed in relation to eco-efficiency are based on its commitment towards the United Nations Sustainable Development Goals 2030.

Lucky Commodities (Private) Limited (LCPL)

LCPL is a trading arm of YBG and is the leading supplier of South African coal in Pakistan. LCPL aims to be the preferred supplier for customers by conducting business with integrity, unparalleled services, and professionalism. Pakistan is currently facing a severe shortage of electricity; however with the Government's initiative, and the execution of coal-fired power plants in the Country, many industries in Pakistan are moving towards coal as their first priority for electricity and steam generation.

As one of the largest suppliers of South African RB1 coal in Pakistan, LCPL makes an important contribution to the industrial sector by fulfilling its coal requirements. Being part of the largest business conglomerate of Pakistan, LCPL has a strong market presence, which supports the company to build up a network of high-profile clients, which include power, chemical, textile, steel, and other major manufacturing industries.

Lucky Electric Power Company

Lucky Electric Power Company Limited (LEPCL)

LEPCL envisions being the premier energy producer from the private sector to provide economical, safe, and reliable power to the off-taker and deliver sustainable value to all stakeholders. LEPCL is setting up a 660 MW Supercritical Coal-Fired Power Plant (CFPP) at Bin Qasim, Karachi, fueled by Thar lignite coal. It will be Pakistan's first indigenous fuel power plant outside Thar. The project will usher in a new era of indigenous fuel utilization for baseload power generation, in line with the national objective of reducing reliance on imported fuel. Latest technology for emission control is being installed, which includes Flue Gas Desulphurization (FGD), Electrostatic Precipitators (ESP) along with associated environmentally friendly equipment. This project is scheduled to be operational in the second quarter of 2021. The power generated will be fed into the national grid in line with a power purchase agreement signed with the Government.

Lucky Energy (Private) Limited (LEPL)

LEPL is a Captive Power Producer (CPP) under the National Electric Power Regulatory Authority (NEPRA) incorporated in July 1993. LEPL, is a gas-based thermal power generation unit, with a total production capacity of 56.575 MW. It is equipped with one of the most sophisticated and highly-efficient generators and supplies uninterruptible power to its group companies.

Lucky Entertainment (Private) Limited (LEL)

LEL is involved in managing the Onederland, which is regarded as one of the largest and safest Family Entertainment Center (FEC) in Pakistan, located in Karachi's largest mall LuckyOne. Based on two levels, Onederland features technologically advanced indoor attractions and was awarded the 14th Consumer Choice Award 2019 as "Best FEC and Best Indoor Roller Coaster."

The company has partnered with internationally acclaimed and award-winning manufacturers to provide one of a kind entertainment centers in the city. Featuring arcade games, thrill rides, and virtual reality entertainment, being a member of IAAPA (The Global Association for the Attractions Industry), and the Middle East and North Africa Leisure Attractions Council (MENALAC), Onederland is a one-stop amusement spot for kids and adults alike.

Lucky Exim (Private) Limited (LEXL)

LEXL, an indenting arm of YBG, is the largest indenter of South African coal in Pakistan. LEXL is the preferred supplier of customers as the business is conducted with integrity, unparalleled service, and professionalism. Therefore, customers are provided with premium coal that offers the best value for money without compromise on quality. With an initial focus on coal trading, the company plans to diversify its trade activities to various energy and dry bulk commodities.

Lucky Foods (Private) Limited (LFPL)

Incorporated in 2015, LFPL has a strategic aim to be one of the leading corporate dairy farms in Pakistan. The company is currently focusing on local animals and has also developed its retail shops and home delivery network to reach household consumers. The company has also ventured into the marketing of yogurt and plans to add more value-added dairy products. The farm is located at Super Highway, Karachi. LFPL aims to be a leading player in food-related products, across Pakistan and in the export market.

Lucky Knits (Private) Limited (LKL)

LKL started its operations in 2005. Located in Karachi, the factory consists of a vertically integrated set up, having its own knitting, dyeing, cutting, printing, stitching & packing facilities. The company manufactures a substantial variety of knitted garments, and product line ranges from T-shirts, polo shirts, hoodies, jackets, shorts, trousers, and face masks. As LKL is one of the premier apparel manufacturers in Pakistan with the advantage of having all the facilities "under one roof," it has succeeded in building effective systems in quality control and inspection procedures.

Lucky Landmark (Private) Limited (LLPL)

Situated in the heart of the city, LLPL owns the LuckyOne Mall, which opened its doors for the public on May 6, 2017. One of the largest malls of Pakistan, with more than 200 retail outlets, the LuckyOne Mall provides an unprecedented retail space that includes a health & wellness avenue, wedding galleria, banking enclave, and food court. Having the largest Carrefour and the biggest atrium in Pakistan, LuckyOne Mall is the first in the industry to have an in-mall open-air food street and an international standard FEC, i.e., Onederland. To facilitate the customers, the mall also offers a double-story parking lot sufficient for around 1500 cars.

Recognized for providing an ultimate shopping experience, LuckyOne Mall continues to expand, renovate, and offer an innovative and engaging experience to its audience, making it truly the place to be!

Lucky Textile Mills Limited (LTML)

LTML was established in 1983 and has since remained one of the leading textile manufacturers in the Country. The company is engaged in the activity of manufacturing and export of fabrics, home textiles, and garments. It has two state-of-the-art weaving mills that altogether have 483 Sulzer Shuttleless looms and 408 Air Jet looms, which are equipped with a computerized back process comprising of Karl Mayer warping and sizing machines.

It has the capacity to process 72 million meters per annum of fabric. Further, LTML has its own power generation facility of 6 MW. The stitching division is equipped with sophisticated high-tech machines that can stitch fabrics and transform them into home textile as well as apparel products with a high degree of precision. Stitching machines include Juki, Brother, Kansai, and automated Texpa plants.

LuckyOne (Private) Limited (LOPL)

LOPL is a project company that has constructed LuckyOne Mall and LuckyOne Apartments. LuckyOne Apartments is a magnificent, multifaceted, first-of-its-kind high-end residential complex that will revolutionize the luxury living experience in Pakistan. LuckyOne Apartments integrates seven elegant residential towers and a large 8-acre rooftop park. The project comprises two phases, of which Phase-1 is being launched.

Conveniently situated at the prime location of Karachi on main Rashid Minhas Road, opposite UBL Sports Complex, the apartments are easily accessible through major flyovers of Karachi. The unbeatable mix of top-class luxury apartments and high-end amenities like swimming pool, gymnasium, jogging track, tennis courts, reading room, event hall, play areas, and the amazing 8-acre rooftop park makes LuckyOne Apartments the premiere lifestyle destination for urban living in Karachi.

Tabba Heart Institute (THI)

THI is the leading cardiac care hospital in Pakistan. Since its inception in 2005, the hospital has carved a niche for itself in the cardiac healthcare sector of the Country by providing the highest quality of care. The hospital has the distinction of being the "first and only" hospital in Pakistan to be recognized by the American College of Cardiology for its quality cardiac care practices.

Founded by renowned philanthropist Mr. Abdul Razzak Tabba (late) with the vision of "Quality Care at an Affordable Cost," today THI has grown manifolds in its reach and magnitude. Because of the high demand for its quality services, the 170-bed facility also has two outreach diagnostic centers in DHA-Karachi & Autobahn-Hyderabad, with eight laboratory specimen collection units conveniently located across Karachi to cater to the larger population base.

Besides offering the complete range of therapeutic and preventive care for cardiovascular diseases, OPD consultations are also available for electrophysiology, diabetology, pulmonology, nephrology, neurology, infectious diseases, gastroenterology, physiotherapy, psychiatry, a geriatrician and general physician.

THI also has a structured & recognized fellowship training program in interventional cardiology, cardiac surgery & cardiac anesthesiology. Moreover, the hospital also offers core skills training programs in nursing and allied health services.

Having the services of top-notch consultants supported by highly skilled, trained, and motivated paramedical & administrative staff makes THI the top-rated cardiac hospital of the Country.

Tabba Kidney Institute (TKI)

TKI is a 100-bed modern and well-reputed postgraduate training & research center with state-of-the-art technology and modern expertise and is committed to providing comprehensive nephro-urological and allied medical treatment. TKI enjoys an impeccable image in the healthcare sector as it is famous for the cure of renal diseases and maintaining facilities of rapid emergency, in-patient department, consultant clinics/OPD, clinical laboratory, pharmacy, high-tech operation theatres equipped with the latest equipment like flexible ureterorenoscope, 3D laparoscopic equipment, 140 W Laser, and 4K camera technology.

The unmatched quality services of TKI have been certified by the International Organization for Standardization (ISO) and accredited by the College of Physicians and Surgeons Pakistan. TKI, being more than a hospital, gains excellence in surgical research and has developed itself into a staggering educational institute. For the facilitation of patients, TKI has set-up a diagnostic & consultation center in DHA Karachi and operates an OPD clinic in Hyderabad to spread its services across Sindh. TKI not only provides comprehensive kidney care, but is also committed to educating medical professionals via offering fellowship training programs in Urology and Nephrology. TKI organizes various workshops and conferences inviting healthcare experts from across the globe, which not only enriches professional knowledge to TKI students and fellow doctors but also to those coming from different parts of our Country.

Tricom Wind Power (Private) Limited (TWPPL)

TWPPL is another step of YBG towards sustainable green energy, incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a private limited company, to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta.

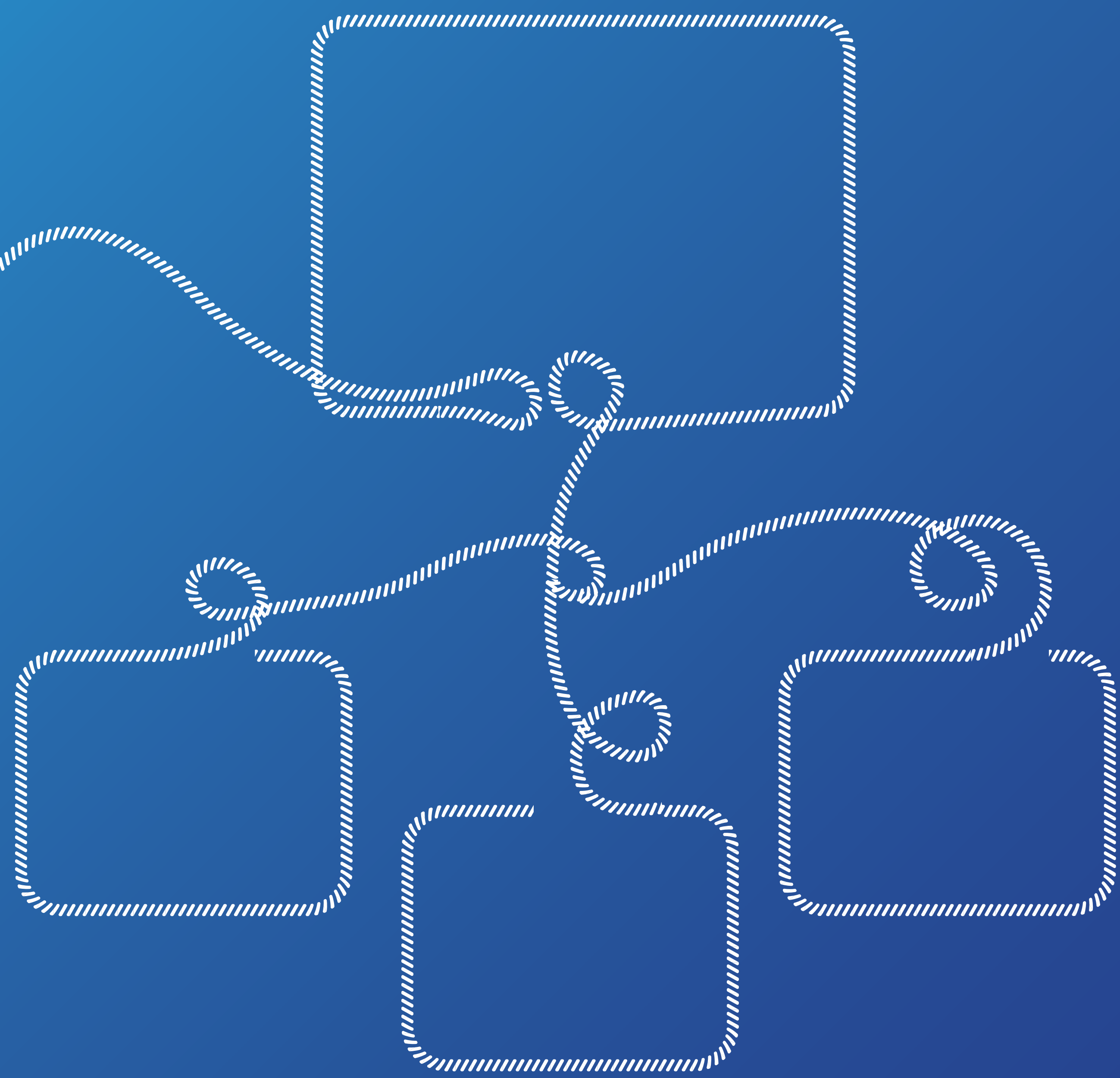
The company has achieved its financial close on November 18, 2019, and is currently under the construction phase. The company is expected to commence operations in the first half of 2021. The project is financed by a consortium of local and foreign lenders.

Y.B. Pakistan Limited (YBPL)

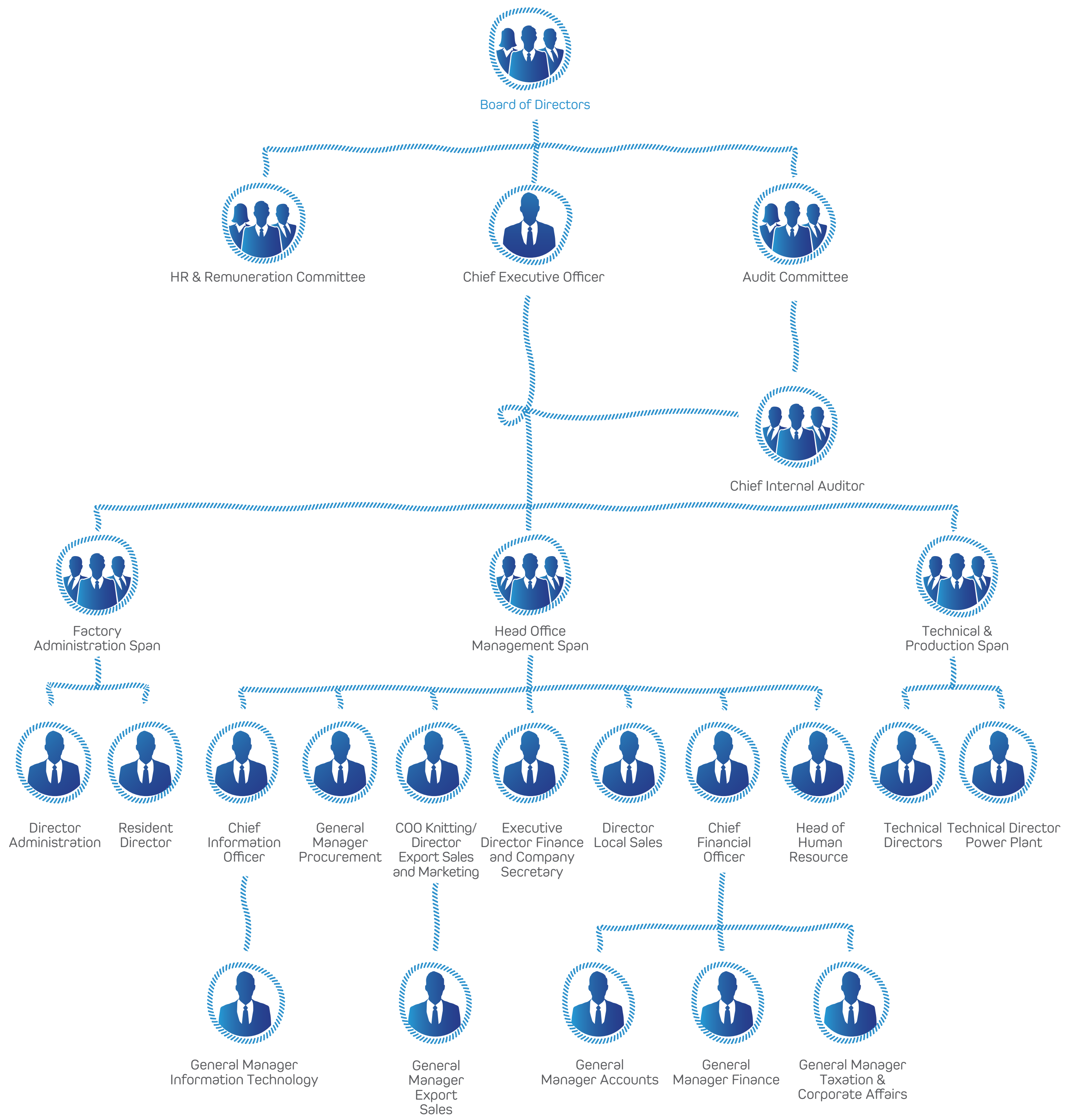
Yunus brothers started a business in 1962 as a partnership between Mr. Abdul Razzak Tabba (Late) and Mr. Yunus Tabba. Initially, trading of grey cloth was the main business. However, with time the firm started dealing in other commodity items like wheat, rice, corn, and other pulses, etc. In order to encourage corporate culture, the management decided in 2012 to convert the partnership firm into a public limited company with the name and style of YBPL. The company has a diversified portfolio of investments in various segments of businesses.

Yunus Textile Mills Limited (YTML)

YTML is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, dyeing, printing, finishing, and cut & sews with a workforce of 3,900 employees. In a span of 10 years, it became the number one home textile exporter of Pakistan with a 10% share (approx.) of all home textiles exported. The company has its international warehousing, distribution, and design development offices in the USA and France.



organizational chart

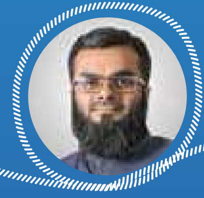


executive management

Head Office

Mr. Muhammad Sohail Tabba
Chief Executive Officer

Mr. Abdul Sattar Abdullah
Executive Director Finance and Company Secretary



Mr. Imroz Iqbal
COO Knitting/Director Export Sales and Marketing

Mr. Muhammad Imran Moten
Chief Financial Officer

Mr. Salam Chottani
Director Local Sales

Mr. Haji Muhammad Mundia
Chief Internal Auditor

Gadoon Amazai Plant

Mr. Waqar Ahmed Khan
Director Administration

Mr. Iftikhar Ahmed
Director Technical

Mr. Mohammad Nadeem Riaz
Director Technical

Mr. Shafqat Mumtaz Ahmed
Director Technical

Mr. Hafiz Waseem
Director Technical

Mr. Asad Ansari
Director Technical Power Plant

Karachi Plant

Mr. Tahir Saleem
Executive Director Technical

Mr. Akhtar Kamdar
Resident Director

Key Quantitative Information

The number of persons employed as on the date of financial statements and the average number of employees during the year, along with factory employees, is disclosed in note 36 of the financial statements.

position within the value chain

significant factors affecting the external environment and organization's response

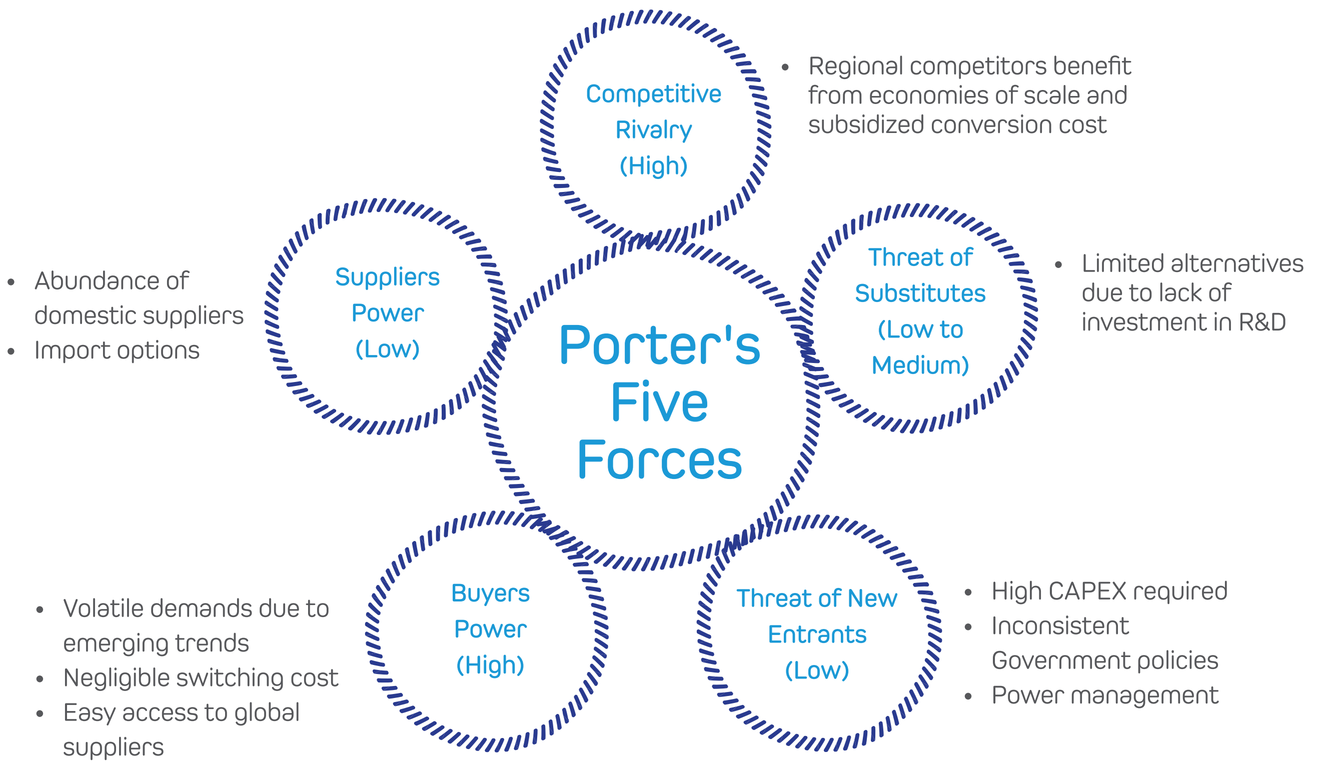
Organizations are affected directly or indirectly by the external environment in which they operate. It is stated with certitude that it is not possible for companies to work in a vacuum or in isolation with their surroundings. The different elements of the external environment are discussed as under:

PESTLE Analysis

Factors	Impact	Response
Political	Stable political conditions impede the growth of any economy. Frequent changes in Government policies affect the confidence level of the investors, and accordingly, business on overall suffers.	- Consistent market analysis by the senior management and proactive planning to mitigate any unfavorable outcome on the Company's business. - Arranging sessions with investors /stakeholders to boost their confidence.
Economic	Economic conditions have a direct impact on the Company's performance. An adverse moment in the exchange rate, interest rates, inflation rate, etc. negatively impact the business of the Company.	The Company actively monitors the economic factors and takes steps to minimize its negative impact. Some of the steps taken during the past couple of years are: • Conversion from foreign currency-denominated borrowings to local borrowings, and vice versa, owing to possible devaluation of the currency or increase in interest rates. • Efficient cotton procurement. • Investment in diversified avenues.
Social	Being socially responsible is another significant factor of critical importance that adds to the Company's performance levels. The organizations involved in playing an active role in the betterment of society earn a name in the market and, accordingly, tend to attract and retain their customers, employees, and other stakeholders.	The Company not only participates diligently in the CSR activities but also encourages its employees to devote their time to the betterment and well-being of the society. In this respect, different activities are planned each year.
Technological	Technological developments and innovation determine the progression of an organization.	- In order to gain a competitive advantage, the Company regularly invests significant amounts on new technologically advanced machinery, which is evident from Rs. 1.37 billion CAPEX this year as well. - The Company also ensures participation of its senior management in various national /international exhibition/training session, to acquaint them with the latest technology.
Legal	Compliance with legal/regulatory requirements is necessary for the Company's smooth operations.	In addition to its professional team, the Company also hires lawyer/tax expert services, on a need basis, to ensure compliance with all legal/regulatory requirements.
Environmental	Company activities have an impact on the environment in which they operate. With the rise in the importance of corporate responsibility, environmental factors are becoming increasingly crucial for the growth of the Company.	In addition to ensuring compliance with applicable environmental laws and regulations, the Company also takes additional steps regularly. Few instances are: • Successfully installed Waste Heat Recovery Plant (WHRP). The plant operates by transforming the engine's heat and smoke into power that is used for further processes. • Tree plantation in the factory premise for limiting the emission of harmful gases in the atmosphere.

Competitive Landscape and Market Positioning

Porter's Five Forces model has been used to analyze the industry structure and the corporate strategy of GTML for further measuring the competition intensity, attractiveness, and profitability of the textile industry.



Effect of Seasonality on Business

The Company's major business is derived from the manufacturing and sale of yarn. The Marketing team performs regular trend analysis to pursue upcoming demand well before regional and international festivals. Also, the business gets slow down during the vacation in China on account of Chinese New Year.

Significant Changes from Prior Years

There were no significant changes within the organization regarding the information disclosed in this section.

Composition of Local vs. Imported Material/Sensitivity Analysis

As a yarn manufacturer, raw cotton is the main raw material. The composition of the raw material procured during the fiscal year is stated as follows:

	Imported		Local		Total	
For the Year	KG (in '000)	(Rupees in '000)	KG (in '000)	(Rupees in '000)	KG (in '000)	(Rupees in '000)
2020	67,678	17,713,321	27,541	5,638,968	95,219	23,352,290
2019	49,741	13,367,880	38,022	8,101,037	87,763	21,468,917

The Company is exposed to foreign currency fluctuation mainly for its imported raw material. If the Pakistani Rupee had strengthened/weakened by 10% against the US Dollars, Euros and Swiss Franc with all variables held constant, the raw material cost for the year would have been higher/lower by Rs. 1.77 billion (2019: Rs. 1.34 billion). This analysis assumes that all other variables, in particular, interest rates remain constant.

awards and achievements

- Top 25 Companies for the Year Award
- Top Exporter (Foreign Exchange Earner) of the Province
- Top Importer of the Province
- Top Income Tax Payer of the Province
- Best Consumer Award
- Businessman of the Year Gold Medal Award
- Business Excellence Award 2016 - 2017
- ACCA and ICAEW Approved Employer Status
- ICAP's Outside Practice Scheme's Enrollment
- Awarded with Best Corporate Report Award 2015 to 2018
- Secured First Place in National Finance Olympiad (NFO) 2016 organized by ICAP

Awards Received During the FY 2019-2020

Best Corporate Report Award

The Company believes in providing the stakeholders with a well-integrated corporate annual report and ensures the quality and transparency of information provided to them.

Keeping in view, the Company's best corporate reporting practices, the Company's Annual Report for the year 2018 was able to secure the third position in the Textile sector in the Best Corporate Report Award competition jointly held by Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

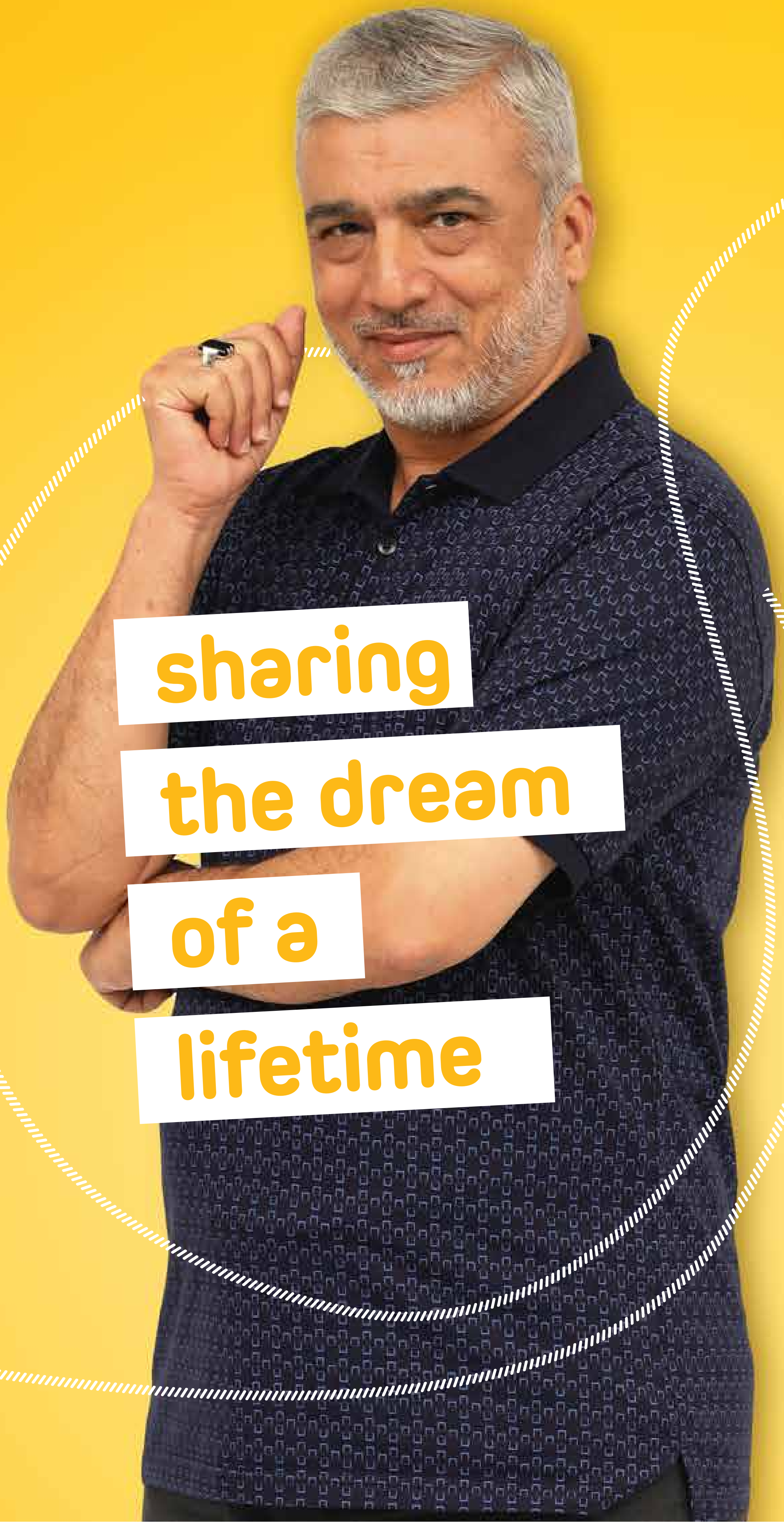
Top 25 Companies Award

The PSX has adopted a practice to acknowledge the performance of the top 25 companies every year based on comprehensive criteria which include; capital efficiency, profitability, free-float of shares, transparency, corporate governance & investor's relation, and compliance with the listing of companies & securities regulations.

GTML bagged the Top 25 Companies Award for the year 2018 for its remarkable performance in the areas highlighted in the criteria.

dreams worth sharing

Strategy and Resource Allocation



sharing the dream of a lifetime

strategy and resource allocation

The foundation of an organization's planning lies upon the identifiable goals towards which all organizational activities are directed. Objectives serve the basis of managerial functions and organizational existence of any organization. GTML devises challenging objectives for attaining profitable results and gaining a competitive advantage in the market. The strategic objectives are an integral part of a business that plays a pivotal role in the organization's success. The objectives of GTML are mentioned below.

Strategic Objectives and Plans

Objective	Priority	Timeline	Status	Strategy	Opportunities/Threat	Resource Allocation Plan	KPIs
Sales maximization and global footprint	High	Short Term	Ongoing Process	Maximize sales by exploring and entering new markets, hence increasing the global footprint of the Company.	Increased globalization, coupled with Government's foreign policies (GSP+, etc.) status given to Pakistan, has supported the industry in retention and further penetration in the market. However, its withdrawal seems to be a threat for the local companies in the prevailing situation where the government of regional competitors incentivizes local manufacturers. Further, the trade war between global trade giants along with the COVID-19 pandemic is also negatively impacting the economy. This poses a further threat to the entire sector, as well as issues, distinctly related to power, tariff, incentive schemes, and increased conversion costs would impede progress in the long run if not dealt by the Government with high priority.	In addition to the budget allocated for marketing to boost export sales (financial capital) and to explore new markets, the management is placing efforts to build a global image of the Company (social and relationship capital). For these reasons, various activities are being planned for the coming year too. The Company, being a member of various forums/associations, also attends investment conferences and seminars both locally and globally, thus promoting its corporate image (social capital). In addition, to ensure presence at various events/seminars, our Corporate and Branding team continuously monitors possible avenues and participates actively.	1. Market Share 2. Number of new Countries tapped
Diversification of risk and businesses to maximize shareholders return	High	Medium Term	Ongoing Process	Expand within and outside the spinning sector by continuously seeking for viable avenues.	Diversifying into new avenues of business is a strategic decision that comes with uncertain business outcomes, high costs in terms of capital expenditure, and human capital requirements. GTML regularly searches for opportunities to invest and diversify its investments and risks, thus ensuring maximum value for its shareholders.	In order to achieve this objective, GTML has strong financial standing and has sufficient available limits (financial capital). In order to manage the investment in diversified projects, GTML has an experienced management pool. The roles and responsibilities have also been appropriately assigned to a dedicated team responsible for managing investments, and their competency level has been ensured.	1. Profitability ratios 2. Return on Capital Employed
Attaining business synergy through operational efficiency	High	Short Term	Ongoing Process	Regularly monitor the business processes and look for ways to make the overall process lean and efficient.	The Company strongly believes in the notion of continuous improvement and focuses on ways to improve overall efficiencies. Sometimes this requires the employment of unconventional practices where outcomes may be unfavorable.	The Company keeps a significant focus on investment in the training and development of its staff and executives at various local and international levels. This helps staff and executives improve their management and technical skills and equip them with the latest production techniques to enhance overall efficiency and effectiveness (Human capital).	1. Impact on costs 2. Internal and External Training sessions

Objective	Priority	Timeline	Status	Strategy	Opportunities/Threat	Resource Allocation Plan	KPIs
Sustain industry leadership	High	Long Term	Ongoing Process - Targets for the year achieved.	Planned and regular upgradation of production facilities; timely deployment of the latest technological innovations and manufacturing techniques to maximize overall efficiencies and production of a customer-centric product.	GTML plans to stay ahead of its competitors and help achieve economies of scale in the long run. Planned upgradation helps the Company in ensuring minimum production downtime. However, the process of upgradation and maintenance does result in high monetary costs initially.	In order to sustain industry leadership, the Company has been investing in technologically advanced machines (manufactured capital). It anticipates that in the coming years, the Company will be able to rationalize its workforce (human capital), which will bring in further value addition to the Company. Moreover, the Company has also expanded its vertically integrated segment, and accordingly, the new site (manufactured capital) has become operational in the month of December 2019.	1. Profitability ratios 2. Market share
Maintain high ethical, professional, and environmental standards	High	Long Term	Ongoing Process	To continuously monitor and incorporate the best industry practices within the Company that contribute to the stakeholders' well-being.	Adoption of such measures would improve the Company's overall brand image. Whereas failure to comply with the industry standards could prove to be a threat to the Company.	The management of the Company places strong emphasis to ensure that all regulatory requirements and best industry standards are complied with (social and relationship capital). Achievement of this objective would help maintain healthy relations with employees (human capital) and other stakeholders. Also, it would provide support for environmental sustainability (natural capital).	1. Employee retention ratio 2. Long term relations with stakeholders

The indicators stated will continue to be relevant in the future as well.

Liquidity Strategy

Current Liquidity Position

The liquidity position of the Company is on a solid foundation, and it has an adequate capital structure mainly supported by equity.

	2020	2019
	(Rupees in '000)	
Equity	9,084,358	9,209,433
Long Term Finance	3,594,781	2,675,091

The Company stands on a strong repayment legacy as the Company has never defaulted any payment against financial institutions, vendors, Government agencies, etc. and the management is confident that the Company would not face any liquidity issues in the future. The Company has sufficient liquid resources in hand to meet its working capital requirement. The Company has managed to improve its current ratio over the years, which is evident from an increase in the current ratio from 0.82 in 2015 to 1.03 in 2020. This depicts the performance of the management in achieving the targets set by the Board. The management ensures all necessary measures to manage the ratio at the optimum level.

The increase in Long term finance is mainly on account of CAPEX during the year. The principal repayment of Rs. 1.31 billion out of Rs. 3.59 billion appearing as long-term finance as at June 30, 2020, will be due after five years.

Financing Arrangements

The Company has cordial business relations with all the reputed banks and financial institutions of the Country. Adequate unutilized financing facilities are available at the Company's disposal. The Company has a sustainable growth with business stability. Moreover, the gearing of the Company has also been monitored and controlled in line with business objectives. The Company regularly monitors the debt-equity ratio to keep the Company from any excessive debt pressure.

Plans and Decisions

From time to time, the Company has diversified its business operation through expansion, restructuring, including the merger. However, there are no plans for any significant restructuring, business operations, or discontinuance of operations in the near future.

Changes in Objectives and Strategies

The business objectives and strategies of the Company are developed through extensive research, planning, and benchmark practices. The objectives and strategies have been designed in alignment with the vision statement of the Company. To measure the Company's performance against the stated objectives, key performance indicators have been set, which are measured and regularly monitored by the management. Other than the impact of the COVID-19 pandemic, as the result of which the Company's operations were curtailed, planned, and then resumed accordingly, there has been no material deviation from the targets' set to achieve the strategic objective during the year.

risk and opportunity report

The management of the Company follows a rigorous approach to risk management, which is essential to running a successful and sustainable business. The Board of Directors of the Company is closely connected to effective risk management. Risk assessment, reporting, and control help enhance governance and control policies and keep the Company aligned with its objectives.

Our Board members have diversified skills, knowledge, and experience, which enable them to identify and manage the key risks that are likely to arise. They also steer the culture of an organization, which promotes an appropriate balance between risk and opportunities.

Risks, Opportunities, and Countermeasures

Potential Risks

Category of Risk	Risk	Form of Capital	Source	Assessment	Effect on Strategic Objectives	Plans and Strategies to Mitigate Risk
Strategic Risk	Economic and Political stability of the Country	Social and Relationship Capital/ Financial Capital	External	Likelihood: Medium Magnitude: High	Unstable conditions cause hindrances for the management to take strategic decisions in order to maximize returns. Further, it can impact the Company's reputation in the global market, making it difficult to expand its global footprint.	The Company believes in an open and transparent relationship with the Government, regulator, and other political stakeholders. As part of the larger industry, the Company, through its representatives, provides valuable suggestions to regulators/committees/ subcommittees. We regularly monitor the economic and legal impacts of Government policies and political actions on the Company as well as the textile industry.

Category of Risk	Risk	Form of Capital	Source	Assessment	Effect on Strategic Objectives	Plans and Strategies to Mitigate Risk
Strategic Risk	New Laws and Regulations	Social and Relationship Capital	External	Likelihood: Medium Magnitude: Medium	Non-compliance with the laws and regulations can negatively reflect on the Company's image.	The Legal and Corporate department proactively monitors and ensures that all relevant laws and regulations are complied with.
Commercial Risk	Increased competition between local and international suppliers of the product	Social and Relationship Capital/ Financial Capital	External	Likelihood: Medium Magnitude: High	Intense competition can impede in sustaining industry leadership.	The Company believes that its years of experience, quality, research and development, brand image, and customer loyalty are success factors to sustain even in this global economic scenario.
	Disposal of waste in an appropriate manner	Manufactured Capital /Social and Relationship Capital	Internal	Likelihood: Low Magnitude: Medium	Failure to comply with the appropriate mannerisms can sabotage the Company's reputation in the market.	Management proactively monitors the arrangement in place and ensures that all environment-related laws are complied with.
Operational Risk	Safety and security of assets	Manufactured Capital	Internal	Likelihood: Low Magnitude: Medium	Damage to the assets can cause financial loss and affect the profitability of the Company.	The Company has formulated and implemented a safety and security mechanism throughout its manufacturing and administrative facilities. Moreover, all assets are insured through reputable institutions in order to safeguard assets against any unforeseen event.
	Employee turnover	Human Capital	Internal	Likelihood: Low Magnitude: Medium	High employee turnover would prevent the Company from achieving overall business synergies.	The Company provides a good working environment and optimal growth opportunities to its employees in order to keep them motivated and to keep them connected with the Company.

Category of Risk	Risk	Form of Capital	Source	Form of Capital	Effect on Strategic Objectives	Plans and Strategies to Mitigate Risk
Financial Risk	Adverse changes in interest rates	Financial Capital	External	Likelihood: Medium Magnitude: Medium	Fluctuation in interest rates can complicate the decision -making process for diversification of business which accordingly will have an impact on shareholders return.	The Company mainly meets its working capital requirements through short term financing facilities. In order to mitigate the risk of rising interest rates, management negotiates prevailing market rates and maintains an efficient portfolio of sources of funds.
	Defaults in payments by Debtors	Financial Capital	External	Likelihood: Low Magnitude: Medium	Defaults in payments may impact the Company's cash flows, which in turn may impact the profitability.	The Company regularly monitors the credit period and balance of major parties. Reconciliation and confirmations are also obtained from parties periodically.

Potential Opportunities

Pakistan is one of those countries where the upper-middle class and middle-class population forms the majority. This factor opens up the opportunity to sell knitted wear and garments to the Country's local mainstream population. The ever so competitive local and international market has made it difficult for companies to sustain. This provides our Company with the opportunity to acquire smaller players of the market and increase its market share and economic efficiencies.

Key Opportunities	Source	Capital Form	Effect on Strategic Objectives	Strategy to Materialize
Increasing profits and growing demand in the market	External	Social and Relationship Capital/ Financial Capital	Enable the Company to maximize sales and returns, facilitating the sustainability of industry leadership.	The Company continuously strives to increase its productivity and profitability and efficiently manages business operations to cope with the growing demand.
Maintaining healthy external relationships strengthen the Company portfolio	External	Social and Relationship Capital	Aids in expansion and sales maximization, which in turn would maximize shareholder return.	The Company works on managing external relations, promoting the brand by enhancing its social media presence, and branding activities to cultivate its brand image.
Hiring of quintessential employees. Skilled resources would assist in continually changing the business climate.	Internal	Human Capital	Help the Company achieve overall business synergies.	The Company participates in Talent Hunt Programs in reputed universities, regularly updates its job application process, and develops talent assessment tests to hire right-fit candidates. The Company actively conducts learning and development programs for improving the soft and technical skills of the employees so that innovation and change can be brought about.
Technology Advancement	External	Manufactured Capital/ Intellectual Capital	Use of latest technology would help the Company stay ahead of the competitors and sustain industry leadership.	The Company continuously invests considerable amounts in technologically advanced machinery in order to remain competitive and cost-efficient.
Diversification of Product Range	External	Social and Relationship Capital/ Manufactured Capital	Enhance the overall productivity of the Company and maximize sales.	The Company keeps itself updated regarding new trends, customer choices, thus; the Company copes with the new ideas accordingly.

risk management policy

The purpose of the Risk Management Policy (RMP) is to identify the risk, which may create hindrances for management to achieve the Company's objective and introduce appropriate and effective controls to mitigate the identified risk. The Board of Directors (BOD), Chief Executive Officer (CEO), and concerned Head of Department (HOD) are responsible for the Risk Management Policy.

Following are the salient features of the Risk Management Policy:

- Management must ensure that every HOD must identify the risk of his/her department and describe the measures to mitigate the identified risk. Every department must be updated about relevant regulatory requirements, laws, and codes of conduct pertaining to the activity of his/her department, and it should be observed and implemented at various execution levels.

- Each risk should be categorized in 4 levels, namely low, medium, high, and crucial.

- HOD should set and change the levels of risk with the consultation of the Chief Internal Auditor (CIA). HOD will also be empowered to modify the measures to cope up with already identified risk.

- The monitoring and reporting level of each risk will be defined by the CEO with the consultation of CIA and HOD.

- Every HOD will prepare a document of the identified risk of his/her department along with the control measure to mitigate the risk. The HOD will keep the record of change in the level of risk and will keep track of reporting to higher authority and measures taken by the concerned department to control the situation. Every change in the level of risk shall be reported to the CIA for assessment and updating in the Risk Register.

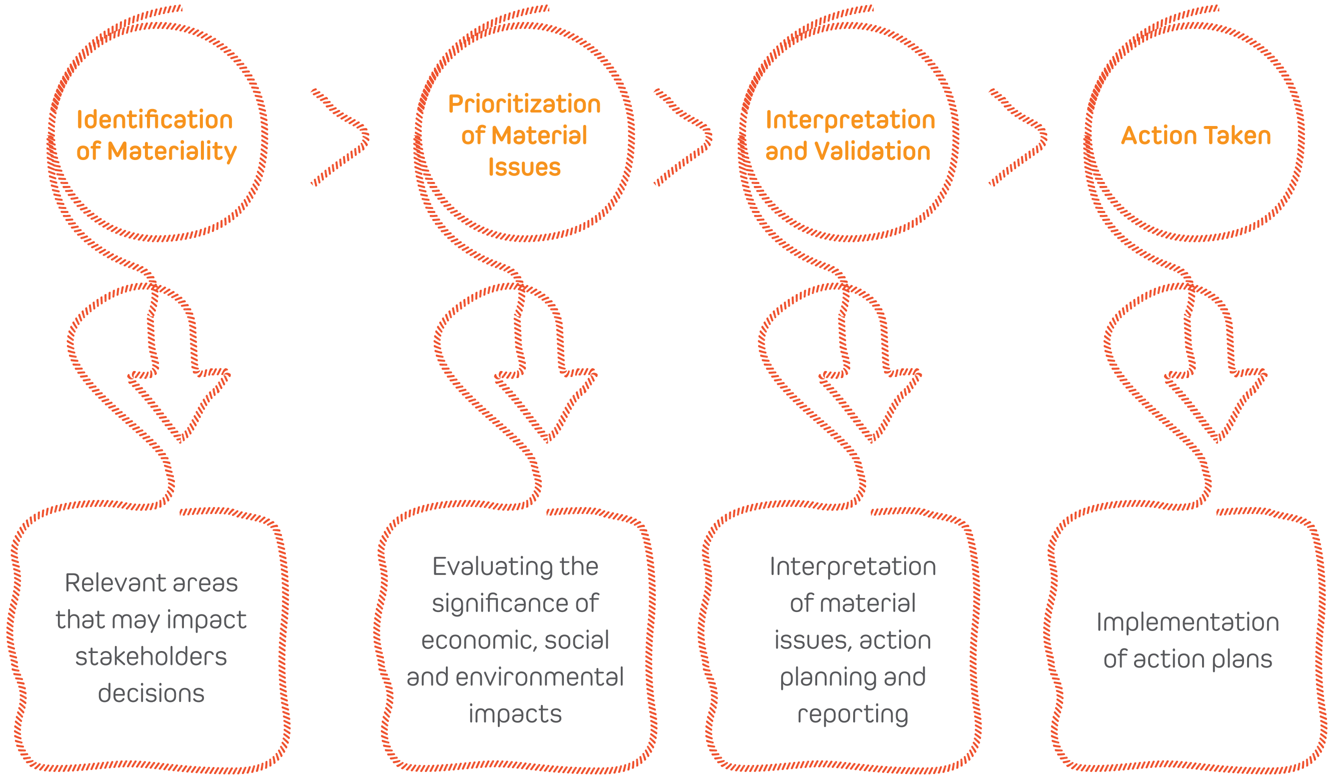
Risk Register & Annual Presentation to Board

The Internal Audit department shall prepare and update the Risk Register. The Internal Audit department shall evaluate the effectiveness of control and should also check the reporting of the risk to the CEO/BOD when it is being required to be reported. CIA will present the report to the Board annually about the newly identified risk of every department and control measure taken by the HOD along with the Risk Register of already identified risk.

materiality determination

Materiality Assessment

Materiality determination of the Company is the value-creation strategy that prioritizes the most impactful areas of society, environment and economy. The issues highlighted to influence the decision-making process of the stakeholders and the responses need to be timely identified, evaluated, and formulated.



Materiality Matrix

The material issues identified have been presented in the table below. The matters have been marked on the basis of their effect on stakeholder's assessment and decisions, and significance of their impact on the economy, society and environment. The materiality analysis not only helps in identifying issues to the stakeholder but also assists us in deciding the area of focus of our internal resources.

Sustainability Area	Material Topic	Marking	Boundary
Social	Business Ethics		GTML / Supplier / Customer
	Human Rights		GTML
	Health and Safety		GTML
	Training and Education		GTML
	Compliance		GTML / Regulator
	Marketing Communications		GTML
	Data Privacy and Cyber Security		GTML
	Stakeholder and Community Involvement		GTML / Community
Environment	Energy and Water		GTML
	Emissions		GTML / Community
	Material		GTML / Supplier
Economic	Economic Performance		GTML
	Economic Returns		GTML
	Market Presence		GTML

Significance of Impacts on economy, society and environment

Influence on Stakeholder assessment and decision

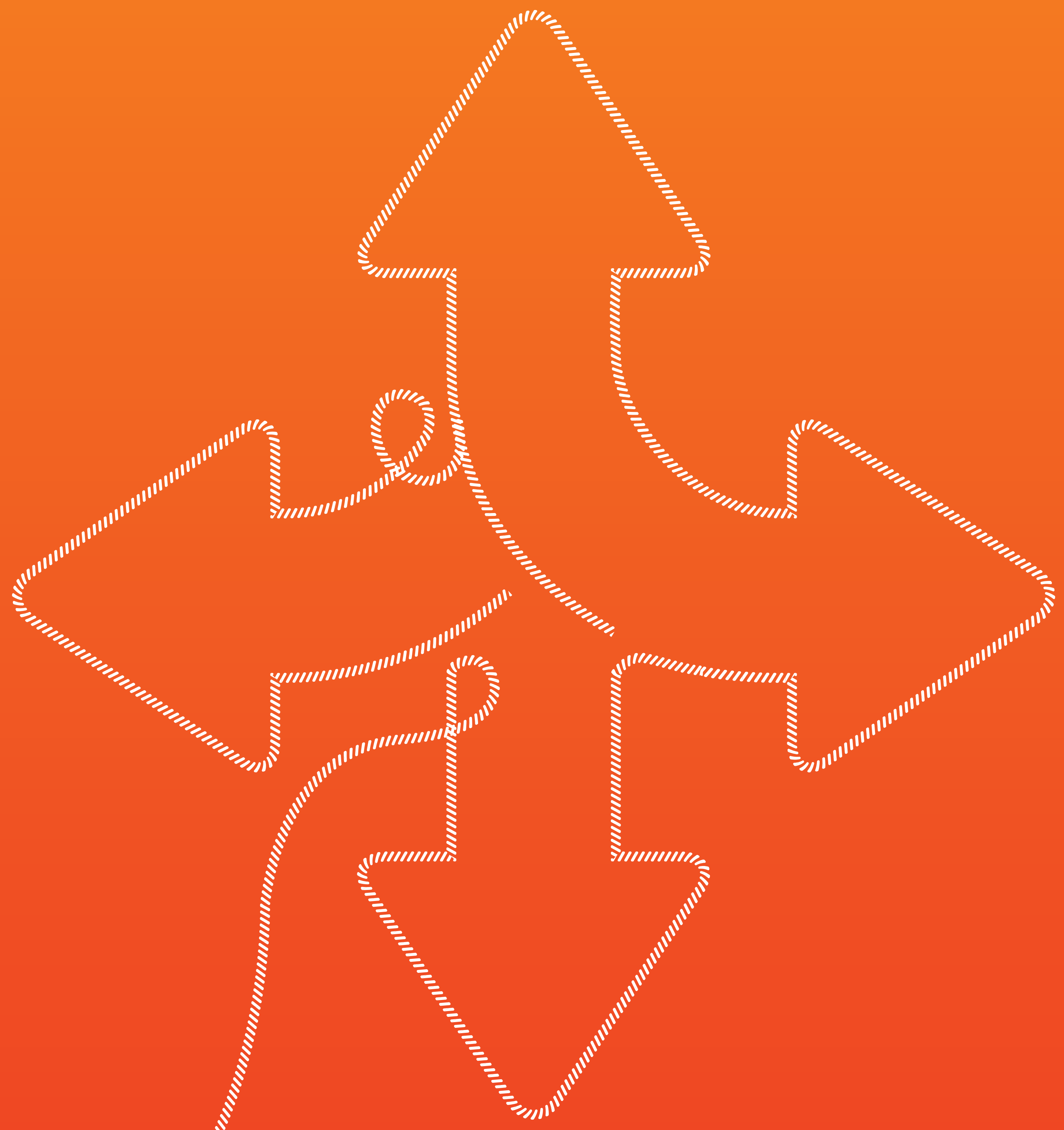
	High	Moderate
High		
Moderate		

Robust Assessment of Risk

As disclosed in the Directors' report, the Board of Directors has carried out a robust assessment of the principal risks which the Company is facing and are confident that the Company has adequate plans/resources to outweigh the possible negative impact of these risks.

Capital Structure and Payment of Debts

As discussed in the Strategy and Resource Allocation section, the Company has an adequate capital structure, mainly supported by equity. Further, the Company has a practice of settling obligations on a timely basis, and accordingly, there is no history of any default with respect to payment of the debt.



dreams worth relishing

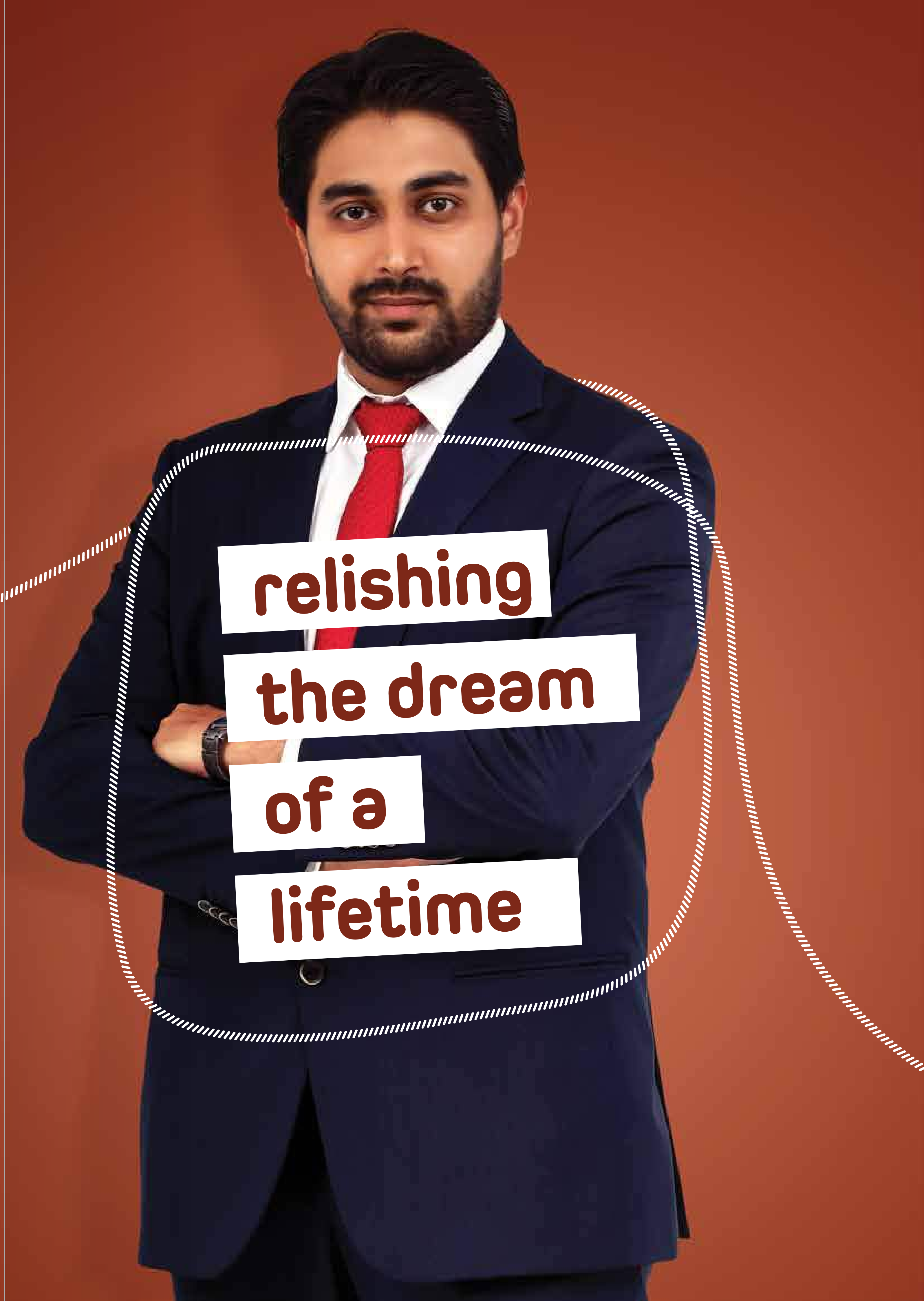
Governance

Board of Directors

Under the direction of our profound and astute leaders, we have successfully marshaled our people's drive and passion towards the road of prosperity.

Our Board of Directors have played a pivotal role in transforming GTML throughout the course of its operations; they have led GTML from the front and, at the same time, have stayed by their workforce through thick and thin. Their determination to achieve excellence and staying by their employees is what drives GTML every day.

Further, all the applicable legal and regulatory requirements have been complied, with regards to the composition of the Board of Directors of GTML.



directors' profile

Mr. Muhammad Yunus Tabba
Chairman

Mr. Muhammad Yunus Tabba started his over fifty-eight years-long career with YBG as one of its founding members and has seen it progress through manufacturing, sales, management, marketing management, and general management. With his expertise and diversified experience, he has taken YBG to a level that is appreciated by both local and international business communities.

Mr. Muhammad Yunus Tabba has also been awarded "Businessman of the year" by the Chambers of Commerce several times during his awe-inspiring entrepreneurial career. In recognition of his outstanding services rendered in the field of entrepreneurship and public service, the President of the Islamic Republic of Pakistan conferred upon Mr. Muhammad Yunus Tabba "Sitara-e-Imtiaz," one of the highest awards the Government of Pakistan bestows upon a civilian.

Mr. Muhammad Sohail Tabba
Chief Executive Officer

Mr. Muhammad Sohail Tabba - Pakistan's business dynast and philanthropist, owes his prosperity to an agglomerate of businesses and export houses bearing the YBG brand name. His proficient leadership in diverse sectors - manufacturing, cement, energy, entertainment, real estate, and philanthropy - spanning over almost three decades - has earned laurels and accolades for his group and the Country.

Mr. Muhammad Sohail Tabba - the CEO of Gadoon Textile Mills Limited, Lucky Knits (Private) Limited, and Director of Yunus Textile Mills Limited, Lucky Textile Mills Limited - is spearheading Pakistan's leading company - YBG - in the arenas of textiles globally.

He was appointed as a Non-Executive Director on Board of ICI Pakistan Limited in 2012, and since 2014, with his laudable leadership, he acquired the position of Chairman ICI Pakistan Limited. His escalation further accelerated; he became the Chairman of NutriCo Morinaga (Private) Limited. In 2016, state-of-the-art Morinaga manufacturing facility was established in Pakistan as a joint venture to produce infant formula.

His vision enabled the manifestation of LuckyOne Mall. The magnificent edifice, in the heart of Karachi, provides shopping facilities and entertainment at Onederland, to children and people from all walks of life.
Besides being the CEO of Lucky Energy (Private) Limited, LuckyOne (Private) Limited, he is the Director of Lucky Cement Limited, Kia Lucky Motors Pakistan Limited, and several other companies. His social engagements include being the founding member of the Italian Development Council and playing his instrumental role in contributing to the educational landscape of Pakistan by presently being on the Board of Governors at Textile Institute of Pakistan and serving on the Board of Hamdard University in the past.

Driven to contribute to the community, Mr. Muhammad Sohail Tabba became Founding Trustee of Childlife Foundation Pakistan in 2012. His magnanimous contribution to the healthcare sector of Sindh is treating almost 2,000,000 patients annually through contemporary children's emergency rooms in seven Government hospitals. He is also the Director of the Aziz Tabba Foundation that holds Tabba Heart and Kidney Institutes besides several other welfare projects.

Mr. Muhammad Ali Tabba
Director

Mr. Muhammad Ali Tabba is the Chief Executive Officer of Lucky Cement Limited, succeeding his late father in 2005. He also serves as the Chief Executive Officer of Yunus Textile Mills Limited, a state-of-the-art home textile mill with subsidiaries in North America and Europe. Simultaneously spearheading both these organizations, he also plays a pivotal role in providing strategic vision to ICI Pakistan Limited as its Vice-Chairman.

He started his career with the YBG in 1991. Mr. Muhammad Ali Tabba was the past Chairman of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private sector businesses. He is the Chairman of Kia Lucky Motors Pakistan Limited and Lucky Electric Power Company Limited.

He has also served in the past as the Chairman of the All Pakistan Cement Manufacturing Association (APCMA), a regulatory body of cement manufacturers in Pakistan. In recognition of his outstanding services and contributions in the social development sector of Pakistan, World Economic Forum (WEF) in 2010 bestowed the title of Young Global Leader (YGL) to Muhammad Ali Tabba. He is also the recipient of the Karachi Chamber of Commerce and Industry "Businessman of the Year" Gold Medal Award for 2012-2013.

With extensive engagements in many community welfare projects, Mr. Muhammad Ali Tabba serves on the Board of Governors at numerous renowned universities, institutions, and foundations. He is the Vice-Chairman of Aziz Tabba Foundation.

In recognition of his outstanding services and contribution to the business as well as the social development sector of Pakistan, the Government of Pakistan awarded him with Sitara-E-Imtiaz in 2018.

Mr. Jawed Yunus Tabba
Director

Mr. Jawed Yunus Tabba has a rich experience in the textile industry and is currently the Chief Executive Officer and Director of a renowned textile mill, Lucky Textile Mills Limited. His untiring efforts helped him acquire deep insight and expertise in export and manufacturing activities. He has been instrumental in managing the textile concerns of the YBG and has transformed Lucky Textile Mills Limited into one of the premier textile companies in Pakistan. Lucky Textile Mills Limited is among the top five home textile exporters from Pakistan, and it has been a story of rapid expansion and diversification in the textile industry under his leadership and guidance. He is also the Vice-Chairman of YBG.

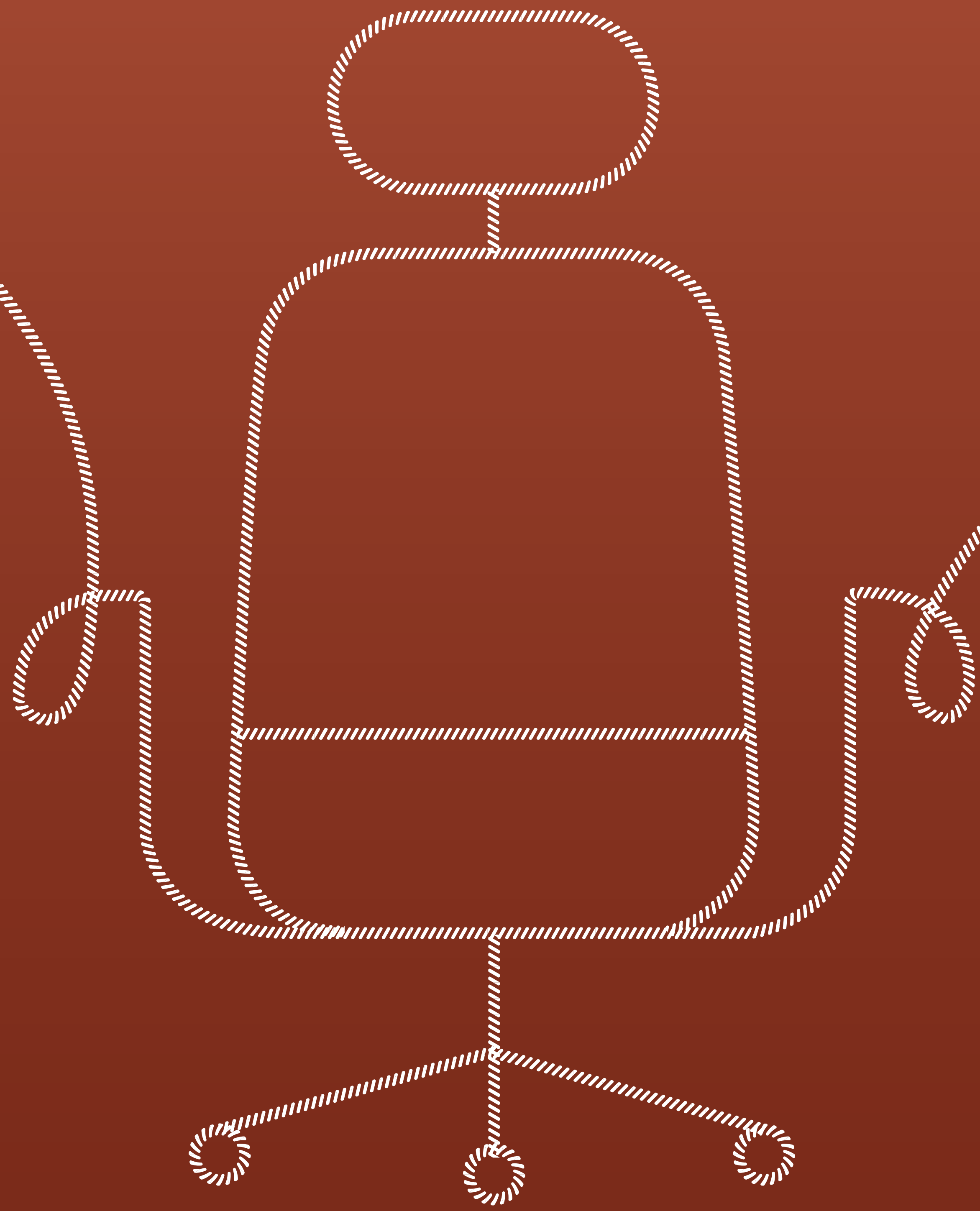
He is on the Board & related subcommittees of Lucky Cement Limited, ICI Pakistan Limited, Gadoon Textile Mills Limited, and Kia Lucky Motors Pakistan Limited. He is keenly involved in the formulation of vision, strategies & governance structures of these companies.

Mr. Jawed Yunus Tabba is also managing the real estate project LuckyOne, which is the largest mall in Pakistan. Mr. Jawed Yunus Tabba is extensively engaged in community welfare projects, which include the Aziz Tabba Foundation. He is also a member of the Young President Organization (YPO).

Ms. Zulekha Tabba Maskatiya
Director

Having pursued a Bachelor's degree in Management Sciences from the University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science, Ms. Zulekha Tabba Maskatiya has been an indispensable part of the business.

She not only holds a prestigious position within the YBG, but her educational background brings the values of business focus, corporate governance, and social responsibility to the organization.



Mr. Saleem Zamindar
Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA, and a Master of Business Administration (MBA) from Durham University Business School, UK. He has over 25 years of experience across several countries in investment management, board level general management & international banking. He is a certified company Director by the Pakistan Institute of Corporate Governance (PICG) and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD), UK.

He is an IFC Certified Trainer on Corporate Governance and is a member of the faculty of the PICG. He serves on the Board of Directors of several publicly listed & private limited companies. He is also the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271, and is a member of the managing committee of the Karachi Boat Club and member of the Board of Governors of the Karachi Council on Foreign Relations. Mr. Zamindar attended the World Economic Forum at Davos, Switzerland in January 2019 as part of the Pakistan private sector delegation.

Mr. Zafar Masud
Director

Mr. Zafar Masud, an international banker, and entrepreneur has extensive experience working at the Board of Directors level, including State Bank of Pakistan (SBP) and Barclays Bank Southern Africa, while he is currently serving as the President and CEO of Bank of Punjab. Mr. Zafar Masud obtained his MBA in Banking from the Institute of Business Administration, Karachi, and a Bachelor of Commerce from the Hailey College of Commerce, University of the Punjab, Lahore.

He was previously working as the CEO (Interim) for InfraZamin Pakistan, which will be the first of its kind credit enhancement for a social infrastructure financing company in Pakistan. He was also engaged as a Consultant with Karandaaz Pakistan on National Savings and as a Senior Advisor with Capital Resource - a Corporate Finance and Advisory Services Company.

Formerly, he has worked as Director General - National Savings, Ministry of Finance. Being a member of the Board of Directors of the SBP, he has served as a member of the Independent Monetary Policy Committee of the Government of Pakistan. He was also the Chairman of Publications Review and Member of Human Resources and Investment Sub-Committees of SBP.

He served as a Member of the Board of Directors and Chairman of the HR Committee of Oil and Gas Development Company Limited. In addition to this, he also served as the member of the Board of Directors and Chairman of the Board Technology and Digitization Committee of National Bank of Pakistan, Member of the Board of Directors and Chairman of the HR Committee of Port Qasim Authority, Member Advisory Council, Ministry of Maritime Affairs, Member of the Board of Directors of Quaid-e-Azam Thermal Power Plant (Private) Limited and Member of Board of Directors of TAF Foundation. He was also the Founding Partner of Burj Capital.

He has a rich experience working as the Regional Managing Director & CEO for Southern Africa, Barclays Bank PLC. Prior to Africa, he was also responsible for establishing one of the prime global Islamic banking franchises – Dubai Islamic Bank - in Pakistan. At Citibank, he was a member of the Country Management Committee and responsible for handling Government and Public Sector business. He was involved in all the major deals done by Citibank between 1999-2005. He also joined American Express Bank Pakistan as Management Trainee. Being the trainee, he was appointed member of the Country Capital Markets Taskforce, implemented special initiatives/projects of bonding business and launched a corporate business in the peripherals of Lahore city (Sialkot, Gujranwala, Gujrat, etc.)

chairman's review

The Board comprises of competent and proficient leaders with expertise in diverse fields of the corporate world.

The Board devises all major policies and strategies to efficiently and effectively manage the Company and is adamant about promoting and enabling innovation within the Company. The governance of the Board is in accordance with the relevant laws and regulations, and its obligations, rights, responsibilities, and duties are as specified and prescribed therein.

During the financial year 2019-2020, four board meetings were conducted. The Board, as per its practice, strictly monitored its own performance along with the performance of its sub-committees.

The comprehensive and effective board meetings led to conducive decisions for the Company, which also helped the Company to take timely measures during the COVID-19 pandemic. The Board ensures integration of all policies conforming to the Company's mission and vision. In addition, the Board also ensures that the Company acts in consonance with pertinent laws and regulations, and the best industry practices.

The Board continuously strives to achieve the set business goals and objectives and remains vigilant of the Company's financial performance. Oversight on these measures was carried out on a consistent basis through the presentations by the management and auditors. The Board also keeps continuous supervision of the following:

- Quality standards of its product.
- Stable and continual growth.
- Encouraging diversity and upholding ethical behavior.
- Development of skillful resources to attain advancement and excellence.

During the year, the Board recommended and approved among other things:

- Routine BMR;
- Quarterly and annual financial statements;
- Internal audit and audit committee reports and findings;
- Appointment of external auditors; and
- Distribution of dividends.

Accordingly, the Board completed its annual self-evaluation for the year 2020, and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2020, remained satisfactory.

Muhammad Yunus Tabba
Chairman

Karachi: September 24, 2020

directors' report

Dear Members

The Directors of your Company takes pleasure in presenting before you the financial results of your Company for the fiscal year ended June 30, 2020.

Overview

The principal business activity of your Company is the manufacturing of yarn and knitted fabric. Further, the Company has also invested in the dairy segment, which started the commercial operations on June 30, 2019. To facilitate its customers and minimize the cost effect, the Company has strategically set its manufacturing facilities in two regions, i.e., North and South.

The offtake during the year was very good until the first nine months of this financial year, which shows a progressive growth of 11.09% in revenue. However, there has been a significant business disruption in the last quarter of this financial year due to the COVID-19 pandemic, which impacted the Company's performance, and accordingly, the Company's revenue declined by 7.15% in this year as compared to Same Period Last Year (SPLY).

The Company was maintaining good gross profit margins for the nine months ended mainly through better product mix, increased quantity, and better sales price, despite the fact that during this year, on account of the inflationary impact, the conversion costs were on a higher side and in particular the gas prices have also increased from Rs. 600 per MMBTU to Rs. 786 per MMBTU w.e.f. July 1, 2019, which resultantly increased power cost. However, on account of the COVID-19 pandemic, which resulted in the closure of many factories/markets from the mid of March 2020, the Company's sales were also slowed down, which not only increased the inventory levels/holding cost of the Company but at the same time, the market price of yarn has also decreased which resultantly impacted the gross profit margins of the Company which reduced to 7.73% in this FY from 9.27% compared to SPLY.

Further, during the year, the Company has been managing its working capital requirements using foreign exchange borrowing on account of the stability of the foreign currency and higher KIBOR rates, i.e., 13.25% till March 2020. However, the abrupt devaluation in the Pak Rupees starting from March 2020, affected the Company's profitability by Rs. 889 million, out of which Rs. 303 million is unrealized. The net profit margin of the Company has accordingly reduced from 3.80% to 0.16% as compared to SPLY.

Corporate Restructuring

In the previous year, a Scheme of Arrangement (Scheme) was filed by Lucky Holdings Limited (LHL) – an associate of the Company, before the Honorable Sindh High Court (SHC), after getting the required approvals from the Board of Directors and shareholders of LHL. As per the Scheme, the LHL investment in ICI Pakistan Limited (ICIP) was divested, and shares of ICIP were transferred to the existing shareholders of LHL in the proportion of their shareholding.

Accordingly, the number of shares to which the Company was entitled were transferred to Gadoon Holdings (Private) Limited (GHPL) - a wholly-owned subsidiary of the Company.

During the current year, GHPL had been merged into the Company with effect from July 1, 2019, and all necessary regulatory/legal requirements in this respect have been complied with. Accordingly, this year the Company is only preparing the standalone financial statements.

Economic Prospects

The Pakistan economy, which has started fencing its way towards stability on account of strict policy measures adopted by the Government, has been rushed into the burden again mainly on account of the COVID-19 pandemic, which has impacted almost all the global economies. Even though the wheels of the economy have now been started as the number of recovered cases are increasing day by day by the grace of Almighty Allah and accordingly, lockdown conditions have been eased; still, the economy has to travel a lot to regain the momentum for recovery.

The inflation rate, which was on an increasing trend since the start of this FY, has witnessed a decline in the second half of this FY wherein the general inflation for June 2020, was recorded at 8.6% compared to 14.6% in January 2020, (the highest month-end inflation of this FY). The inflation rate has reduced primarily due to recent deceleration in domestic food prices, a significant decline in consumer price expectations, significant fluctuation in global oil prices, and slowdown in external and domestic demand due to the COVID-19 pandemic.

In light of the reduction in growth and inflation expectations, the State Bank of Pakistan (SBP) has recently, within a span of four months, reduced the discount rate by 6.25%, thereby bringing the discount rate to 7% on June 25, 2020, from 13.25%, which might prove helpful in reviving the economy.

During the year, the exports of the Country, which witnessed an increase of 2.23% (in USD term) until March 2020, have decreased significantly in the fourth quarter of this FY. Resultantly overall exports were reduced by 6.81% (in USD term) in this FY as compared to SPLY. However, the overall trade deficit has reduced by 27.12%, a decline in imports was also witnessed by 18.61% (in USD term). Moreover, inflows from remittance have also increased by 6.36% (in USD term), thereby adding a positive impact on the Country's foreign reserves.

Financial Results

A comparison of the key financial results of the Company for the year ended June 30, 2020, are as under:

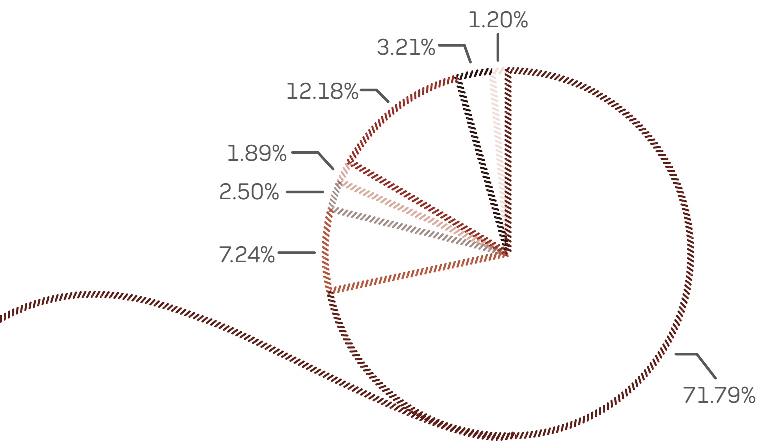
Profit or loss summary	June 30, 2020	June 30, 2019	Favorable / (Unfavorable)
	(Rupees in '000)		Percentage
Direct Export	8,640,883	8,345,846	3.54
Indirect Export	9,263,094	-	100.00
Local	11,082,804	22,871,633	(51.54)
Sales (net)	28,986,781	31,217,479	(7.15)
Gross Profit	2,241,286	2,892,723	(22.52)
Finance Cost	(909,080)	(1,100,073)	17.36
Distribution Cost	(474,356)	(401,764)	(18.07)
Administrative Expenses	(267,881)	(276,997)	3.29
Other Operating Expenses	(918,430)	(98,767)	(829.90)
Other Income	666,178	653,335	1.97
Profit Before Taxation	337,717	1,668,457	(79.76)
Profit After Taxation	45,499	1,186,102	(96.16)
Earnings Per Share (Rs.)	1.62	42.32	

Before the ongoing COVID-19 pandemic, the Company had increased its sales both in terms of value and units during the period compared to SPLY. The effects of COVID-19 were being witnessed on Pakistan's economy since the start of March 2020, after which the Company's operations were curtailed, planned, and then resumed accordingly.

Despite the ongoing trade war among world economies, increased competition at national/international levels coupled with the impact of the COVID-19 pandemic, the Company had still managed to increase its export sales by 3.54% compared to SPLY. However, on account of the significant decline in local sales in the fourth quarter of this FY, the overall local sales for this FY were reduced by 11.04% compared to SPLY. Apart from the impact of the COVID-19 pandemic, the local sales could have been increased if the Government and the businessmen (mainly traders) could have reached a consensus on certain policy measures, including the resolution of the CNIC matter.

Further, the withdrawal of SRO 1125(1) of 2011, w.e.f July 1, 2019, have also negatively impacted the local sales this year.

The breakup of manufacturing cost is as follows:



The significant portion of the cost of goods manufactured consists of Raw material, which is 71.79%, and power cost is 12.18%, which has always been the concern for the management to control.

In an effort to rationalize average production cost, management did procure wisely with a mix of local and imported cotton. However, on account of the COVID-19 pandemic, just like many other industries, the textile industry was severely affected, and accordingly, the local/global demand for clothes/yarn was reduced significantly. As the Company curtailed its production in the fourth quarter of this FY, therefore the impact of under absorption of fixed overheads impacted the gross profit of the Company.

With regards to the power, the Company has placed efforts to generate maximum electricity using a cheaper source of inputs, i.e., Natural Gas over the Furnace oil and through maximum utilization of efficient generators. However, since the gas prices have increased from Rs. 600 per MMBTU to Rs. 786 per MMBTU, w.e.f. July 1, 2019, the overall power cost has increased in this FY compared to SPLY.

The distribution cost has mainly increased on account of an increase in export sales. Further, the Company has been able to control its administrative cost this year with an overall decrease in administrative cost compared to SPLY.

During the period the Company, in order to outweigh the higher KIBOR rates has shifted its working capital and CAPEX requirements to other cheaper source of financing, including foreign exchange loans, and was able to keep its finance cost at a quite manageable level with the decrease in finance cost by 17.36% in this year as compared to SPLY. However, the benefits of saving in finance cost were outweighed by the devaluation in Pak Rupees starting from March 2020, which resulted in an exchange loss of Rs. 889 million (realized: Rs. 586 million, unrealized: Rs. 303 million) to the Company on the foreign exchange loans and accordingly was a significant contributor for a decrease in net profits of the Company for this year compared to SPLY.

Although businesses were severely affected during the current year, the returns from the Company's strategic investments in diversified avenues were almost of the same level as compared to last year, thereby strengthening the Company's profitability and covering the Company from risk exposure from a specific segment.

Despite the decrease in sales and profitability, the current tax expense for this FY has increased on account of an increase in the rate of minimum tax from 1.25% to 1.5% of local turnover from July 1, 2019, having an impact of Rs. 28 million for this FY. Further, the withdrawal of tax credit on investments under section 65(B) of the Income Tax Ordinance, 2001 from July 1, 2019, has also impacted the bottom line by Rs. 55 million of this FY.

Resultantly, the net profits of the Company have decreased by 96.16% in this FY compared to SPLY.

Segmental Review of Business Performance

The operations of your Company are primarily divided into three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted fabric
- Dairy segment: production and sale of milk

The segment wise results of the reportable segment of the Company are as follows:

	Spinning	Knitting	Spinning	Knitting
	2020		2019	
	(Rupees in '000)			
Revenue	27,527,717	1,265,048	29,805,745	1,411,734
Profit/(loss) before tax	(410,446)	254,839	777,774	326,616

Status of Strategic Investments

During the current period, the Company decided to no longer proceed with the proposed investment in the Company's associated company, i.e., Tricom Wind Power (Private) Limited, as previously approved by the shareholders of the Company, pursuant to a re-evaluation carried out by the Company's management, particularly in light of:

- the abrupt increase in the interest rates, i.e., from 7% to 13.85%;
- the devaluation of the currency; and
- the significant capital expenditure carried out during the year 2018-2019 on account of Balancing, Modernization, and Replacement (BMR).

Composition of the Board

The Board of Directors as at June 30, 2020 consist of:

Total number of directors

a) Male	06
b) Female	01

Composition

a) Independent Directors	02
b) Other Non-Executive Directors	03
c) Executive Director	01
a) Female Non-Executive Director	01

Committees of the Board

Following are the details of the members of each committee:

Audit Committee

1	Mr. Saleem Zamindar	Chairman
2	Mr. Zafar Masud	Member
3	Mr. Muhammad Ali Tabba	Member
4	Mr. Jawed Yunus Tabba	Member

Human Resource and Remuneration Committee

1	Mr. Saleem Zamindar	Chairman
2	Mr. Jawed Yunus Tabba	Member
3	Ms. Zulekha Tabba Maskatiya	Member

Budget Committee

1	Mr. Zafar Masud	Chairman
2	Mr. Muhammad Ali Tabba	Member
3	Mr. Muhammad Sohail Tabba	Member
4	Mr. Jawed Yunus Tabba	Member

Attendance of Board Meetings and its Committees

S.No	Directors	Attendance		
		Board of Directors	Audit Committee	HR and Remuneration Committee
1	Mr. Muhammad Yunus Tabba – Chairman	4/4	N/M	N/M
2	Mr. Muhammad Sohail Tabba – CEO	4/4	4/4*	1/1*
3	Mr. Muhammad Ali Tabba	4/4	4/4	N/M
4	Mr. Jawed Yunus Tabba	4/4	4/4	1/1
5	Ms. Zulekha Tabba Maskatiya	4/4	N/M	1/1
6	Mr. Saleem Zamindar	4/4	4/4	1/1
7	Mr. Zafar Masud	2/4	2/4	N/M

* Mr. Sohail Tabba attended all meetings of the Audit and HR&R Committee, by way of invitation.
N/M Not a member

Leave of absence was granted to directors who could not attend the Board and its Committee's meetings.

Remuneration Policy of non-Executive Directors

Through the Articles of the Company, the Board of Directors is authorized to fix the remuneration of the Directors. In this regard, the Board of Directors has developed a comprehensive Remuneration policy for Non-Executive and Independent Directors of the Company. As per the policy:

- The remuneration of the Board of Directors shall be market-based in accordance with their experience and competencies.
- The Company will not pay any remuneration to its non-Executive directors by way of salary except as meeting fees for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all traveling, hotel, and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such extra remuneration.

Detail of Directors Remuneration

The Company has only one Executive Director, who is also the Chief Executive of the Company. Following are the details of remuneration paid to the Chief Executive of the Company during the year:

	2020	2019
	------- Rupees (in '000)-------	
Remuneration	12,210	13,200
House rent	3,330	3,600
Utilities	1,110	1,200
Bonus	-	1,875
	16,650	19,875

No remuneration has been paid to other Non-Executive Directors of the Company except for a meeting fee of Rs.1.34 million (2019: Rs. 1.17 million).

Principal Risks and Uncertainty

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious loss to the Company. The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Following are some of the risks which the Company is facing:

- Technological advancement making it more challenging for the Company to compete on the national/international level.
- Declining export sales due to trade war and increased competition at global as well as regional levels coupled with the impact of the COVID-19 pandemic.
- Currency volatility, abrupt Rupee devaluation, resulting in an increased cost of imported raw material.
- Rising trend of conversion, power cost on account of increasing fuel/gas prices, and other inflationary impacts.
- Increasing KIBOR resulting in increased financing costs.
- Withdrawal of Zero Rating for Five Export Oriented Sectors having a negative impact on local sales along with additional working capital requirements.

Change in the Nature of Business

No significant changes have occurred during the FY concerning the nature of the business of the Company.

Pattern of Shareholding

The pattern of shareholding and additional information as at June 30, 2020, is part of the Annual Report of your Company. Associated companies and public sector companies own 69.57%, Banks/Insurance Companies/Mutual Funds own 7.29%, Director's own 0.07%, and individuals own 23.07% of the entire shareholding.

Repayments of Debts/Loans

Your Company has an effective cash flow strategy in place whereby inflows and outflows are projected and monitored on a regular basis. This comprehensive strategy has always empowered your Company in smooth settlement of its financial commitments and hopes to cater to any and every challenge that will come in its way. In compliance with the above, the management has put constant endeavors to rationalize borrowing cost, which is done by managing a balanced portfolio of sources of funds and efficient financing arrangements.

The Company has a practice of settling obligations on a timely basis, and accordingly, there is no history of any default with respect to payment of debts, including this year.

Adequacy of Internal Financial Control

The effective system of internal financial control has been established by the Board of Directors of the Company. The controls have been put in place to ensure the efficient and smooth running of the business, prevention, and detection of fraud and errors, safeguarding the Company's assets, compliance with laws and regulations, accuracy, and completeness of books of accounts, and timely preparation of reliable financial information. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with amendments in any laws and regulations.

Health, Safety, and Environment

Being part of the most reputed group in the Country, we feel responsible for the health and safety of not only our employees but also the people near our factory premises. A dedicated clinic/dispensary is managed by a qualified team where genuine medicine is provided. We also ensure the compliance of our production facility with all the environmental standards. Waste heat recovery plant and investment in green energy projects are one of the examples. Our production facility does not discharge any harmful material. Moreover, we have strict compliance with wastage and disposal.

Corporate Social Responsibility (CSR)

The Company remains conscious regarding its corporate social responsibility. Hence, GTML is consistently involved in pro-social initiatives that deliver far-reaching results that can impact global issues.

During the current year, the Company prioritized its core value of being an environmentally conscious entity. Endorsing the idea of a greener Pakistan, staff members were provided tree saplings on account of Independence Day. Carrying forward the initiative, tree plantation drives in collaboration with different educational institutes were executed throughout the year.

Enacting positive change towards community development, a factory visit was organized for students about to step into their professional life, briefing them on the norms of the textile industry. Along with this, on the occasion of International Women's Day, a session was conducted for senior management, shedding light on the benefits of gender diversity in the workforce. Further, the Company volunteers delivered a similar message to a female gathering at a local community school, underlining the role an educated female plays towards the society and the economy.

Director's Training

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

Auditors

The present External Auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2020, and issued a clean audit report. The auditors will retire on the conclusion of the Annual General Meeting of the Company and, being eligible, have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2021.

Further, after November 15, 2020, the External Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, would undergo a change in status from a Member Firm to Independent Correspondent Firm of Deloitte Touche Tohmatsu Limited as a result of which, the name of the Firm will be changed. However, the Firm will continue to serve as External Auditors by whatever name they adopt.

Future Outlook

The severity of the COVID-19 pandemic, which has changed the fate of almost all the global economies, is now on a declining trend, as globally, over 70% of the infected have recovered with the recovery ratio increasing day by day. By the grace of Almighty Allah, the recovery rate in Pakistan is now over 95%.

The COVID-19 pandemic had surely placed a great challenge for the global community by reducing global economic activities, and it may take more than expected time for global economies to start to normalize. Many countries have eased the lockdown scenario, and accordingly, businesses have started to operate under the defined SOP's, which surely will add a positive impact on the world economy.

The relief measures announced by G20 Countries, IMF, World Bank, ADP, and other international agencies for the developing countries, including Pakistan to combat the impact of COVID-19 and the subsequent receipt in this respect, have helped the Country to provide financing for targeted and temporary spending increases, aimed at containing this pandemic and mitigating its economic impact.

Further, the results of the steps taken by the Government and the SBP to revive the economy and to boost the confidence of investors including concessional financing to companies that do not lay off workers, one-year extension in principal payments, concessional funding to hospitals and medical centers incurring expenses to combat the COVID-19 pandemic including the targeted support packages for low-income households, SMEs, and construction, will now be visible as the Government is able to control the spread of this pandemic at a quiet manageable level. Accordingly, this definitely would have a positive impact on the Country's economy.

The Government tax revenues, which have raised 17.5% during Jul-Feb FY20 as compared to Jul-Feb FY19, declined sharply in the last four months of this FY, resulting in failure to meet the current year revenue target. Further, the needed increase in spending by the Government to support healthcare, businesses, households, and more vulnerable segments of society owing to the COVID-19 pandemic, added an additional burden on the Government's shoulders in this FY. Considering the current scenario, where there is still a chance that a possible rise in infections could prompt fresh lockdowns, and the economic recovery could prove more sluggish than is currently being anticipated, the revenue target set by the Government for FY 2021 seems to be quite challenging. However, if achieved, it can surely be the beginning of new chapters in the Country's history. The achievement by the FBR of the revenue target set for July and August 2020 is a positive indication that the economy has again started fencing its way towards stability.

It is also expected that the Government, in order to boost the economy and confidence of investors, would continue its footprint in the coming year as well and will timely release the sales tax refunds/income tax refunds/DLTL claim, etc. (In FY 2020, FBR has issued refunds of Rs. 235 billion, which were Rs. 69 billion in FY 2019 showing an increase of 340%).

It is also expected that on account of receipt of financial assistance from international agencies, diminishing inflationary pressure on the economy, and expected projected official and private inflows, there would be a positive impact on the Country's current account balance. Consequently, it is expected that the Rupee would continue its stability (the foreign

exchange reserves at the end of August 2020, has reached the highest level since January 2018).

As regards to the Company's operations are concerned, the management of the Company has always placed strong efforts to sustain its cost through maximum capacity utilization, cost rationalization, effective procurement strategy, etc. Accordingly, the Company is following its footprint to ensure that maximum wealth can be generated for the wellbeing of the Company's shareholders.

In response to the increasing global demand for textile products in the medical field, i.e., face masks, gowns, gloves, bed sheets, etc., the Sales and Marketing team of the Company have catered to the demand of this sector. They are further exploring avenues to increase their sales in this sector, which will accordingly support the Company's bottom line and will generate positive cash flows.

Further, it is also expected that significant CAPEX incurred by the Company in this period, including over the last couple of years, will help the Company to sustain its cost and provide a competitive edge.

Dividend Policy

During the current year, since the operations of the Company were curtailed on account of the COVID-19 pandemic, resultantly the profits have declined. Therefore, the Board of Directors of the Company has decided not to declare dividends this year, as this will help the Company to reduce its borrowing, which has otherwise increased owing to an increase in working capital requirement.

Your Company remains committed to consistently provide sustainable returns to the shareholders and it strongly believes that the Company will be able to provide sufficient returns to shareholders in the upcoming years.

Subsequent Events

There are no material changes and commitments affecting the financial position of the Company between the end of the FY and the date of this report.

Acknowledgments

The Directors record their appreciation of the performance of the Company's workers, staff, and executives.

For and on behalf of the Board

Muhammad Yunus Tabba
Chairman

Muhammad Sohail Tabba
Chief Executive Officer

Karachi: September 24, 2020

CEO's message

We incessantly strive to maintain industry leadership through innovation and diversification, keeping the interests of our stakeholders as our utmost priority.

Alhumdulillah, the financial year 2019-2020, marks the thirty-second year of continuous operations of GTML. In the current year, we tried our level best to ensure the minimum possible impact of the COVID-19 pandemic on the Company's progress, which was made possible through the timely and strategic decisions of the leadership and their team.

After comprehensive scrutiny of the economic prospects and market review, it was observed that the Government's policy measures had set the Country on track of economic stability. However, the COVID-19 pandemic turned out to be the black swan event for the global economy, which changed the entire scenario.

The effects of the COVID-19 pandemic became evident on Pakistan's Economy from March 2020, and accordingly, the Company's operations were curtailed, planned, and then resumed accordingly.

During the year, the Company continued to invest in new technological advance machinery and accordingly increased its production capacity in order to cater to the increasing demand locally and internationally. However, owing to the COVID-19 pandemic, the increasing sales trend recorded since the beginning of the financial year dropped in the fourth quarter, leading to high inventory levels/holding costs, which, coupled with abrupt devaluation in Pakistani Rupees starting from March 2020, impacted the Company's bottom line as the Company had to incur the exchange loss of Rs. 889 million (Rs. 303 million unrealized) on its foreign currency loan.

Despite the fact that overall sales of the Company reduced in this year, the export sales increased by 3.54%, outweighing the negative impact of the ongoing trade war, increased competition at the national/international level, and the COIVD-19 pandemic, thereby adding positive impact on Country's foreign exchange reserves. The Company also contributed Rs. 1,303 million (2019: Rs. 476 million) in the National Exchequer on account of all kinds of duties and taxes during the year.

Being a socially responsible corporate entity, the Company continued its practice of investing in CSR activities throughout the year. We believe in curtailing negative impact on the society and continually improve our social footprint.

This year, the Company has received "PSX Top 25 Companies Awards for the year 2018" along with the Best Corporate Report Award with third position in the textile category at "Best Corporate & Sustainability Report Awards 2018" held by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

Looking ahead, as the recovery ratio of COVID-19 infected is increasing day by day and accordingly, lockdown scenarios have been eased; therefore, it is expected that the Company will be able to operate at its full capacity and accordingly, both local/global demand of the textile products will increase.

The management, in addition to curtailing the conversion cost by identifying and implementing an efficient process to improve the Company's profitability, will also take measures to contain its cost by procuring the right mix of raw material. Further, the Company will continue to explore new markets for its products, especially the textile products required in the medical field, i.e., face masks, gowns, gloves, bed sheets, etc., including for international markets. In addition to that, the Company's new site for the knitting segment, which has become operational in the month of December 2019, will bring further value addition for the Company.

Lastly, I express my gratitude to all the stakeholders who stood by our side during these challenging times. Their unwavering support has led the Company to achieve numerous milestones throughout the journey. The Company will continue to work towards excellence, which will strengthen and grow the bond we share.

Muhammad Sohail Tabba
Chief Executive Officer

Karachi: September 24, 2020

Decision Taken by the Board and Delegated to Management

The Board meetings of the Company are usually held quarterly to decide the matters requiring Directors' approvals. Further, if a decision on any matter is required on an urgent basis and is not practicable to arrange a meeting, such matters are decided based on circular resolution, duly signed by each Director, then presented in the next Board meeting for ratification.

The Board members ensure that they fulfill all responsibilities assigned to them as required under applicable laws and regulations. Moreover, the Board places more attention on strategic investments, business expansion, internal control & risk management, governance, review, and approval of policies.

The Board also delegates its tasks to subcommittees and the management and keeps follow up in Board meetings. The day to day operational matters and the task assigned by the Board or its subcommittees are dealt with by the management in consultation with the CEO.

Annual Evaluation of the Board's Performance

As per Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors are required to carry out an annual evaluation of their own performance, members of the Board and its Committees.

This year, the evaluation was carried out by the Board of Directors of the Company, and results were found to be satisfactory.

Following major criteria are used to measure the Boards own performance and its Committees, including the CEO and the Chairman:

- The Board demonstrates integrity, credibility, trustworthiness, and active participation in its affairs, and has the ability to handle conflict constructively.
- The Board provides guidance and direction, rather than management to the Company.
- The Board reviews management succession planning as needed.
- The level of communication between the Board and relevant parties (i.e., committees, auditors, management and business heads, etc.) is appropriate.
- The Board receives and reviews all compliance needs.
- The Board reviews adequacy of internal controls and risk management procedures.
- The Board has developed a strategy for the organization that is central to its vision and mission statement.
- The Board receives signals of potential issues that may adversely affect the Company's key targets or financial performance.
- The Board ensures that professional standards and corporate values are put in place that promotes integrity for the Board, senior management, and employees in the form of the Company's Code of Conduct.
- The Board reviews reliable projections of future cash flows for the short and medium-term and is confident that the available funding will enable the Company to develop and operate as planned.

Orientation Courses and Directors' Training Program

The Company has arranged orientation courses for the Directors and its senior management in the preceding years.

No Directors Training Program has been held during the year as four out of seven Directors already meet the exemption criteria, and three Directors have already acquired the required training in previous years.

Policy for Remuneration to Directors

The Remuneration Policy applies to all non-executive Directors, including independent Directors who attend the Board and its Committee meeting. The policy for the Remuneration of Directors, including the members of senior management, has been framed considering all the applicable laws and regulations. As per the policy:

- The Company ensures that the remuneration of the Board of Directors remains market-based in accordance with their experience and competencies. The Company will not pay any remuneration to its non-executive Directors by way of salary except as meeting fees for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all traveling, hotel, and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such extra remuneration.

Security Clearance of Foreign Directors

The Board of Directors of the Company did not include any foreign Directors during the year.

Governance Practice Exceeding Legal Requirement

The Board of Directors of the Company ensures adequate adherence with any new legal and regulatory requirements and ensures that the governance mechanism prevents any event that can cause serious financial and/or reputational loss to the Company. The compliance team headed by the CFO actively monitors global best practices and takes all the necessary measures to ensure that the Company adopts the same.

The Company, in the past, has proactively complied with many additional legal requirements, which were not mandatory at that time. Some of the examples are:

1. Currently, the Board of Directors has one female Director. Previously from March 2013 to March 2019, there were two female Directors on the Board of Directors of the Company. This requirement was not mandatory in the past and has been introduced by CCG 2017, which requires each listed company to have at least one female Director.

2. Chairman of the Board and Chief Executive Officer of the Company are separate persons since May 2005. This requirement was introduced by CCG 2012.

3. The Company has a past practice to get all the related party transactions approved from shareholders since 2014, as the majority of Directors of the Company are deemed interested in such transactions on account of their common Directorship. The same practice has now been made mandatory by the Companies Act, 2017 and CCG 2017. In addition to that, the Company has been providing additional details in related party disclosure in the financial statements for many years, in order to ensure transparency.

4. CCG 2012 has made it mandatory for each company to have at least one independent Director. However, the Company has had an independent Director on its Board since September 2010.

5. The Company arranged a Directors Training Program for its two HODs in the previous year. However, as per CCG 2019, the Company is encouraged to arrange a Directors Training Program each year for at least one HOD starting 2022.

Diversity

GTML works together to preserve a culture of diversity and inclusion. We work in collaboration and respect the differences of the diverse workforce that include people of varying gender, ethnicity, national origin, caste, creed, age, religion, cultural background, languages, educational background, abilities, etc.

The Board lays particular emphasis on the fair treatment of employees irrespective of their background and restricts discrimination. Further, the management ensures that the talent hunt programs must reflect that we are an equal opportunity employer in all areas that strives to embrace a work environment constructed on the premise of gender and diversity equity.

The management of GTML is also committed to promoting diversity in the workplace and female representation in all departments, thus taking several initiatives to progress.

Related Parties

Policy

The objective of this policy is to set out the framework for the transactions between the Company and its related parties based on the applicable laws and regulations.

As per the policy, the management must ensure that all the necessary details concerning related party transactions must be sent to the Audit Committee and Board of Directors at least seven days prior to the Board meeting and ensure that the following steps must be complied with in order to finalize the review and approval of related party transactions:

- The details of all related party transactions shall be placed before the Audit Committee of the Company, and upon recommendations of the Audit Committee, the same shall be placed before the Board for review and approval.

- The related party transactions which are not executed at arm's length price also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board on the recommendation of the Audit Committee of the Company.
- The Board of Directors of the Company shall approve the pricing methods for related party transactions that were made on the terms equivalent to those that are prevalent for arm's length transactions, only if such terms can be substantiated. The preferable pricing method for the transaction with related party shall be the Comparable price method.
- During the review and approval of related party transactions, if the majority of the Directors approving any transaction are interested and the transaction is not carried on an arm-length basis, then this matter shall be placed before the general meeting as a special resolution.
- In case if the majority of the Directors either directly or indirectly becomes interested in related party transaction due to Group's structure; accordingly, additional approval from shareholders in respect of transactions with a related party shall be obtained at the beginning of each year in the Annual General Meeting so that the Company can carry its business smoothly.
- The records in respect of transactions with a related party shall be kept minimum for the period of 15 years or such longer time as required by relevant laws and regulations.

The detailed disclosure regarding transactions with related parties has been disclosed in note 37 of the financial statements.

Details of Board Meetings Outside Pakistan

During the year, no board meeting was held outside Pakistan.

Conflict of Interest

The Company believes in handling actual or perceived conflict of interest constructively. Conflict of interest is a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional or public interest.

All employees are directed to avoid situations where there is a possibility of conflict. An inability to conform to these ethical policies may render an individual at risk of disciplinary action, even subsequent dismissal in an instance where a severe breach occurs.

Management of Conflict of Interest

The conflict of interests is managed and monitored in the following ways:

- Instructing employees about managing and avoiding conflict of interest.
- Staying away from any kind of actual and perceived conflict.
- Imparting the conflict to the stakeholders.
- Enforcement of strategies to handle conflict of interest.

Further, the Directors are also reminded on a periodic basis to avoid actual, potential, or perceived conflict of interests and to excuse themselves from any discussion on the matter that would give rise to a conflict of interests.

Investors' Grievance Policy

The grievance is defined as any complaint, problem, or concern of the affected person. This policy's objective is to safeguard and protect investors/shareholders' interest by handling their grievances.

The management is committed to ensuring that grievances notified by the investors are handled and resolved efficiently without any discrimination, at an appropriate level within the shortest possible time. The Company's Grievance policy follows the following principles:

- Queries and complaints are treated efficiently, fairly, confidentially in a courteous manner.
- The Company's employees work in good faith, and investors are informed of avenues to raise their queries and complaints within the organization and their rights if they are not satisfied with the resolution of their complaints.
- Appropriate remedial action is taken immediately to ensure avoidance in the future.

Safety of Records

The Company has implemented stringent controls to ensure that the records maintained are not only in compliance with the standard procedures but are also stored in a way that ensures their safety along with the timely retrieval of data when required.

In order to ensure the safety of records, the Company has adopted the following measures:

- Introduction of the 'paperless environment' initiative in the past under which all the records and relevant documents are being scanned so that they are available electronically, addressing the safety and time-bound concerns of records.
- Implementation of precautionary measures such as fire-extinguishers and fire-resistant measures ensures the security of the Company's sensitive documents.
- Efficient disposal of records and information when it is no longer required.

The Company has so far scanned more than 3 million documents that have reduced paper consumption, markedly, as the access to print these scanned documents are also controlled.

IT governance

In today's highly competitive and dynamic environment, companies must align themselves with modern times' advancements. Today's technology not only helps in precise dissemination and accurate presentation of information but, in particular, saves time and cost.

In this regard, we at GTML have consistently developed and monitored our IT framework and ensured that the systems implemented effectively help in storing, safeguarding, retrieving, and sharing of information. We have a team of talented individuals, who have been working tirelessly to make sure that the methods adopted and implemented by the Company are in line with the best practice of the industry.

The Company has formed an IT Steering Committee comprising senior executives to review and approve IT strategic plans, oversee major initiatives, govern all IT policies, and allocate resources appropriately. The committee meets quarterly and mainly focuses on;

- Ensuring the organization's IT resources are utilized effectively;
- Identifying and managing risks;
- Aligning the IT service objectives with business objectives;
- Deploying Business Continuity Management including Disaster Recovery; and
- Implementation of IT governance.

Major Projects During the year

Centralized Database
Considering the rapid growth of organization data at respective production units, there was an immense need to centralize the database for data security, integrity, consistency, and operational efficiency.

The project was initiated in the first quarter of the current year and was successfully implemented within three months. Redundant VPN connection between production units and dedicated extended power supply for Centralized Data Center has been deployed to mitigate the risk of a single point of failure.

Data Security
The organization's data security always remains our top priority. The secured VPN connections between various locations through a physical firewall ensures data integrity and security. VPN infrastructure significantly contributed to the current COVID-19 pandemic situation by facilitating our staff members to manage the work-from-home strategy efficiently.

Company's Web Portal
We are continually working on the strategy to minimize physical papers in routine work. Our Document Management System is playing a vital role in facilitating our approach to a paperless environment.

GTML initiated the Employee Self Service (ESS) Web Portal project in January 2020 and launched its 1st version in May 2020. The ESS system has been dedicated to employees and will significantly reduce the usage of physical paper in employee-related transactions. ESS system is mainly focused on:

- IT Help Desk
- Employee Attendance Record
- Follow-up
- Approval workflow
- HR Policies
- Notifications and General Announcements

Review by the Board of the Business Continuity and Disaster Recovery Plan

It is vital for companies to have a backup plan for disaster, as no one can really predict when they will strike. We have developed a dedicated BCP infrastructure at our backup location.

The Board of Directors periodically monitors the Business Continuity and Disaster Recovery of the Company for the smooth functioning of the systems and servers and for the prevention of any unforeseen adversary. Further, the Board is also involved in continuous monitoring of the risks which is exposed to the Company and the relevant strategies in place to mitigate them.

In this fiscal year, on February 22, 2020, a successful BCP drill was held. We believe that in any unfavorable event, our system will be up for use and will be fully operational, thus fulfilling international standards of BCP.

Our forward-thinking and proactive approach of the IT team helped the Company to smoothly transit to the new normal and continue business operations post COVID-19 pandemic.

whistle blowing policy

This policy sets out guidelines to encourage individuals if they believe or have discovered malpractice or impropriety in the activities of the Company.

The Company is committed to the highest standards of openness, honesty, and accountability. In line with its commitment, the Company encourages employees and/or third parties (suppliers, customers, dealers, etc.) with serious concerns about any aspect of the Company's work to come forward and blow the whistle on those concerns.

Employees and stakeholders of the Company are encouraged to raise concerns internally on malpractice or impropriety. These concerns may include but not be limited to the following:

- Financial malpractice or impropriety or fraud;
- Failure to comply with a legal obligation;
- Disclosure of confidential information within or outside the Company;
- Deviation from full and fair reporting of the Company's financial position;
- Dangers to health and safety or the environment;
- Unlawful civil and criminal activity;
- Improper conduct or unethical behavior; and
- Attempts to conceal any of these.

All speak up shall be recorded, reviewed, and where appropriate, independently investigated and presented to the Audit Committee. Where possible, feedback shall be provided to the employee and/or third parties raising the concern.

The investigation committee comprising of independent members would work under the supervision of the CEO. Members of the committee would be changed depending on a case to case basis.

All reporting shall be handled in a confidential manner. It shall be ensured that the person raising the issue, if not anonymous, is not targeted or penalized for raising the matter in all circumstances. Confidentiality shall be maintained to the fullest extent possible. However, if the person raising the issue has acted with false/malicious intent, disciplinary action may be taken against the person.

Number of Incidences Reported
No such incidences were reported to the Audit Committee during the year.

human resource excellence

Organizations cannot build a proficient team of working professionals without an effective Human Resource. As the pace of business accelerates and competition strengthens, companies are antagonized with greater uncertainty and intricacy.

While facing such contests, our human resource has the potential to be a crucial asset by ensuring that the Company has the desired human capital to compete and the ability to react fast to changing environments. They are determined to take Company to new heights, and this commitment helps us strive against the impossible and try to break the benchmarks that we have set in the industry over time. The wonderful relationship that we share with our employees is the key reason why the Company has considerably low employee turnover.

Human Resource Management Policy

The objective of this policy is to lay down salient features of the Company's philosophy with respect to its human resource management and its succession planning. As per the policy, the Human Resource department of GTML shall ensure the implementation of the following practices:

- Attract and retain top talent at all levels.
- Performance-based/Market-based compensation & benefit to be provided to all employees.
- Performance evaluation of all employees shall be carried out on a periodic basis. Performance should be reviewed against the stated goals.
- Succession Plans for all critical positions to be documented, with highlighted improvement areas.
- To develop strong bench strength and provide development opportunities through cross-functional exposure.
- On job Training & development to be provided to all employees.
- Responsibility matrix should be clearly defined.
- High achievers shall be awarded.
- Code of Conduct should be disseminated to all employees, and their adherence must be ensured.
- Ensuring Gender Diversity/Non-Discriminatory work environment.
- Providing a safe, secure, and healthy working environment.
- Encouraging effective & open communication.

Succession planning is a continuous process which is designed to identify, evaluate and develop the potential employees from within the organization who would be able to take up the leadership roles in future. The purpose of this is to have a pool of talented and competent employees who can replace anyone in a leadership role. In this respect, the HR department adequately plans employee recruitment, on job training/sessions, job rotation and practical exposure so that a person can easily fill the needed role.

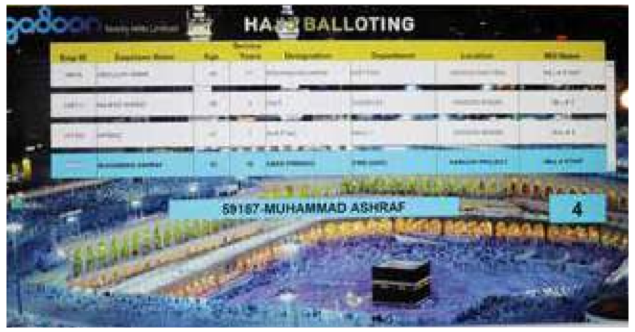
Employee Engagement

GTML always encourages the relationship between the organization and its employees. In order to empower employee bonding and teamwork, different activities were planned during the year. Detail of some of the activities are as follows:

Recreational Pakistan Tour
This year also, the management of GTML planned a recreational Pakistan tour for its employees. A total of ten employees were selected through an electronic balloting system based on specific criteria for visiting the northern areas of Pakistan, including Hunza, Naran & Kaghan. The fully paid trip was intended to create a team-building environment, which in return can have constructive effects on the overall work productivity of the employees. The employees had a great time together, and they built strong bonding with each other.

Hajj Balloting

Every Muslim wishes to visit the house of Allah to perform Hajj at least once in their lifetime. GTML continued its tradition to act as a facilitator and turned the dreams of four blessed employees into reality through the electronic balloting, thus fulfilling the commitment of regarding employees as a valuable asset.



Cricket Night

Cricket is everyone's favorite game, and it's one of the best tools to keep everyone engaged and motivated. GTML organized a night match for its cricket-crazy employees at Kutchi Memon Cricket Ground Karachi. This cricketing event helped reconnect employees with the game and revitalized them after weeks of hectic schedules. The game gave players a sense of courage to withstand the pressure of the field and perform with boosted team spirit. The event was a great success, which was intended to create a better organizational culture and encourage physical activity in employees, thus promoting a healthy lifestyle.

Women's Day Celebration

At GTML, we strongly believe in creating a non-discriminated workplace environment. With this zeal of promoting balanced and diverse workplace, we celebrated International Women's Day on March 7, 2020, whereby a session was carried out to highlight how women add value to the workforce. Mr. Osama Iqbal Changi (HR Business Partner – NutriCo Pakistan) honored us with his presence and delivered a short speech on promoting gender diversity in the workforce.

Considering the importance of the women's role in the society, we visited Street To School – STS on March 6, 2020, to create awareness among women on the importance of female education and encourage them to become career-oriented.

Training and Succession Planning

Training is the key to improve employee's performance and to help them achieve the required level of knowledge and skills needed for the job.

In order to help them achieve those skills, the Company plans to organize training activities both internally and externally. The training keeps the human capital motivated, thus creating value for the organization in the long run.

This year also many training sessions were planned, however on account of the COIVD-19 pandemic, some of the sessions did not take place as planned. Details of some of the training sessions are as follows:

Communication Skills Training

Realizing the importance of email communication, GTML conducted a training session on email writing and correspondence for its employees at DHA Suffa University. Two sessions were conducted to equip employees with proper email etiquette. The session was of great help to the employees and was purposed to make employees learn to manage a professional image in email, create clear, coherent, and concise messages, avoid personal emails, safeguard confidential information and respond timely yet effectively to incoming mails.

Motivational Session

GTML knows the value of learning and development programs for its employees in re-energizing the team spirits and unleashing the potential of the employees. A motivational session was organized at our Gadoon Amazai Factory, KPK, in order to boost the efficiency and performance of the employees. The session was titled 'Rise Beyond Yourself,' conducted by Mr. Ejaz Hussain – Facilitator of Sethi Learning and Company. The session played a pivotal role in encouraging employees to make an impactful contribution in achieving the Company's goals, making employees loyal towards the organization, and bringing about workforce stability.

Session on IFRS 16

The Company recognizes the importance of being updated on information and skills. GTML organized a training session on IFRS16 at LuckyOne Mall. Mr. Daniel Syed (former Chair ACCA Financial Services Network) updated the Company's professionals with the changes brought in the accounting standards in light of IFRS16. The employees found the session quite helpful and informative for their professional development.

KPI Development

KPI Development is a domain that articulates what a business intends to accomplish in the long run and determines the consequential indicators of success. It is essential for effective managers to understand the importance of KPIs in tracking performance and navigating a way to growth. Considering the importance of the topic, GTML organized a training session for the Head of Departments, titled as KPI development for Senior Management, which was conducted by Sethi Learning and Company.

The sessions proved to be a comprehensive training program for managers in learning how to build, deploy, and sustain KPIs in alignment with the departmental and the Company's objectives for improving organizational effectiveness and operational efficiency. The next stage of this program will be implemented in the coming year.

Talent Acquisition and Management

Keeping its past practice, the Company's Talent acquisition team, this year, also visited universities in different job fairs to recruit potential candidates and strengthen the internal database. This provides fresh candidates with an equal opportunity to get hired on market competitive remuneration packages.

Under Student Facilitation Program, the students of universities, ACCA and CA backgrounds get the chance to visit our factory premises and witness our state-of-the-art production process. Also, the Company provided them with an opportunity to discuss career propositions with HR and field professionals. The students also met and designed their university projects in collaboration with technical, sales & marketing, finance, and HR teams, which provided them with hands-on corporate experience and strengthened their professional networking.

Health and Safety

At GTML, we have a strong commitment to ensuring that our employees work in a healthy and safe environment. When and if the need arises, we have contingency action plans and the capacity to deal with such situations.

The HSE department of the Company has been strengthened over the years by the hiring of thorough professionals, with the main aim to ensure that GTML is compliant with all international standards. This will not only portray a positive image of the Company but will also help in minimizing the calamities. Further, a well-managed dispensary at both the locations is maintained by the Company for the welfare of the employees, to ensure proper health and safety.

Moreover, various security and surveillance cameras have been installed throughout our factory premises and offices, which are regularly monitored by security personnel to address the security concerns (if any). Safety drills are regularly carried out to train and educate employees for emergency situations.

social and environmental responsibility policy

The purpose of this policy is to set guidelines for GTML's objective to achieve sustainable protection of the environment, people, and planet through creating shared values for business and society.

GTML is committed to creating a more equitable and inclusive society by supporting processes that lead to sustainable transformation and social integration. Our primary focus of social responsibility is to craft business policies that are ethical, equitable, environmentally conscious, and gender-sensitive. GTML shall strive to ensure the highest quality for its products and customer services, with maximum market outreach. GTML ensures that all social and environmental dimensions are considered when developing its strategies, policies, practices, and procedures.

Protecting the Environment

In order to protect the environment, GTML shall:

- Meet or exceed the requirements of relevant legislative, regulatory, and environmental standards.
- Identify, reduce, and dispose of waste arising from our operations in a manner that minimizes harm to the environment and prevents pollution of land, air, and water.
- Reduce the consumption of energy and water and use renewable and/or recyclable resources wherever practicable.

Supporting the Communities

Sustainability and community development shall form a part of the Core Values at GTML.

- As a responsible social entity, GTML shall provide support to national and local charities or entities to promote the cultural and economic development of local communities.
- GTML shall ensure community development and uplift the standards of living of the masses through health, education, and environmental interventions.
- GTML shall support the development of quality human resources in the Country by sponsoring scholarship programs at leading universities/schools. Moreover, GTML shall support the provision of facilities/resources to such places of learning.
- GTML shall provide free medical facilities through welfare dispensaries located at plant sites.
- GTML also encourages its employees to share their time and skills in a socially constructive manner for the development of society.

Our People

GTML recognizes that its human resources are its most valuable asset, and it is committed to providing careers and working environments in which its people can achieve their full potential.

- GTML is dedicated to protecting human rights through its "Code of Conduct" and the provision of equal opportunity to potential employees and exercises all fair labor practices.
- GTML shall ensure that its activities do not directly or indirectly violate human rights at any of GTML's sites (e.g., forced labor, child labor, etc.). As a policy, GTML does not hire minors as a workforce.
- GTML shall employ differently-abled persons wherever business requirements allow.
- GTML shall make every reasonable and practicable effort to provide safe and healthy working conditions in all its plants, sites, and offices.

beneficial ownership/ group shareholding

review report on the statement of compliance contained in listed companies (code of corporate governance) regulations, 2019

Independent Auditor's Review Report to the Members of Gadoon Textile Mills Limited

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gadoon Textile Mills Limited (the Company) for the year ended June 30, 2020, in accordance with the requirements of Regulation 36 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. 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.

Based on the 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, 2020.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi
Date: October 6, 2020

statement of compliance with listed companies (code of corporate governance) regulations, 2019

Name of Company: Gadoon Textile Mills Limited (the Company)
Year ended: June 30, 2020

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

1. The total number of Directors are 7 as per the following:
   a. Male: 6
   b. Female: 1

2. The composition of the Board is as follows:

Category	Names
a) Independent Directors	Mr. Saleem Zamindar
	Mr. Zafar Masud
b) Other Non-Executive Directors	Mr. Muhammad Yunus Tabba (Chairman)
	Mr. Muhammad Ali Tabba
	Mr. Jawed Yunus Tabba
c) Executive Director	Mr. Muhammad Sohail Tabba (CEO)
d) Female non–executive Director	Ms. Zulekha Tabba Maskatiya

3. The Directors have confirmed that none of them is serving as a Director on more than seven 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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. All the Directors have acquired the prescribed certification under Directors' Training Program specified and approved by the Commission;

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit (Chief Internal Auditor), 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:

Committee	Name of members and Chairman
a) Audit Committee	Mr. Saleem Zamindar (Chairman)
	Mr. Zafar Masud
	Mr. Muhammad Ali Tabba
	Mr. Jawed Yunus Tabba
b) HR and Remuneration Committee	Mr. Saleem Zamindar (Chairman)
	Mr. Jawed Yunus Tabba
	Ms. Zulekha Tabba Maskatiya

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 Committees were as per following:

Committee	Frequency of meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually

15. The Board has set up an effective internal audit function, and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit (Chief Internal Auditor), Company Secretary or Director of the Company;

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 requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with, promulgated on September 25, 2019. The Election of Directors of the Company were held in March 2019, therefore, the Regulation 6 of the CCG regarding electing at least two (02) or one-third of members, whichever is higher as independent directors was not applicable at that time. Compliance of the said regulation will be ensured in the next Election of Directors which will be held in the year 2022.

Muhammad Yunus Tabba
Chairman

Muhammad Sohail Tabba
Chief Executive Officer

Karachi: September 24, 2020

role of chairman and ceo

Principally, the Chairman is in charge of the Board's leadership and guarantees that the Board plays a compelling part in satisfying every one of its duties. In contrast, the Chief Executive Officer is an Executive Director and is responsible for acting as the Head of the Company.

The Roles and Responsibilities of the Chairman include:

- Setting agendas for the Board's consideration.
- Leading the Board and discussing all proposals put forward by the executive team.
- Liaising and coordinating with subcommittee chairs.
- Identifying and participating in the selection of the Board members and overseeing a formal succession plan for the Board, CEO, CFO, and key senior management.
- Managing conflicts of interest and maintaining an effective team.
- Ensuring that good relations are maintained with the Company's strategic stakeholders.
- To ensure that stakeholders' trust and confidence is maintained in the Company.

The Roles and Responsibilities of the CEO include

- Serving as Chief Representative of the Company.
- Overseeing the business operations and implementing the policies and strategies recommended and approved by the Board.
- Closely monitor the operating and financial results of the Company against plans and budgets on a consistent basis.
- Ensuring that effective reporting mechanisms exist within the organization to provide feedback at all levels of management.
- Ensuring that the Company complies with all relevant laws and corporate governance principles and that these principles are recommended and adopted by the Board to mitigate key risks.
- Setting the tone in providing ethical leadership and creating an ethical environment.

Shares held by Sponsors/ Directors/Executives

The total number of shares held by sponsors/Directors/Associated Companies as of June 30, 2020, are 19,519,106, i.e., 69.64% of the total paid-up capital of the Company.

No shares are held by any executives of the Company.

The detailed breakup of shares has been mentioned in the section "Pattern of Shareholding" of this Annual Report.

board committees

Audit Committee

1) Mr. Saleem Zamindar (Chairman)
2) Mr. Zafar Masud
3) Mr. Muhammad Ali Tabba
4) Mr. Jawed Yunus Tabba

The Audit Committee comprises four members, including its Chairman. All members are Non-Executive Directors, while the Chairman and one member of the Committee are independent Directors.

The Committee held four meetings during the year. The attendance of each member is disclosed in the "Directors' Report".

Terms of Reference

The terms of reference of the Audit Committee include the following:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas;
  - Significant adjustments resulting from the audit;
  - Going concern assumption;
  - Any changes in accounting policies and practices;
  - Compliance with applicable accounting standards;
  - Compliance with other statutory and regulatory requirements; and
  - All related party transactions;
- Review of preliminary announcements of results prior to external communication and 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 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, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with applicable Code of Corporate Governance Regulations and identification of significant violations thereof;
- Review of arrangement for staff and management to report to the audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to the audit of its financial statements, measures for redressal and rectification of non-compliance with the Regulations. The Board of Directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof; and

- Consideration of any other issue or matter as may be assigned by the Board of Directors.

Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board of Directors.

Human Resource and Remuneration Committee

1) Mr. Saleem Zamindar (Chairman)
2) Mr. Jawed Yunus Tabba
3) Ms. Zulekha Tabba Maskatiya

The Human Resource and Remuneration (HR&R) Committee comprises of three members. The Chairman of the Committee is an independent Director. The Committee held one meeting during the year, which was attended by all the members.

Terms of Reference

The terms of reference of the - HR&R Committee shall include the following:

- Recommended to the Board for consideration and approval a policy framework for determining the remuneration of Directors and senior management, preferably taking into consideration that such remuneration commensurate with the performance of the Company and evaluation of the Board and management (as applicable). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
- Undertaking a formal process of evaluation of the performance of the Board as a whole and its committees annually, either directly or by engaging independent external consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing the 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 Chief Internal Auditor;
- Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to the Chief Executive Officer or Chief Operating Officer; and
- Reviewing the audit observations, if any, raised by the internal and external auditors of the Company relating to the HR function.

Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

Budget Committee

1 Mr. Zafar Masud (Chairman)
2) Mr. Muhammad Ali Tabba
3) Mr. Muhammad Sohail Tabba
4) Mr. Jawed Yunus Tabba

The Budget Committee comprises four members. The Chairman of the Committee is an independent Director.

Terms of Reference

- To review and analyze the operational plans and annual budgets especially for revenues, expenses and capital expenditures as prepared by the management, according to specified parameters and to suggest any revisions before Board's consideration/approval;
- To recommend the budget for the Board's approval;
- To review budget variance on a periodic basis; and
- To recommend any matter of significance in relation to the budget to the Board of Directors.

Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

report of audit committee

The Audit Committee comprises four members, including its Chairman. All members are Non-Executive Directors, while the Chairman and one member of the Committee are independent Directors. The Committee as a whole possesses significant economic, financial, and business acumen and all Directors qualify as financially literate.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the financial year ended June 30, 2020, and reports that:

- The Company has complied with the mandatory requirements specified under 'The Listed Companies (Code of Corporate Governance) Regulations, 2019' (Regulations);
- The Company has issued a Statement of Compliance with the Regulations which has also been reviewed and certified by the external auditors of the Company;
- The Company's Code of Conduct has been disseminated across the organization;
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Applicable International Financial Reporting Standards were followed in the preparation of the financial statements of the Company on a going concern basis for the financial year ended June 30, 2020, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company for the year under review;
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws, and the financial reporting is consistent with management processes and adequate for shareholder needs;
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act prevail;
- The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. It has also reviewed preliminary announcements of results prior to publication;
- The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings by invitation;
- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for a true and fair presentation of the Company's financial statements, the accuracy of reporting and compliance with Regulations and applicable accounting standards;
- The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable. The Annual Report discloses and provides information to shareholders to assess the Company's position and performance and its business model and strategy. Similarly, it has also reviewed all related party transactions carried out during the year, which were subsequently approved by the Board;
- The Committee regularly reviews the mechanism for employees and management to report concerns to the Audit Committee and ensures that any allegations are scrutinized seriously; and
- The Board has the practice to carry out the annual evaluation of its committees and its members. The results of the evaluation carried out were found to be satisfactory.

Internal Audit and Risk Management

- The Chief Internal Auditor (CIA) attended the Audit Committee meetings and also acted as secretary to the Audit Committee;
- The CIA has direct access to the Chairman of the Audit Committee, and the Committee has ensured staffing of personnel with sufficient internal audit acumen;
- Internal Audit function plays a vital role in improving the overall control environment of the Company;
- The Internal Audit department carried out independent audits in accordance with an internal audit plan and reported functionally to the Audit Committee;

- The Audit Committee reviewed the internal audit reports presented by the CIA, which encompasses Audit findings, process improvement avenues, control weaknesses and recommendations. A risk rating system is used on the basis of likelihood and impact and as a result, high to the low-risk rating is assigned; and
- The Company's system of internal controls is designed to manage and minimize the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Committee has ascertained that the risk management and internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of business transactions and the reporting structure are adequate and effective.

External Audit

- The External Auditors were allowed direct access to the Audit Committee;
- The Audit Committee has reviewed and discussed Key Audit Matters and observations with the external auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Code of Corporate Governance and shall, therefore, accordingly be discussed in the next Audit Committee meeting;
- The external auditors M/s. Deloitte Yousuf Adil, Chartered Accountants have been engaged as the external auditors of the Company since 2005 and have completed their audit assignment and review of the Statement of Compliance with the Regulations. They shall retire on the conclusion of the 33rd Annual General Meeting; and
- Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Deloitte Yousuf Adil, Chartered Accountants as external auditors of the Company for the year ending June 30, 2021.

Saleem Zamindar

Mr. Saleem Zamindar
Chairman Audit Committee

Karachi: September 24, 2020

Attendance in Annual General Meeting

Mr. Saleem Zamindar (the Chairman of Audit Committee) attended the Annual General Meeting of the Company for the year 2019 held on September 28, 2019, to answer shareholders concerns/questions/queries, if any, on audit committee's scope, roles and responsibilities.

During the meeting, no significant issues were raised.

Chairman's Significant Commitments and any changes thereto

The Chairman of GTML Mr. Muhammad Yunus Tabba also serves LCL as the Chairman of the Board. Being one of the founding members of the YBG, he directs the two companies with his immense experience and commitment. Besides GTML and LCL, he does not have any significant commitment.

Pandemic Recovery

Policy Statement

The Company prioritizes to adopt measures that would prevent the spread of the pandemic, which could impact the society as a whole.

GTML aims to minimize the impact of the pandemic and ensure that all stakeholders' issues are addressed, and business is maintained as usual without any hindrances for smooth operations of business activities.

Plan

In light of the COVID-19 pandemic, the Pandemic Crisis Management Team implemented a Pandemic Recovery Plan at each business unit of GTML. Measures such as disinfecting the office premises and vehicles on a daily basis, installation of a sanitizing tunnel and wall-mounted hand sanitizer dispenser, daily temperature checks at entry-points, and distribution and use of face masks, were adopted to ensure the health of, and minimize the spread among, the employees.

In order to maintain social distance during the peak of the pandemic's wave, the management decided to work with reduced staff, which was made possible through alternate days and work-from-home strategy. Moreover, employees were instructed to conduct meetings online and avoid unnecessary travelling.

Regular awareness sessions and informative emails were circulated to employees regarding precautions to be taken to stay safe. Posters were also placed throughout the office and factory premise and were shared on social media platforms.

In case an employee experienced COVID-19 symptoms, the Company provided them with testing facilities. If an employee tested positive for COVID-19, the employee was granted a minimum of 14 days of paid leaves. For this reason, departmental employees were cross-trained in case the concerned staff could not perform their duties due to illness.

dreams worth enjoying

Performance and Position

analysis of financial and non-financial performance

Financial Performance

a) Financial Performance in comparison with Prior year

During the year, the COVID-19 pandemic has caused widespread business disruptions around the world, resulting in a negative impact on economic activities, including our business, which was being planned, curtailed, and resumed accordingly. Even though the management was maintaining good profit margins for the nine months ended mainly through better products mix, increased quantity, and better sales price, however, on account of the COVID-19 pandemic coupled with the abrupt devaluation of currency (starting from the month of March 2020) which resulted in an exchange loss of Rs. 889 million on foreign currency loan, the bottom line of the Company was reduced to Rs. 45.50 million as compared to Rs. 1,186.10 million in the previous year.

The detailed analysis of the Company's performance in comparison to the previous year has been reported in the section Financial Results of Directors' Report. Further details can also be viewed in the section Horizontal/Vertical Analysis of this Annual Report.

b) Financial Performance in comparison with Budget

The management has a practice of making yearly budgets and monitor performance against the same. Deviation, if any, is bifurcated into controllable and non-controllable factors in order to assess the effectiveness of teams responsible for setting the budget. For controllable factors, timely corrective actions are taken. For non-controllable factors, risk management policies are considered, and strategies are designed to minimize its negative effect.

The Company's sales and profits were almost in line with the budgeted numbers for the first six months of this financial year. However, on account of abrupt devaluation in Pakistani Rupees in the month of March 2020, as a result of which the Company had incurred the exchange loss on its foreign-denominated borrowings coupled with the impact of the COVID-19 pandemic mainly in the fourth quarter of this year, which affected the gross margins of the Company, the overall sales and profitability decreased significantly from the budgeted figures for the complete financial year.

key performance indicators

Key Performance Indicators (KPIs) to measure Achievement against Objectives

Key Performance Indicators (KPIs) are the measurable values that determine the effectiveness and efficiency of achievement of the key business objectives. The Company has used the KPIs to evaluate the success of the business on reaching the targets. The business function of GTML evaluated through KPIs to measure achievement against objectives has been detailed below:

Financial Indicators

Indicator	2020	2019	% change
Revenue Rs. In million	28,987	31,217	-7.15%
Operating Profit Rs. In million	1,247	2,769	-54.97%
Profit Before Tax Rs. In million	338	1,668	-79.76%
Profit After Tax Rs. In million	45	1,186	-96.16%
EBITDA Rs. In million	2,261	3,563	-36.55%
EBITDA in %	7.80%	11.41%	-31.67%
Equity Rs. In million	9,084	9,209	-1.36%
Return on Capital Employed in %	10.15%	26.76%	-62.06%
Return on Fixed Assets in %	0.45%	13.33%	-96.65%
Earnings Per Share Rupees	1.62	42.32	-96.16%
Market Capitalization Rs. In million	4,471	3,878	15.30%
Capital Expenditure Rs. In million	1,367	2,839	-51.85%
Net Cash from Operating Activity Rs. In million	(1,884)	986	-291.04%
SoP from Associates Rs. In million	493	488	2.07%

Non-Financial Indicators

Capital Form	Objectives	KPI Monitored
Manufactured Capital	Investing in diversified businesses and aiming to explore the untapped markets	During the year the Company has expanded its knitting segment, and the new site had become operational in December 2019. Further, the Company has also made an additional investments in the dairy segment, which has started commercial operations from June 30, 2019.
	Implementation of innovative technology and techniques	Implementation of Centralized Database and Employee Self Service Web Portal. Further, upgradation in Business Continuity Plan (BCP) and use of Bio-Metric technology.
	Sustain industry leadership	Significant CAPEX made during the year in advanced technological machines.
Human Capital	Provide a healthy working environment for our employees	Strengthening the HSE department and implementation of organizational safety programs, especially w.r.t. sanitization and health check measures in order to counter the impact of COVID-19 pandemic.
	Maintaining operational efficiencies	Results of external/internal training sessions were evaluated, and significant improvements in employees technical/interpersonal skills were noted.
Natural Capital	Encouraging best customs to support environmental sustainability	Participated in environmental sustainability activities, including tree plantation. Further also ensured efficient use of cotton for manufacturing yarn.
Financial Capital	Sales maximization and global footprint	Increase in export sales despite the COVID-19 pandemic.
Social and Relationship Capital	Contribute effectively as a corporate entity	Active participation in events and activities for creating a corporate image and building a sense of shared values and mutual respect.
Intellectual Capital	Achieve overall business synergies by maintaining operational efficiencies	Operational efficiencies of the Company are maintained by utilizing the strength of high profile and skilled employees and along with the upgradation of IT system.

Budget

In addition to setting budgets for its financial indicators, the Company also places emphasis on its non-financial indicators and accordingly has allocated budget for the development of its Manufactured/Human/Social/Relationship Capital for the upcoming year.

The management continuously monitors the above KPIs and significant deviations from previous year are investigated for corrective actions to be taken. Further, the Board also reviews these KPI on a quarterly basis. The management anticipates these KPIs to be relevant in the future in order to assess the Company's performance.

Methods and Assumptions used in compiling the Indicators

The Company uses different sets of methods and assumptions while compiling its financial and non-financial indicators.

For compiling non-financial indicators, the Company considers its market positioning, competitor's strengths, employee's capabilities, working environment, and technological advancements.

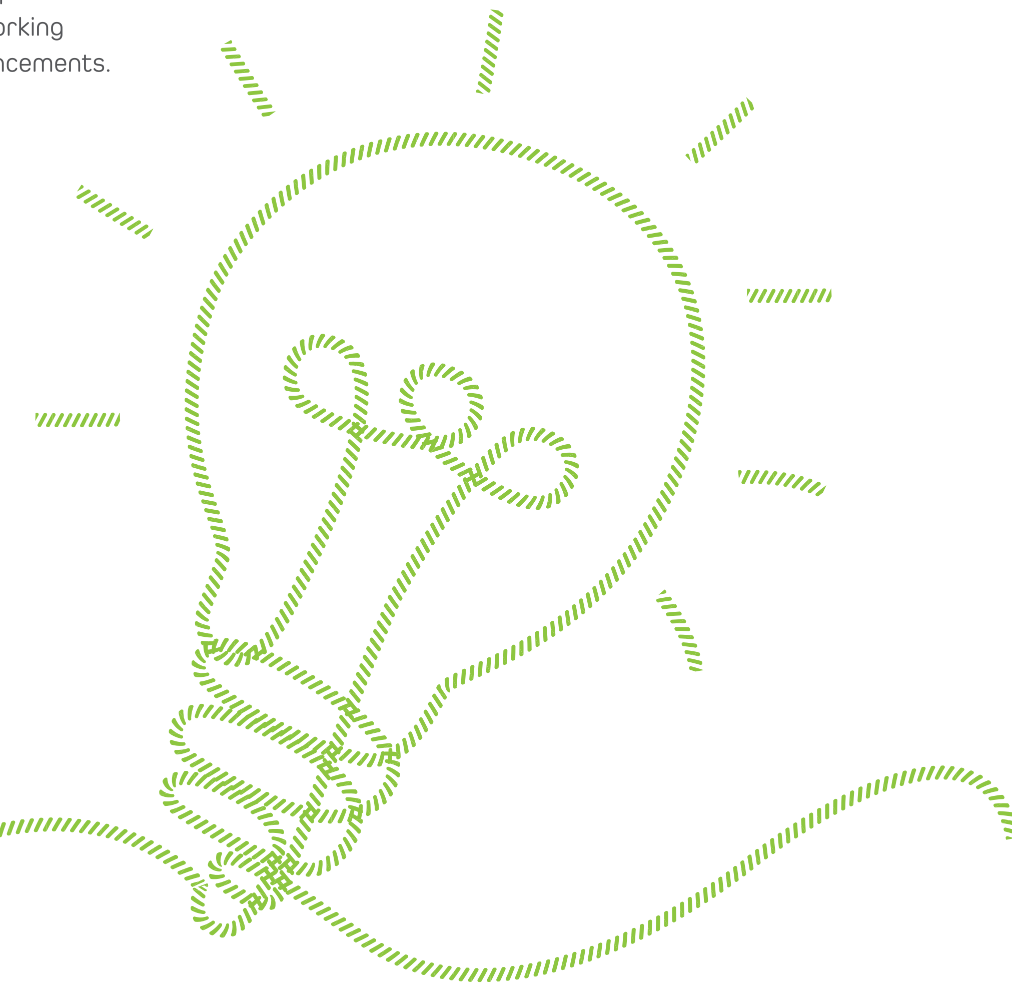
For financial indicators, the Company analyzes sales, gross profit, profit after tax, EPS, DPS, and market value of its share on a regular basis to gauge its performance.

The comparison of profit after tax to sales depicts how much the Company is able to retain the distributable profit for the provider of equity in comparison to its sales.

The dividend payment indicates that how much the Company wants to retain the amount from the distributable profits of shareholders for future business expansion/growth.

The Company also compares the market price of share with its book value to assess investors' confidence in the script.

In addition, the Company also monitors cash flow from operating activities access to its liquidity position and working capital requirements.

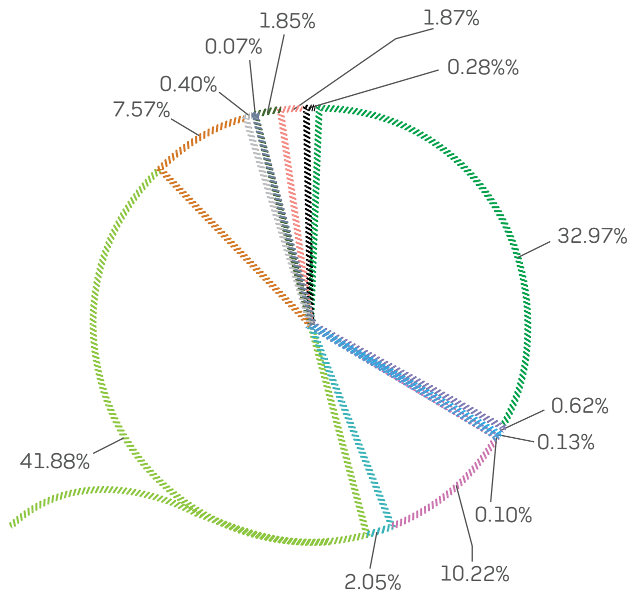


six years at a glance

	2020	2019	2018	2017	2016	2015
	(Rupees In '000)					
Assets Employed						
Property, Plant and Equipment	10,165,007	9,870,359	7,791,928	7,447,694	7,727,013	8,322,228
Biological Assets	190,214	129,665	-	-	-	-
Long Term Loans and Deposits	69,137	72,804	63,050	51,180	41,340	46,788
Long Term Advances	-	-	-	-	-	-
Current Assets	17,258,436	14,342,045	12,600,632	10,028,260	9,132,266	10,281,321
Long Term Investments	3,150,556	2,890,606	2,686,920	2,472,715	2,194,332	1,683,343
Total Assets Employed	30,833,350	27,305,479	23,142,530	19,999,849	19,094,951	20,333,680
Equity and Liabilities						
Shareholder's Equity	9,084,358	9,209,433	8,213,510	7,366,723	6,533,605	6,817,519
Long Term Finance	3,526,689	2,622,363	594,338	-	-	-
Current Portion of Long Term Finance	68,092	52,728	-	-	-	8,905
	3,594,781	2,675,091	594,338	-	-	8,905
Retirement Benefit Obligation	629,205	562,984	533,769	446,314	447,453	348,205
Deferred Tax Liabilities	810,001	890,390	696,275	668,382	642,313	648,707
Current Liabilities	16,783,097	14,020,309	13,104,638	11,518,430	11,471,580	12,519,249
Current Portion of Long Term Finance	(68,092)	(52,728)	-	-	-	(8,905)
	16,715,005	13,967,581	13,104,638	11,518,430	11,471,580	12,510,344
Total Equity and Liabilities	30,833,350	27,305,479	23,142,530	19,999,849	19,094,951	20,333,680
Turnover and Profit						
Turnover	28,986,781	31,217,479	27,554,687	23,248,578	21,269,477	23,003,447
Gross Profit	2,241,286	2,892,723	1,944,890	1,328,793	726,192	1,129,822
Operating Profit	1,246,797	2,768,530	2,048,328	1,427,539	357,012	701,200
Profit/(Loss) Before Taxation	337,717	1,668,457	1,473,646	1,084,938	(92,164)	(90,281)
Profit/(Loss) After Taxation	45,499	1,186,102	1,185,296	806,986	(273,845)	(392,334)
Cash Dividend	-	238,251	434,459	140,148	-	-
Unappropriated Profit	6,939,188	7,064,263	6,068,340	5,221,553	4,388,435	4,672,349
Earnings Per Share (PKR)	1.62	42.32	42.29	28.79	(9.77)	(14.00)
Book Value Per Share (PKR)	324.10	328.56	293.03	262.82	233.10	290.88

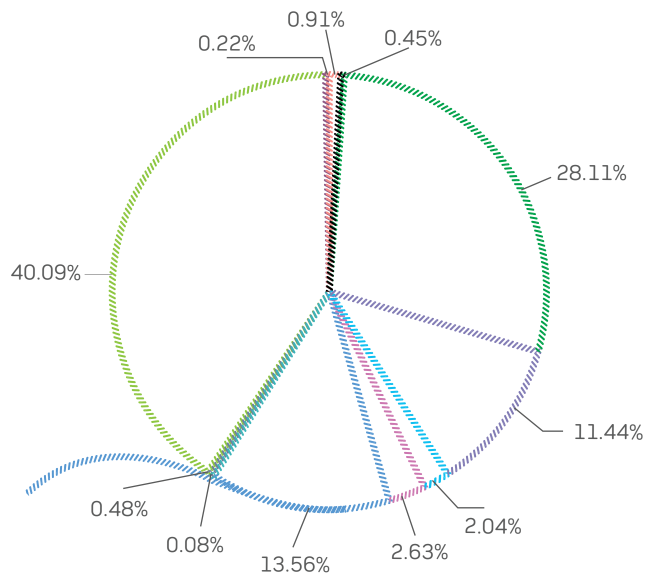
graphical presentation of statement of financial position and profit or loss

Total Assets



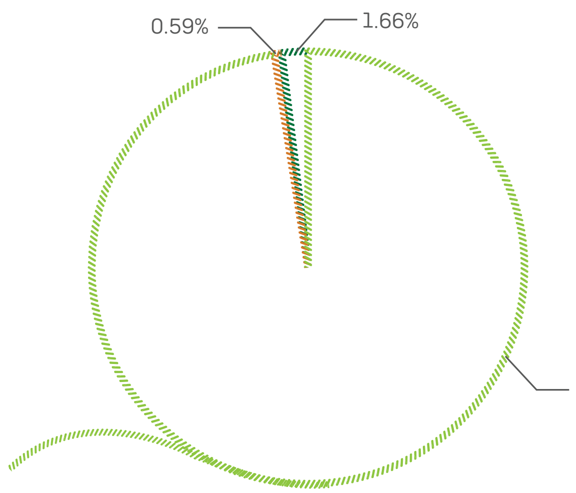
- Property, Plant and Equipment
- Biological Assets
- Long Term Loans
- Long Term Deposits
- Long Term Investments
- Stores, Spares and Loose Tools
- Stock-in-Trade
- Trade Debts
- Loans and Advances
- Trade Deposit and Other Short Term Prepayments
- Other Receivables
- Current Tax Asset
- Cash and Bank Balances

Total Equity and Liabilities



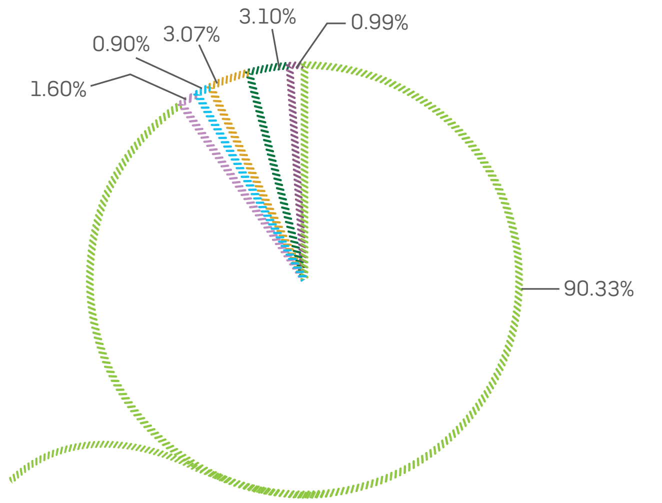
- Issued, Subscribed and Paid up Capital
- Capital Reserves
- Revenue Reserves
- Long term Finance
- Retirement Benefit Obligation
- Deferred Tax Liabilities
- Trade and other Payables
- Unclaimed Dividend
- Accrued Mark-up
- Short term Borrowings
- Current Portion of Long Term Financing

Income



- Turnover
- Other Income
- Share of Profit from Associates

Expense



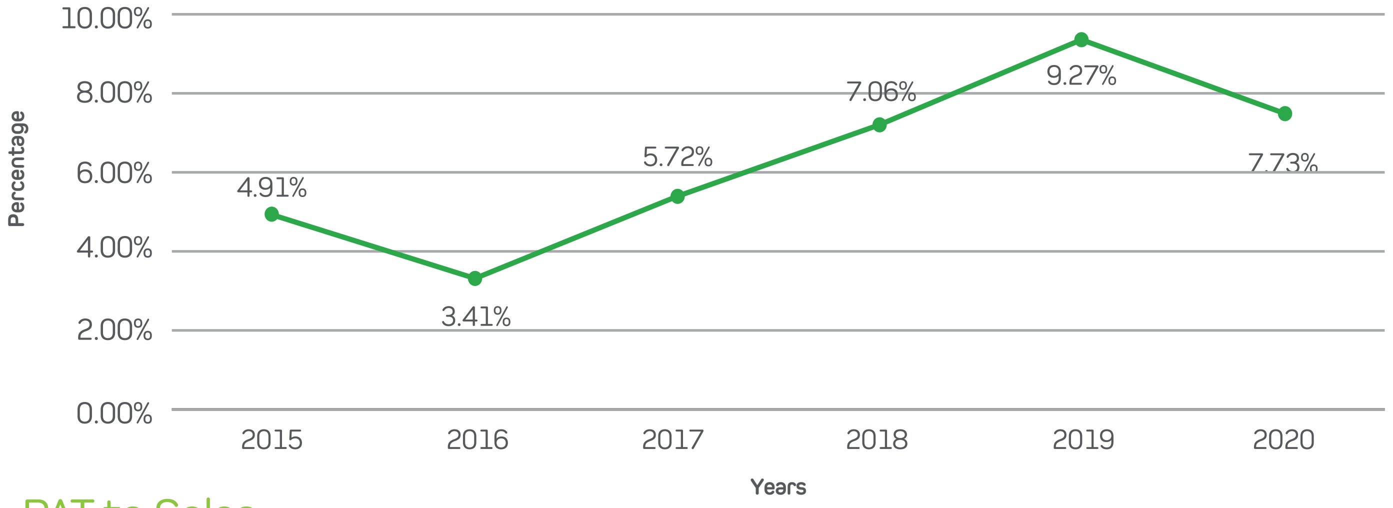
- Cost Of Sales
- Distribution Cost
- Administrative Expense
- Finance Cost
- Other Operating Expenses
- Taxation

financial ratios

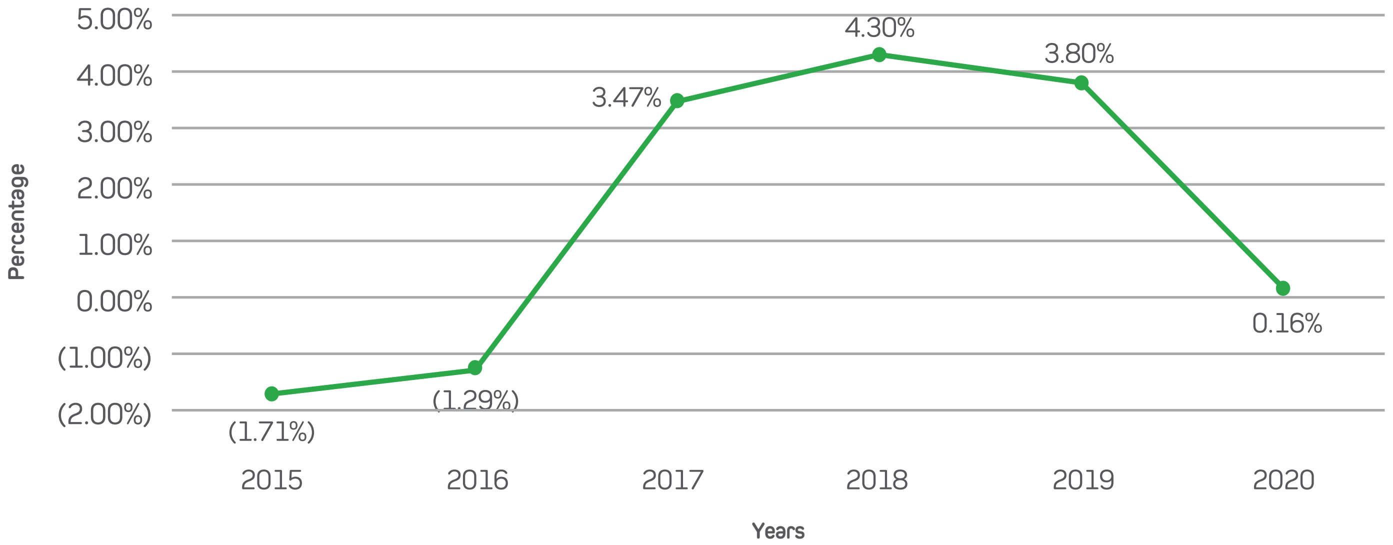
Profitability Ratios

	UoM	2020	2019	2018	2017	2016	2015
GP to Sales	Percentage	7.73%	9.27%	7.06%	5.72%	3.41%	4.91%
PAT to Sales	Percentage	0.16%	3.80%	4.30%	3.47%	(1.29%)	(1.71%)
EBITDA to Sales	Percentage	7.80%	11.41%	10.11%	9.34%	5.49%	6.43%
Operating Leverage	Times	7.69	2.65	2.35	32.23	6.51	(3.59)
Return on Equity After Tax	Percentage	0.50%	13.62%	15.22%	11.61%	(4.10%)	(5.89%)
Return on Capital Employed	Percentage	10.15%	26.76%	25.33%	20.54%	5.34%	10.50%
Return on Fixed Assets	Percentage	0.45%	13.33%	15.56%	10.64%	(3.41%)	(5.48%)

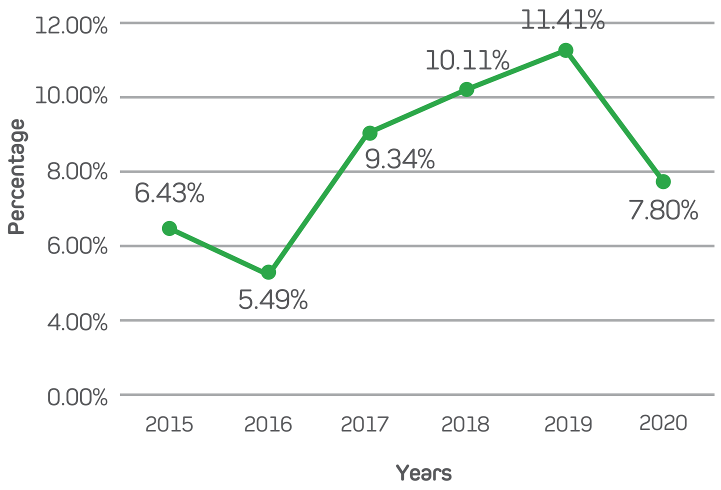
GP to Sales



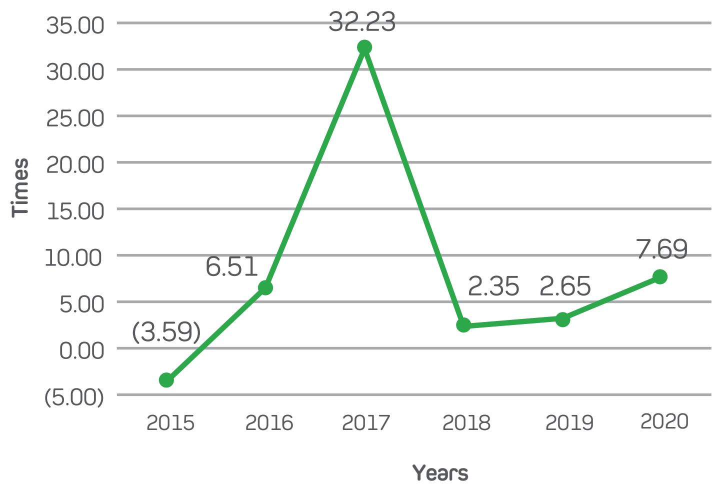
PAT to Sales



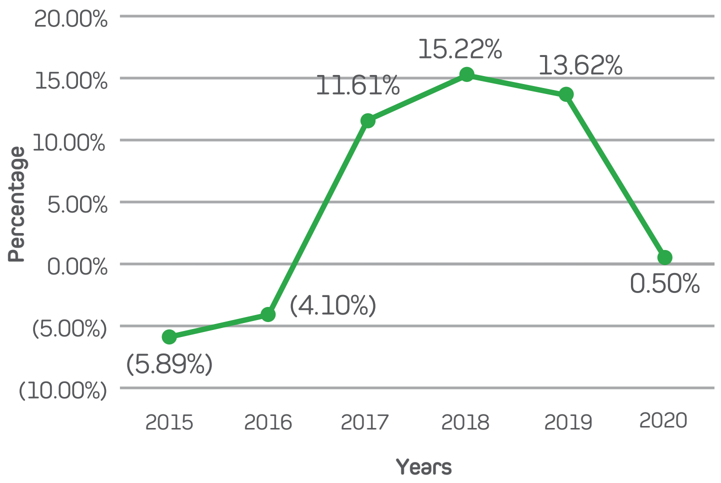
EBITDA to Sales



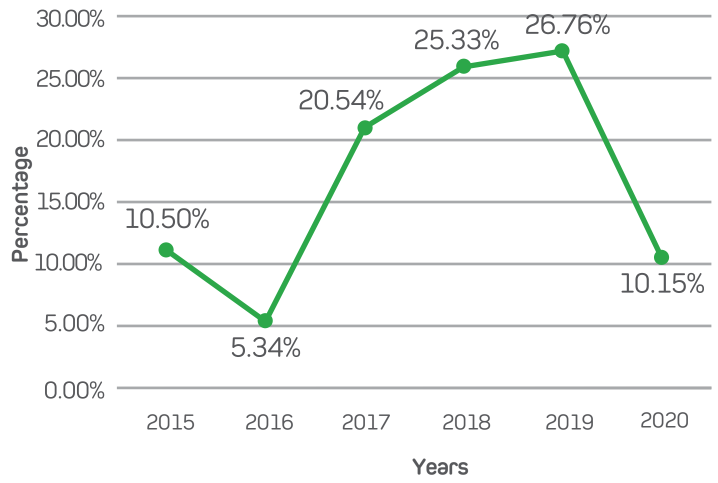
Operating Leverage



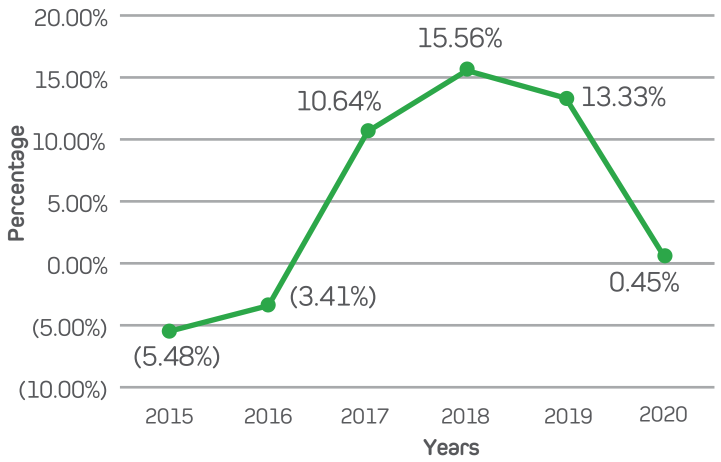
Return on Equity After Tax



Return on Capital Employed



Return on Fixed Assets



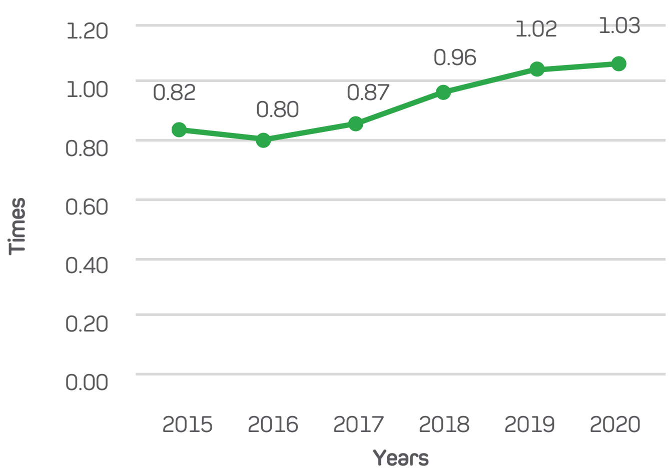
Comments:

The profitability ratios, which were on the increasing trend for the last three years, have been affected in the current year, mainly on account of the COVID-19 pandemic. The impact of the COVID-19 pandemic coupled with the abrupt devaluation of currency starting from March 2020, which resulted in an exchange loss on foreign currency loans, impacted the Company's performance, which led to a decline in the Company's profitability.

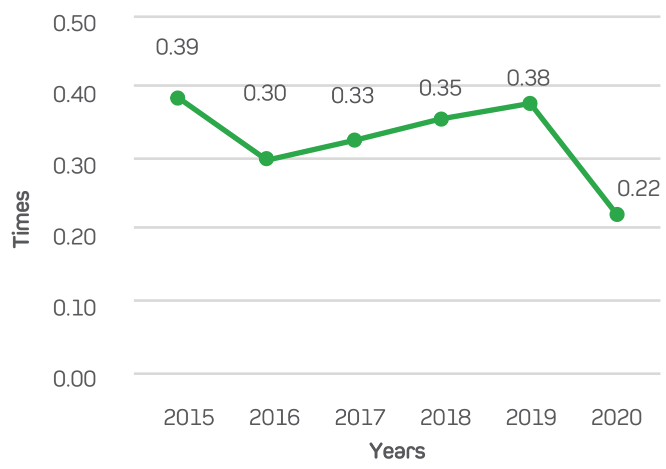
Liquidity Ratios

	UoM	2020	2019	2018	2017	2016	2015
Current Ratio	Times	1.03	1.02	0.96	0.87	0.80	0.82
Quick Ratio	Times	0.22	0.38	0.35	0.33	0.30	0.39
Cash to Current Liability	Times	0.01	0.01	0.01	0.01	0.03	0.04
Cash Flow from Operation to Sales	Times	(0.06)	0.03	(0.03)	0.06	0.06	0.07

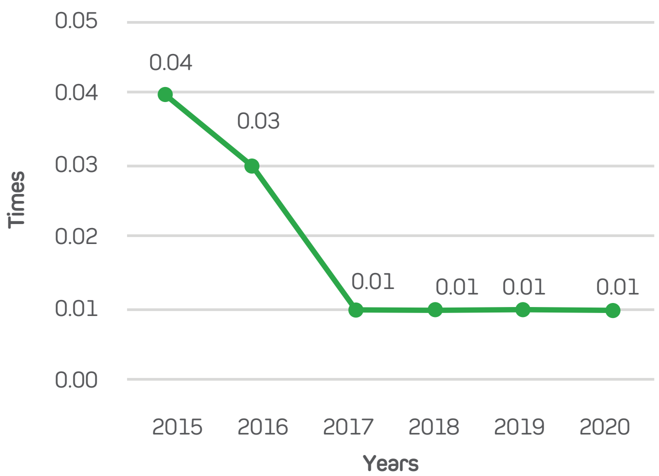
Current Ratio



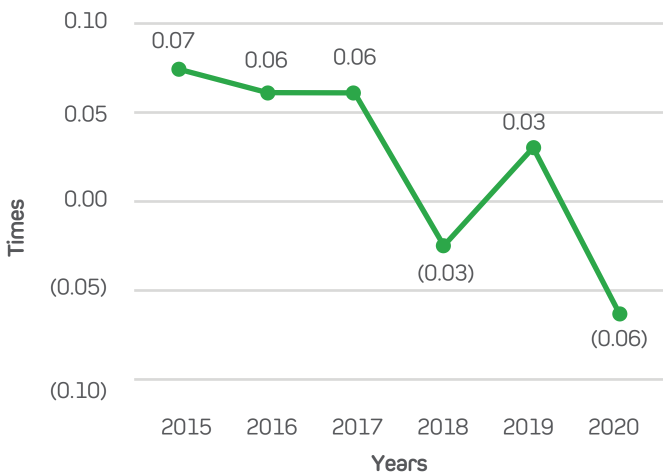
Quick Ratio



Cash to Current Liability



Cash Flow from Operation to Sales



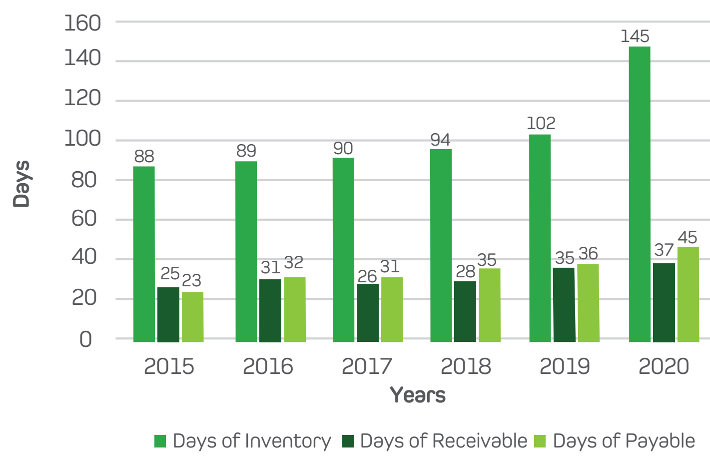
Comments:

Liquidity ratios have been consistent over the years, mainly on account of strong working capital management policies. The current ratio of 1.03 as at June 30, 2020, is the highest since 2015. However, during the year, the quick ratio has decreased mainly on account of increased inventory levels as at June 30, 2020.

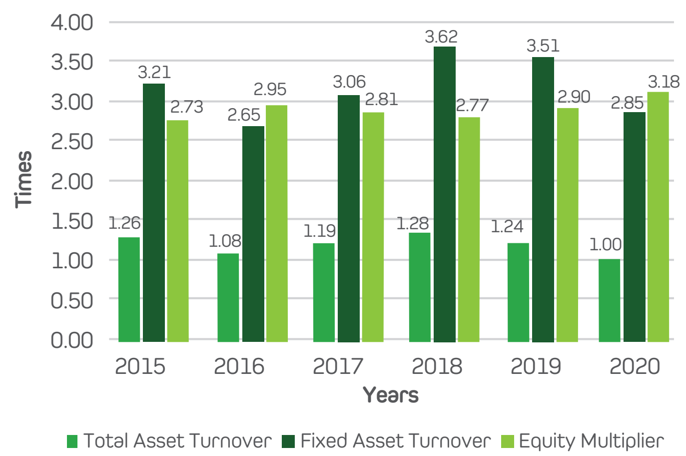
Operating Ratios

	UoM	2020	2019	2018	2017	2016	2015
Inventory Turnover	Times	2.51	3.57	3.89	4.04	4.09	4.13
No of Days in Inventory	Days	145	102	94	90	89	88
Debtor Turnover	Times	9.91	10.44	13.07	14.10	11.92	14.84
No of Days in Receivable	Days	37	35	28	26	31	25
Creditor Turnover	Times	8.03	10.00	10.35	11.96	11.54	15.55
No. of Days in Payable	Days	45	36	35	31	32	23
Operating Cycle	Days	137	101	87	85	88	90
Total Assets Turnover	Times	1.00	1.24	1.28	1.19	1.08	1.26
Fixed Assets Turnover	Times	2.85	3.51	3.62	3.06	2.65	3.21
Equity Multiplier	Times	3.18	2.90	2.77	2.81	2.95	2.73

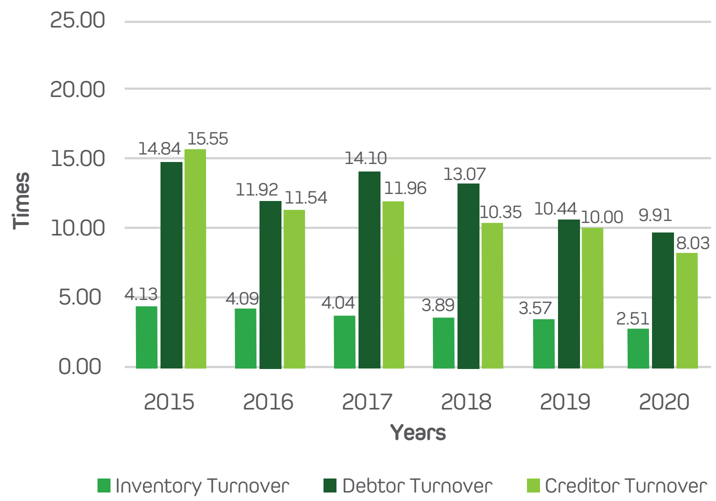
Working Capital Ratios (in Days)



Turnover Ratios (in Times)



Working Capital Ratios (in Times)



Comments:

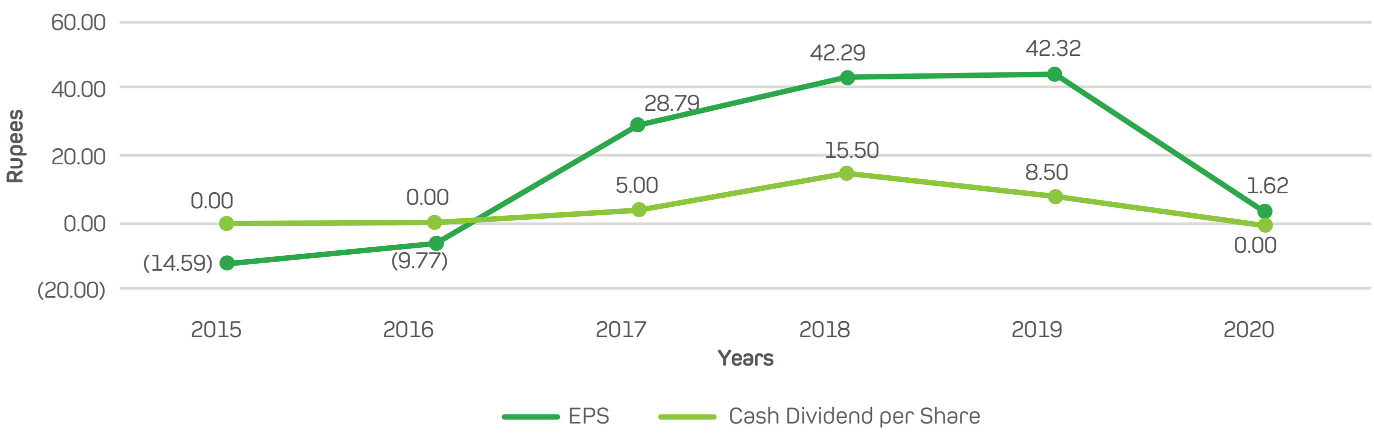
The operating cycle of the Company was at quite a manageable level till the last year, which has significantly increased during the year mainly on account of the COVID-19 pandemic, whereby on account of a decrease in sales in the fourth quarter, inventory levels were on a higher side. Accordingly, the overall operating cycle has increased to 137 days for the current year.

Fixed assets turnover and total assets turnover have decreased on account of a decrease in sales, as discussed in the profitability ratio above.

Market Ratios

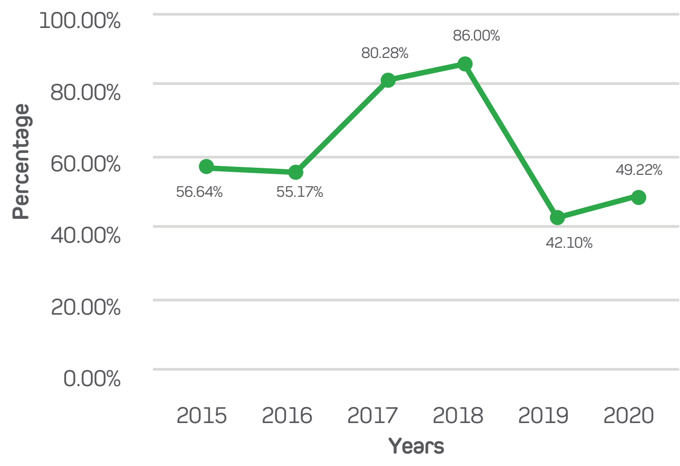
	UoM	2020	2019	2018	2017	2016	2015
EPS	Rupees	1.62	42.32	42.29	28.79	(9.77)	(14.59)
Price to Earnings Ratio	Times	98.46	3.27	5.96	7.33	-	-
Price/Book Ratio	Percentage	49.22%	42.10%	86.00%	80.28%	55.17%	56.64%
Dividend Yield	Percentage	-	6.14%	6.15%	2.37%	-	-
Dividend Payout Ratio	Percentage	-	20.09%	36.65%	17.37%	-	-
Dividend Cover	Times	-	4.98	2.73	5.76	-	-
Cash Dividend per Share	Rupees	-	8.50	15.50	5.00	-	-
Book Value per Share as at June 30th	Rupees	324.10	328.56	293.03	262.82	233.10	290.88
Market Value per Share as at June 30th	Rupees	159.51	138.34	252.00	211.00	128.59	164.76
Highest Share Price during the year	Rupees	257.89	315.00	264.00	323.62	153.20	332.18
Lowest Share Price during the year	Rupees	115.00	138.34	176.00	128.50	112.10	154.89

EPS vs DPS



Earnings Ratio

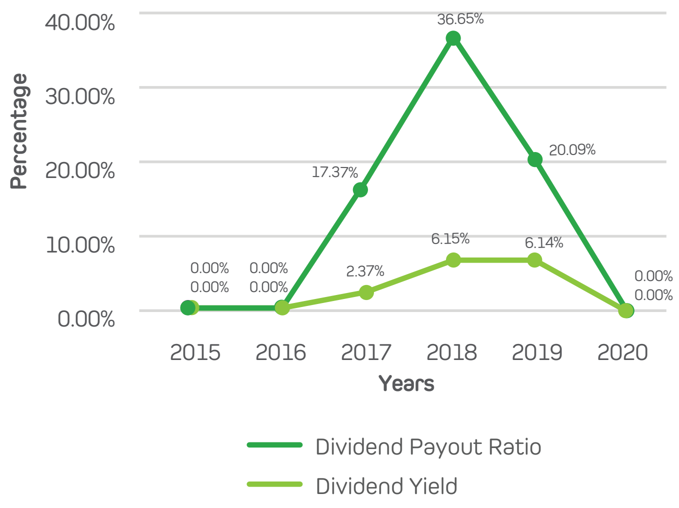
Price / Book Ratio



Market Value

Book Value vs Market Value

Dividend Ratio



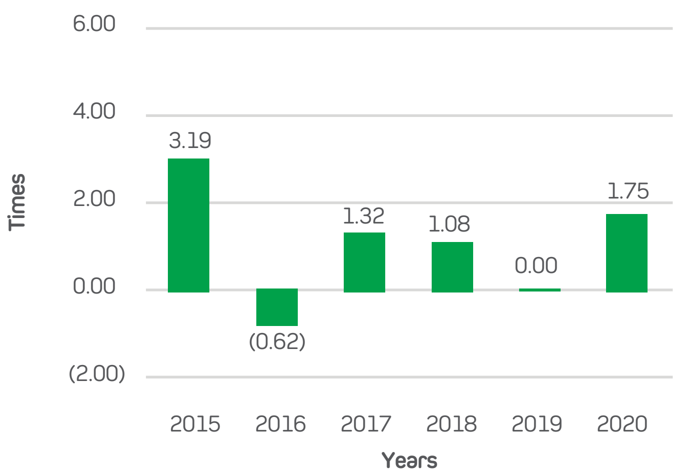
Comments:

On account of political/economic stability, the PSX Index witnessed the growing trend from the second quarter of this financial year till the month of March 2020, whereby owing to the COVID-19 pandemic, economic activities were curtailed, and accordingly declining trend was observed in the PSX Index till the month of May 2020, whereby from June 2020 onwards some positive indications were seen. Accordingly, the declining market price and profitability of the Company have impaired the investment/valuation ratios of the Company for the current year.

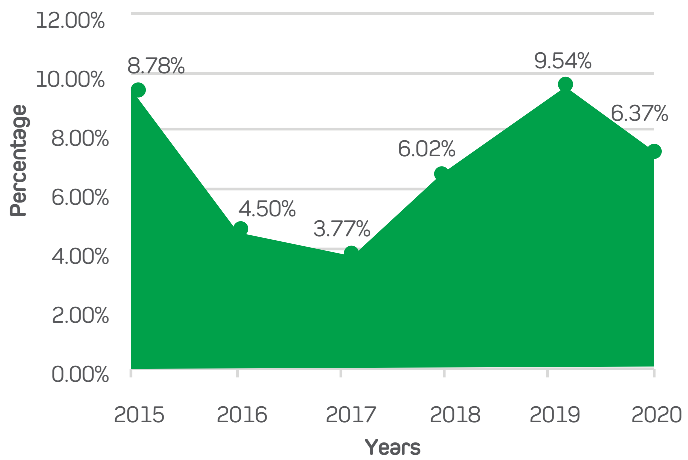
Capital Structure Ratios

	UoM	2020	2019	2018	2017	2016	2015
Degree of Financial Leverage Ratio	Times	1.75	-	1.08	1.32	(0.62)	3.19
Weighted Average Cost of Debt	Percentage	6.37%	9.54%	6.02%	3.77%	4.50%	8.78%
Debt to Equity Ratio (Book Value)	Percentage	39.57%	29.05%	7.24%	-	-	0.13%
Debt to Equity Ratio (Market Value)	Percentage	80.40%	68.99%	8.41%	-	-	0.23%
Interest Coverage Ratio	Times	1.37	2.52	3.56	4.17	0.79	0.89

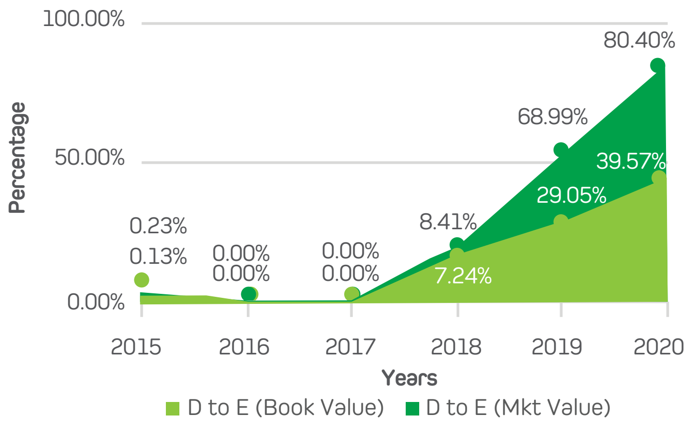
Degree of Financial Leverage Ratio



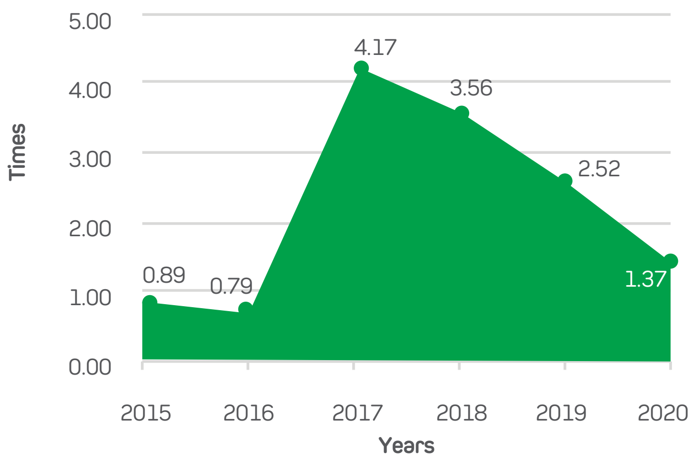
WAC of Debt



Debt to Equity Ratios



Interest Coverage Ratio



Comments:

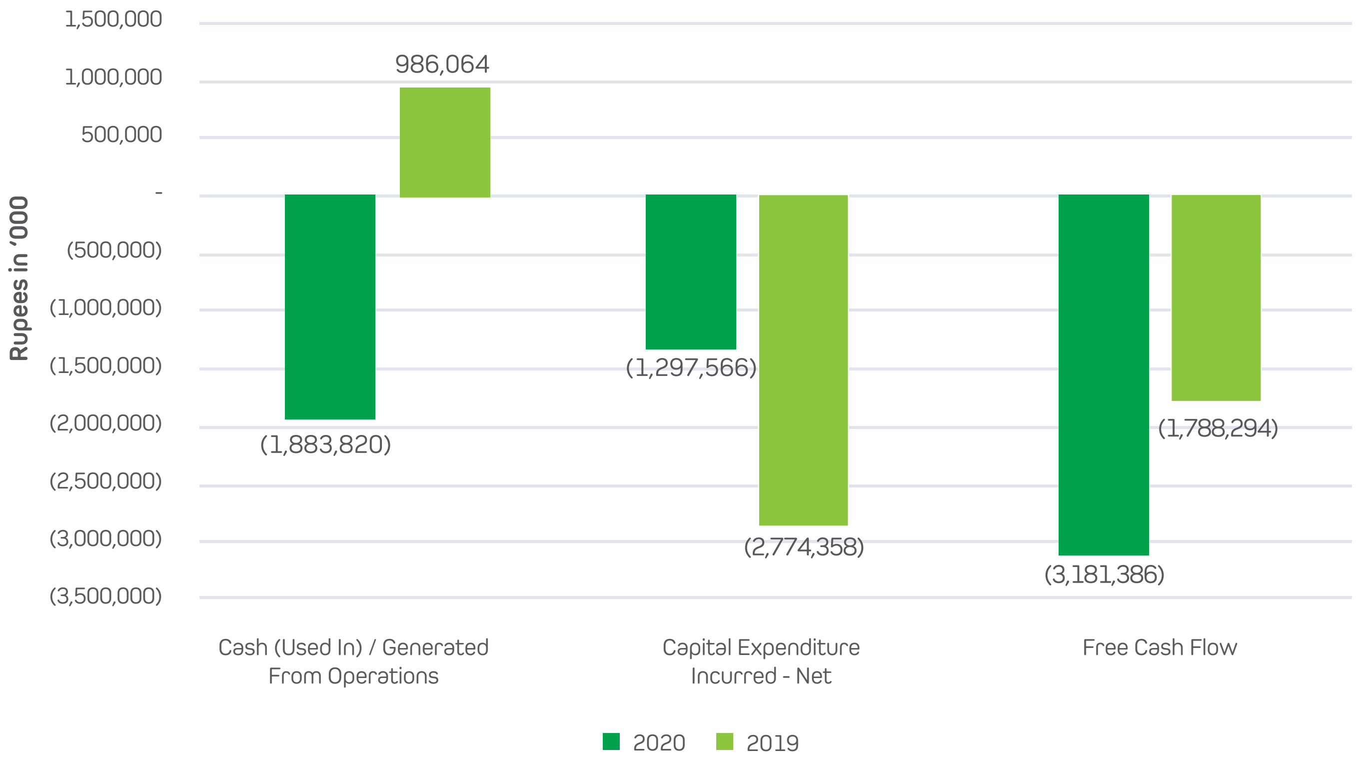
The Company has further availed the long term finance facility in the current year to finance its new plant and machinery, which has resulted in an increase in debt to equity ratio from 29.05% to 39.57%. Further, during the year, on account of higher KIBOR rates, the Company has shifted its exposure to a cheaper source of finance, including the foreign currency loan, and accordingly, this resulted in a decrease in WAC of debt in this year. Moreover, on account of the decrease in earnings of the Company in this year, the interest coverage ratio has also decreased.

dupont analysis

Years	Profit Margin (A)	Asset Turnover (B)	Equity Multiplier (C)	ROE A x B x C
2020	0.16%	0.94	3.37	0.50%
2019	3.80%	1.14	3.13	13.62%
2018	4.30%	1.19	2.97	15.22%
2017	3.47%	1.16	2.88	11.61%
2016	(1.29%)	1.11	2.86	(4.10%)
2015	(1.71%)	1.13	3.05	(5.89 %)

free cash flow

	2020	2019
	(Rupees in '000)	
Cash (Used In) / Generated From Operations	(1,883,820)	986,064
Capital Expenditure Incurred - Net	(1,297,566)	(2,774,358)
Free Cash Flow	(3,181,386)	(1,788,294)

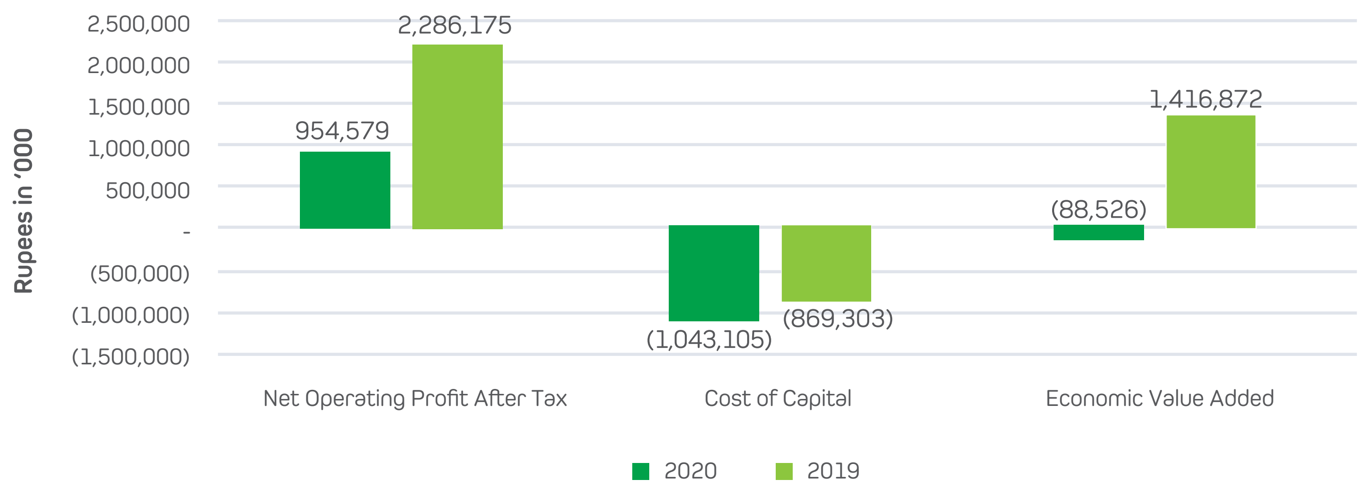


Comment:

Despite the decrease in capital expenditure by Rs. 1.48 billion in this year as compared to the previous year, free cash flow has decreased in the current year mainly on account of more funds being used in supporting working capital requirements, which have increased owing to the COVID-19 pandemic.

economic value added

	2020	2019
	(Rupees in '000)	
Net Operating Profit After Tax	954,579	2,286,175
Cost of Capital	(1,043,105)	(869,303)
Economic Value Added	(88,526)	1,416,872
Cost of Capital		
Total Assets	30,833,350	27,305,479
Less: Current Liabilities	(18,154,211)	(15,420,955)
Invested Capital	12,679,139	11,884,524
WACC	8.23%	7.31%
Cost of Capital	1,043,105	869,303



Comment:

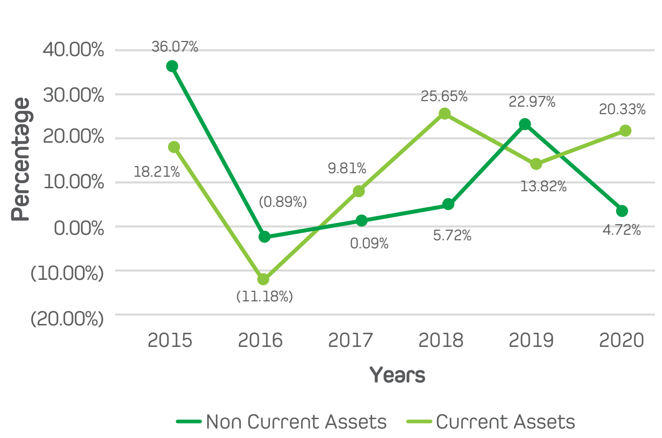
Economic value addition has fallen in comparison to last year, mainly on account of a decrease in operating profits. Further, WACC has increased mainly on account of an increase in the KSE All Index over the period in comparison to the previous year.

horizontal analysis

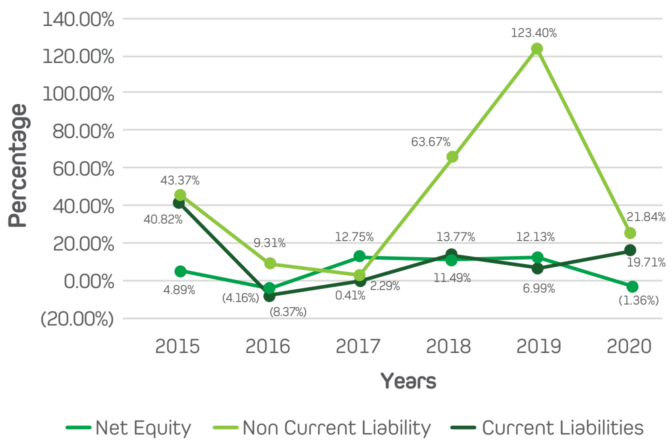
Statement of Financial Position - Horizontal Analysis

	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014
Assets						
Non Current Assets						
Property, Plant and Equipment	2.99%	26.67%	4.62%	(3.61%)	(7.15%)	38.77%
Biological Assets	46.70%	100.00%	-	-	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	(9.26%)	23.62%	50.50%	44.18%	(25.42%)	100.81%
Long Term Deposits	1.30%	5.08%	0.05%	10.56%	0.41%	18.99%
Long Term Investment	8.99%	7.58%	8.66%	12.69%	30.36%	23.88%
	4.72%	22.97%	5.72%	0.09%	(0.89%)	36.07%
Current Assets						
Stores, Spares and Loose Tools	4.30%	10.42%	11.70%	(4.68%)	(2.35%)	25.69%
Stock-in-Trade	53.61%	12.55%	31.03%	10.72%	5.17%	(14.11%)
Trade Debts	(33.68%)	42.76%	40.75%	13.13%	(23.46%)	87.37%
Loans and Advances	(38.53%)	(30.32%)	9.31%	(2.15%)	15.14%	(16.54%)
Receivable from Associates	-	-	-	-	(100.00%)	-
Short Term Investments	-	-	-	(100.00%)	26.76%	21.91%
Trade Deposit and Other Short Term Prepayments	156.45%	(72.42%)	82.55%	(40.22%)	269.94%	96.12%
Other Receivables	(20.85%)	(24.86%)	3.23%	106.97%	19.81%	72.68%
Current Tax Asset	(12.38%)	1.07%	(8.63%)	0.29%	6.66%	7.93%
Sales Tax Refund Bond	(100.00%)	100.00%	-	-	-	-
Cash and Bank Balance	(23.46%)	(40.42%)	15.21%	(57.69%)	(23.51%)	52.63%
	20.33%	13.82%	25.65%	9.81%	(11.18%)	18.21%
Total Assets	12.92%	17.99%	15.71%	4.74%	(6.09%)	26.41%
Equity & Liabilities						
Issued, Subscribed and Paid-up Capital	-	-	-	-	19.59%	-
Capital Reserves	-	-	-	-	(84.10%)	738.67%
Revenue Reserves	(1.42%)	12.78%	12.19%	13.62%	6.95%	(7.20%)
Total Equity	(1.36%)	12.13%	11.49%	12.75%	(4.16%)	4.89%
Non Current Liabilities						
Long Term Finance	34.49%	341.22%	100.00%	-	-	(100.00%)
Retirement Benefit Obligation	11.76%	5.47%	19.59%	(0.25%)	28.50%	59.48%
Deferred Tax Liabilities	(9.03%)	27.88%	4.17%	4.06%	(0.99%)	38.58%
	21.84%	123.40%	63.67%	2.29%	9.31%	43.37%
Current Liabilities						
Trade and Other Payables	12.99%	19.83%	11.12%	49.69%	(5.04%)	74.19%
Unclaimed Dividend	7.85%	2.13%	39.53%	(0.50%)	(0.37%)	36.67%
Accrued Mark-up	(53.62%)	145.09%	48.09%	92.23%	(65.96%)	(5.84%)
Short Term Borrowings	24.53%	0.63%	14.23%	(9.61%)	(8.19%)	36.98%
Current Portion of Long Term Finance	29.14%	100.00%	-	-	(100.00%)	(50.01%)
	19.71%	6.99%	13.77%	0.41%	(8.37%)	40.82%
Total Liability	20.19%	21.21%	18.17%	0.57%	(7.06%)	41.00%
Total Equity and Liability	12.92%	17.99%	15.71%	4.74%	(6.09%)	26.41%

Horizontal Analysis of Total Assets



Horizontal Analysis of Total Equity & Liabilities



Comments on Statement of Financial Position - Horizontal Analysis

Fixed Assets

Fixed assets of the Company grew by 22.14% over the past six years due to continuous capital expenditure on innovative machines.

Long Term Investments

Long Term Investments have increased over the years on account of investments in new associates and increasing Share of profits from associates.

Stores, Spares & Loose Tools, Stock-in-Trade and Trade Debts

Stores, spares & loose tools, and stock in trade have increased over the past six years on account of an increase in operations and expansions. However, in the current year, trade debts have decreased due to a decrease in sales in the last quarter of the financial year on account of the COVID-19 pandemic.

Other Receivables

Other Receivables mainly include sales tax and rebate receivable. Sales tax refunds have shown both increasing/decreasing trends over the years, and its recovery depends on multiple factors including but not limited to funds available at the Government treasury, pending verification of sales tax claim by the sales tax department, status of the sales tax audit etc.

During the last two years, other receivable has decreased mainly on account of receipt of sales tax refund and rebate.

Share Capital and Reserves

Reserves grew over the past five years as the Company continues to make profits; however, in the current year, due to the decline in profitability of the Company, revenue reserves reduced by 1.42%. Moreover, the issuance of shares in 2015-16 in pursuant to amalgamation also resulted in an increase in shareholders' equity.

Long term Finance

In order to avail the benefit of a reduced rate of financing, the Company this year also has obtained additional long term financing facility for its new machines, which has resulted in an increase in long term finance.

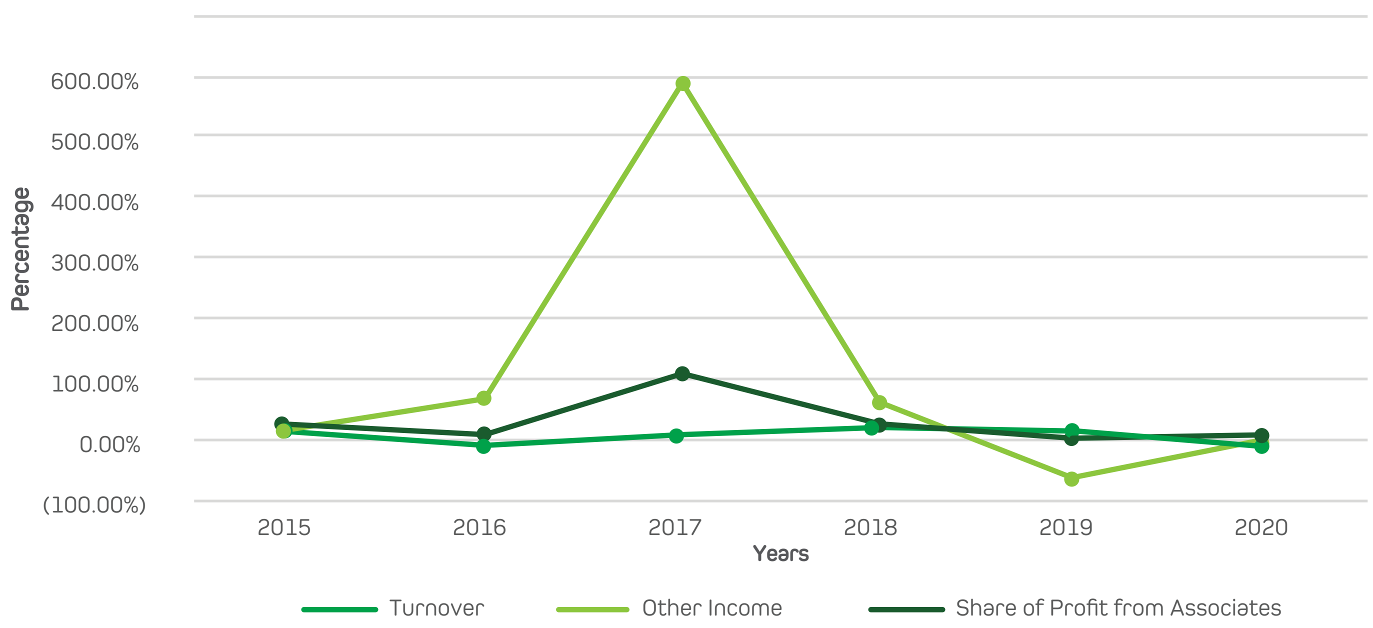
Current Liabilities

The Company has maintained its current liability at a manageable level. Current liabilities mainly increased due to an increase in short term finance to cater to increased working capital requirements.

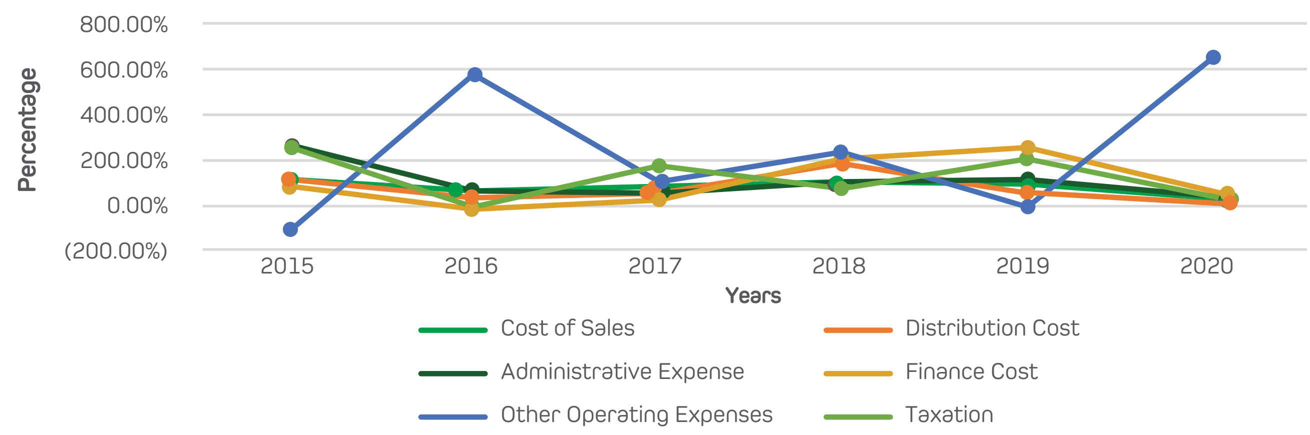
Profit or Loss - Horizontal Analysis

	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014
Turnover	(7.15%)	13.29%	18.52%	9.30%	(7.54%)	14.64%
Cost of Sales	(5.58%)	10.60%	16.83%	6.70%	(6.08%)	20.62%
Gross Profit	(22.52%)	48.73%	46.37%	82.98%	(35.73%)	(41.53%)
Distribution Cost	18.07%	(8.13%)	56.28%	(6.54%)	(19.14%)	20.63%
Administrative Expense	(3.29%)	23.52%	15.64%	(10.10%)	(4.92%)	97.03%
Operating Profit	(32.29%)	72.52%	50.09%	305.08%	(60.37%)	(64.73%)
Finance Cost	(17.36%)	91.42%	67.74%	(23.73%)	(43.25%)	7.01%
Other Operating Expenses	829.90%	(38.80%)	80.73%	15.66%	253.60%	(88.22%)
Other Income	1.68%	(61.98%)	61.77%	588.10%	65.25%	11.50%
Share of Profit from Associates	2.07%	1.13%	24.23%	110.14%	10.14%	25.49%
Profit Before Taxation	(79.76%)	13.22%	35.83%	1277.18%	(2.09%)	(112.21%)
Taxation	(39.42%)	67.28%	3.74%	52.99%	(39.85%)	90.75%
Profit for the Year	(96.16%)	0.07%	46.88%	394.69%	30.20%	(167.55%)

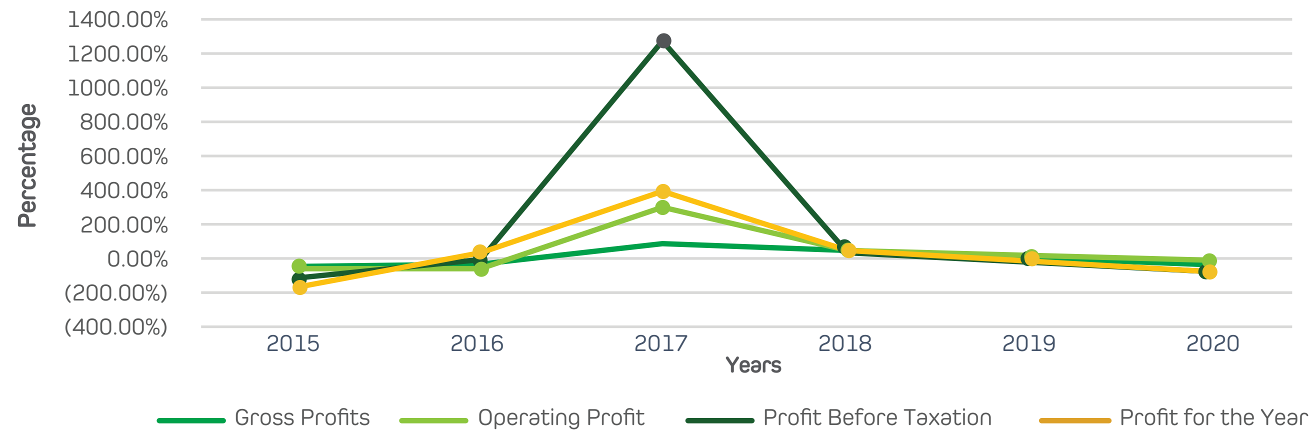
Horizontal Analysis of Income



Horizontal Analysis of Expense



Horizontal Analysis of Profit



Comments on Profit or Loss - Horizontal Analysis

Turnover

Turnover increased over the years, mainly on account of aggressive marketing strategy, including identification of new markets (locally and internationally) and widening product range, along with appreciation in market prices. However, in the current year, on account of the COVID-19 pandemic, the turnover took a sharp decline in the fourth quarter, mainly due to a reduction in market demand.

Gross profit

Steady increase in gross profit over the years shows the prosperous growth of the Company. The increase in gross profit was mainly attributable to the better market price of the product, along with procuring the right mix of raw material at the most economical rates. However, in the last quarter of the current year, mainly on account of the COVID-19 pandemic, gross profit decreased significantly.

Finance Cost

Finance cost, which was on the increasing trend for the last two years, has shown a decline in the current year as the Company has shifted its exposure to a cheaper source of finance, including the foreign currency loans, and was accordingly able to reduce its finance cost.

Net profit

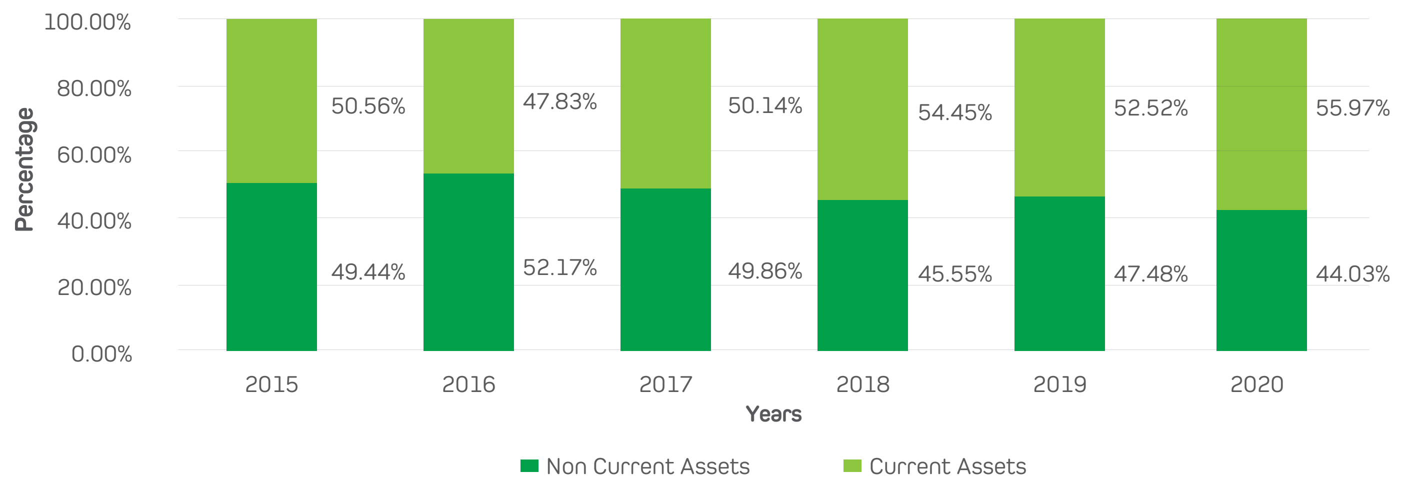
In addition to the declining gross profit in this year on account of the COVID-19 pandemic, the exchange loss of Rs. 889 million on foreign currency loan owing to the abrupt devaluation of Pakistani Rupees starting from March 2020, impacted the Company's net profit, which was on the increasing trend for the last four years.

vertical analysis

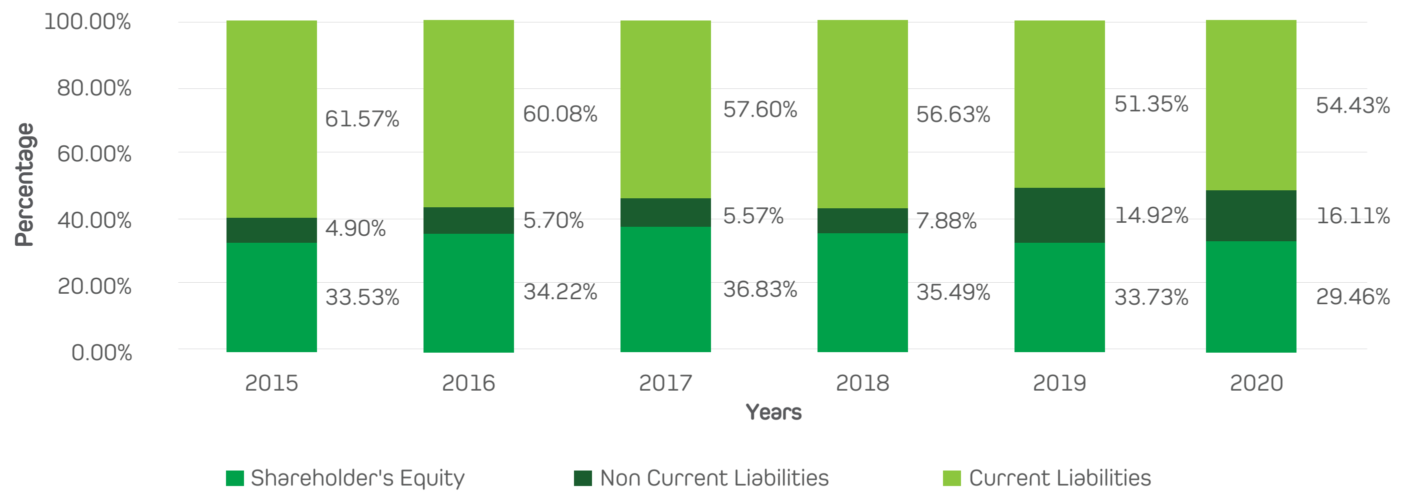
Statement Of Financial Position – Vertical Analysis

	2020	2019	2018	2017	2016	2015
Assets						
Non Current Assets						
Property, Plant and Equipment	32.96%	36.15%	33.67%	37.24%	40.46%	40.93%
Biological Assets	0.62%	0.47%	-	-	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	0.13%	0.16%	0.15%	0.12%	0.09%	0.11%
Long Term Deposits	0.10%	0.11%	0.12%	0.14%	0.13%	0.12%
Long Term Investment	10.22%	10.59%	11.61%	12.36%	11.49%	8.28%
	44.03%	47.48%	45.55%	49.86%	52.17%	49.44%
Current Assets						
Stores, Spares and Loose Tools	2.05%	2.22%	2.37%	2.46%	2.70%	2.60%
Stock in Trade	41.88%	30.79%	32.28%	28.51%	26.97%	24.07%
Trade Debts	7.57%	12.88%	10.65%	8.75%	8.10%	9.94%
Loans and Advances	0.40%	0.73%	1.24%	1.31%	1.41%	1.15%
Receivable from Associates	-	-	-	-	-	4.86%
Short Term Investments	-	-	-	-	0.40%	0.29%
Trade Deposit and Other Short Term Prepayments	0.07%	0.03%	0.14%	0.09%	0.15%	0.04%
Other Receivables	1.85%	2.64%	4.14%	4.64%	2.35%	1.84%
Current Tax Asset	1.87%	2.41%	2.81%	3.56%	3.72%	3.28%
Sales Tax Refund Bond	-	0.41%	-	-	-	-
Cash and Bank Balance	0.28%	0.41%	0.82%	0.82%	2.03%	2.49%
	55.97%	52.52%	54.45%	50.14%	47.83%	50.56%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Equity & Liabilities						
Issued, Subscribed and Paid-up Capital	0.91%	1.03%	1.21%	1.40%	1.47%	1.15%
Capital Reserves	0.44%	0.50%	0.59%	0.69%	0.72%	4.26%
Revenue Reserves	28.11%	32.20%	33.69%	34.74%	32.03%	28.12%
Total Equity	29.46%	33.73%	35.49%	36.83%	34.22%	33.53%
Non Current Liabilities						
Long Term Finance	11.44%	9.60%	2.56%	-	-	-
Retirement Benefit Obligation	2.04%	2.06%	2.31%	2.23%	2.34%	1.71%
Deferred Tax Liabilities	2.63%	3.26%	3.01%	3.34%	3.36%	3.19%
	16.11%	14.92%	7.88%	5.57%	5.70%	4.90%
Current Liabilities						
Trade and Other Payable	13.56%	13.56%	13.35%	13.90%	9.73%	9.62%
Unclaimed Dividend	0.08%	0.08%	0.09%	0.08%	0.08%	0.08%
Accrued Mark-up	0.48%	1.17%	0.56%	0.44%	0.24%	0.66%
Short Term Borrowings	40.09%	36.35%	42.63%	43.18%	50.03%	51.17%
Current Portion of Long Term Finance	0.22%	0.19%	-	-	-	0.04%
	54.43%	51.35%	56.63%	57.60%	60.08%	61.57%
Total Liability	70.54%	66.27%	64.51%	63.17%	65.78%	66.47%
Total Equity and Liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis of Total Assets



Vertical Analysis of Total Equity and Liabilities



Comments on Statement Of Financial Position - Vertical Analysis

Property, Plant and Equipment

Ratio of property, plant, and equipment to total assets has remained in line over the years. This is evidence of the fact that the Company places a strong emphasis on machineries and keeps itself regularly updated with the latest technological advancement.

Stock-in-Trade

Ratio of stock-in-trade to total assets has remained in line over the years except for the current year, where a significant increase is witnessed, which is mainly attributable to a decrease in sales in the last quarter of this financial year on account of the COVID-19 pandemic.

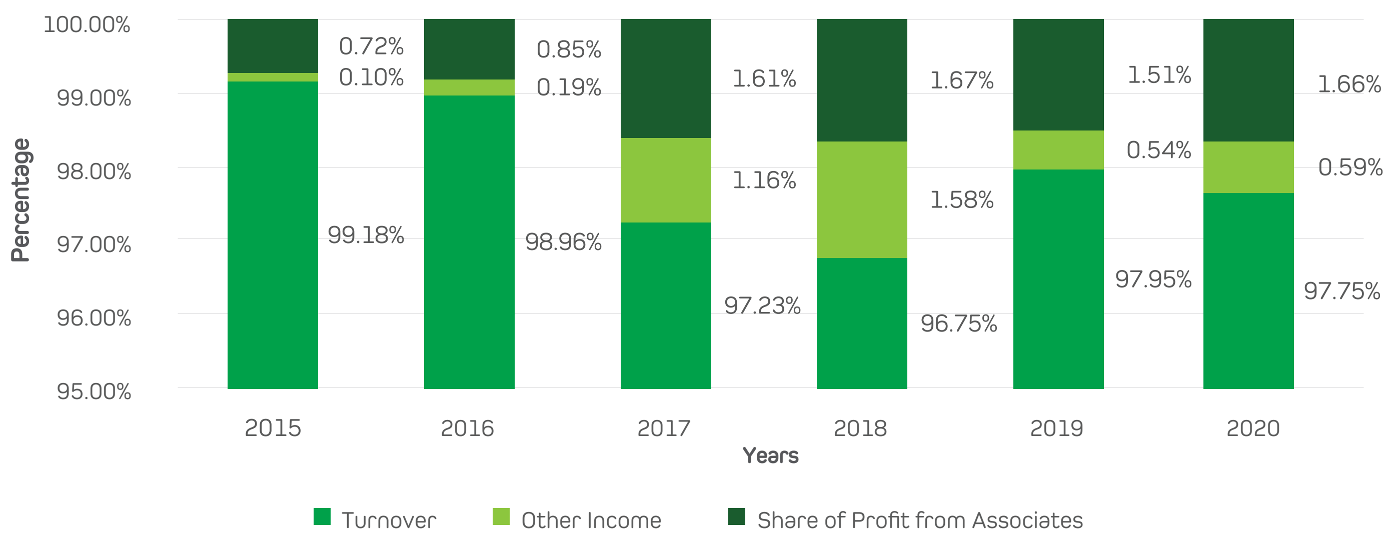
Equity/Long Term Finance

The Company has started to obtain long term finance facilities from the year 2018, which has resulted in an increase in long term finance percentage. Further, in the current year, in order to finance the additional working capital requirements owing to increase in operating cycle as a result of the COVID-19 pandemic, the Company has also availed additional short term borrowing facility. Resultantly equity has decreased on a percentage basis.

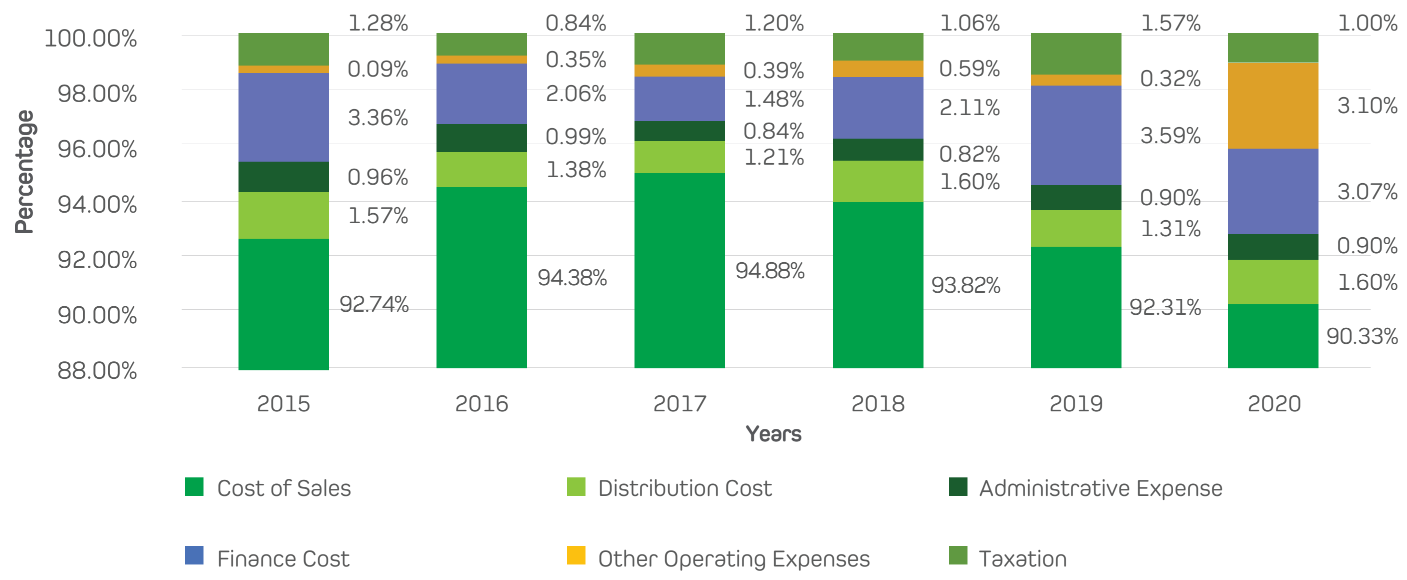
Profit or Loss - Vertical Analysis

	2020	2019	2018	2017	2016	2015
Turnover	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	(92.27%)	(90.73%)	(92.94%)	(94.28%)	(96.59%)	(95.09%)
Gross Profit	7.73%	9.27%	7.06%	5.72%	3.41%	4.91%
Distribution Cost	(1.64%)	(1.29%)	(1.59%)	(1.20%)	(1.41%)	(1.60%)
Administrative Expense	(0.92%)	(0.89%)	(0.81%)	(0.84%)	(1.01%)	(0.99%)
Operating Profit	5.17%	7.09%	4.66%	3.68%	0.99%	2.32%
Finance Cost	(3.13%)	(3.53%)	(2.08%)	(1.47%)	(2.11%)	(3.45%)
Other Operating Expenses	(3.17%)	(0.32%)	(0.59%)	(0.38%)	(0.36%)	(0.09%)
Other Income	0.60%	0.55%	1.63%	1.19%	0.19%	0.11%
Share of Profit from Associates	1.70%	1.55%	1.73%	1.65%	0.86%	0.72%
Profit Before Taxation	1.17%	5.34%	5.35%	4.67%	(0.43%)	(0.39%)
Taxation	(1.01%)	(1.54%)	(1.05%)	(1.20%)	(0.86%)	(1.32%)
Profit for the year	0.16%	3.80%	4.30%	3.47%	(1.29%)	(1.71%)

Vertical Analysis of Total Income



Vertical Analysis of Total Expense



Comments on Profit or Loss - Vertical Analysis

Gross profit

Gross profit of the Company has increased over the past four years in terms of ratio and amount as well. However, this year on account of the COVID-19 pandemic, not only the holding cost of the inventory increased owing to decrease in sales but at the same time market price of yarn also decreased, which coupled with the under absorption of fixed overheads owing to the curtailment of production impacted the gross profit ratio of this year.

Other Operating Expenses

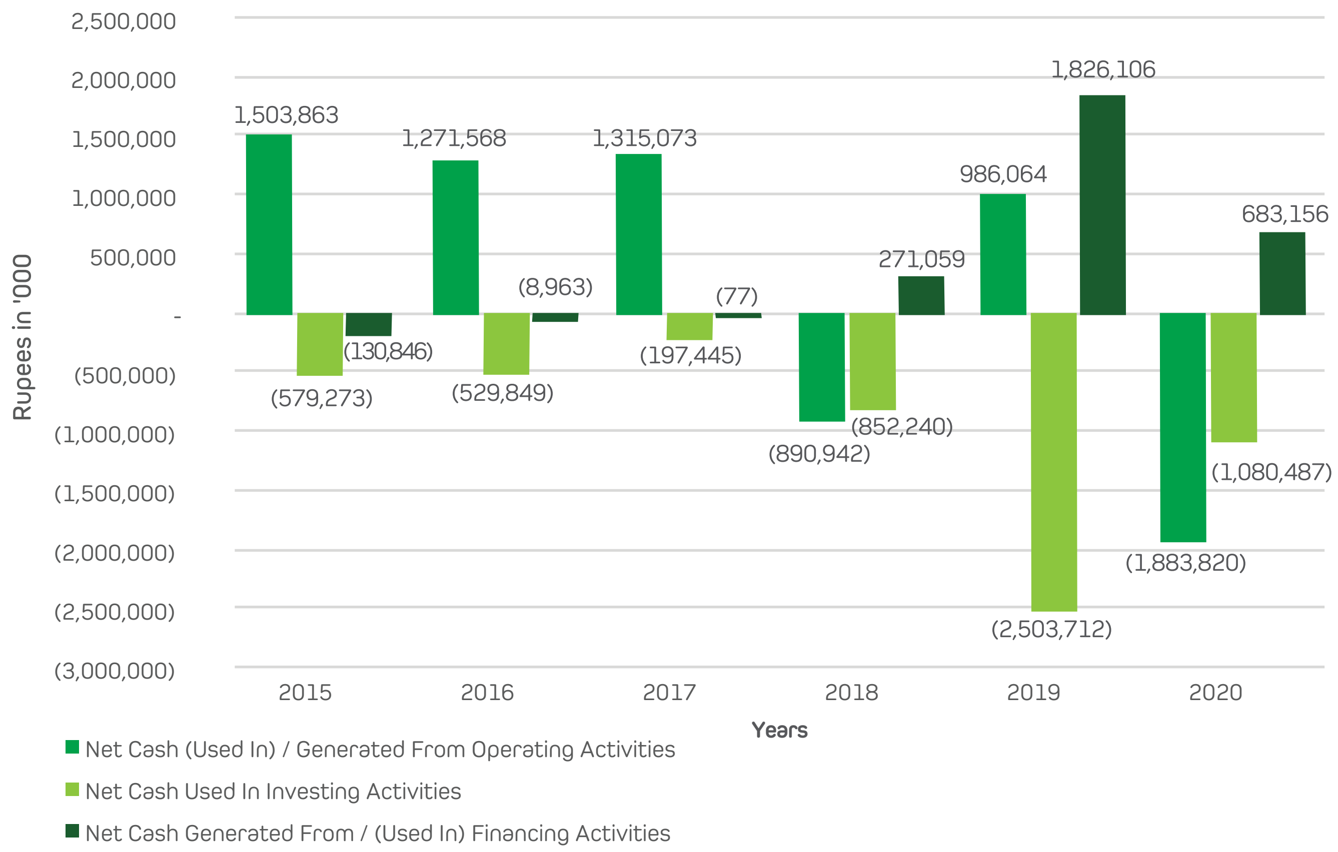
The ratio of other operating expenses has sharply increased in the current year, mainly on account of the abrupt devaluation of the Pakistani Rupees starting from March 2020, which resulted in an exchange loss of Rs. 889 million on foreign currency loans.

Net profit

Net profit to sales has been highest in the year 2018, mainly on account of the availability of rebate on yarn and reduced finance cost. Further, as discussed above, the COVID-19 pandemic had severely affected the economy as a whole, which has also had a negative impact on the operations and results of the Company.

summary of cash flow

	2020	2019	2018	2017	2016	2015
			(Rupees in '000)			
Cash (Used In) / Generated From Operations	(433,484)	2,059,299	(171,282)	1,985,767	2,122,687	2,679,748
Finance Cost Paid	(1,079,707)	(911,477)	(532,519)	(300,539)	(537,535)	(908,113)
Income Tax Paid	(304,748)	(293,314)	(197,645)	(260,236)	(230,417)	(170,369)
Rebate Received	48,111	242,639	96,452	3,284	-	-
Gratuity Paid	(113,992)	(111,083)	(85,948)	(113,203)	(83,167)	(97,403)
	(1,450,336)	(1,073,235)	(719,660)	(670,694)	(851,119)	(1,175,885)
Net Cash (Used In) / Generated From Operating Activities	**(1,883,820)**	**986,064**	**(890,942)**	**1,315,073**	**1,271,568**	**1,503,863**
Net Cash Used in Investing Activities	(1,080,487)	(2,503,712)	(852,240)	(197,445)	(529,849)	(579,273)
Net Cash Generated From / (Used In) Financing Activities	683,156	1,826,106	271,059	(77)	(8,963)	(130,846)
Net (Decrease) / Increase In Cash & Cash Equivalents	**(2,281,151)**	**308,458**	**(1,472,123)**	**1,117,551**	**732,756**	**793,744**
Cash & Cash Equivalents At The Beginning Of The Year	(9,212,428)	(9,520,886)	(8,048,763)	(9,166,314)	(9,899,070)	(7,264,440)
Transferred from FTML as on October 1, 2014 on amalgamation	-	-	-	-	-	(3,428,374)
Cash & Cash Equivalent At The End Of The Year	**(11,493,579)**	**(9,212,428)**	**(9,520,886)**	**(8,048,763)**	**(9,166,314)**	**(9,899,070)**



Comments on Cash flows

Net Cash (Used In) / Generated From Operating Activities
This year the Company's net cash used in operating activities is Rs. 1.88 billion after payments of Rs. 1.49 billion in respect of finance cost, gratuity, and income taxes. On account of the COVID-19 pandemic, not only the sales in the fourth quarter were severely impacted, which accordingly impacted the cashflows, but at the same time, the inventory levels were also increased, which resulted in blockage of additional Rs. 4.51 billion in stock in trade as compared to the previous year. Thus, the overall cash flow from operating activities decreased.

Cash Used in Investing Activities
The Company's net cash used in investing activity over the years mainly represents the amount invested in the purchase of machineries and related civil work.

Cash Generated from/(Used in) Financing Activities
The Company's net cash generated from financing activity is positive for the last three years, mainly on account of receipt of long term finance. Moreover, over the years, the cash used in financing activities mainly includes dividend payments to the shareholders.

statement of cash flows – direct method

	2020	2019
	(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customer	30,223,237	30,178,013
Cash Paid to Suppliers, Employees and Others	(30,656,721)	(28,118,714)
Finance Cost Paid	(1,079,707)	(911,477)
Income Tax Paid	(304,748)	(293,314)
Gratuity Paid	(113,992)	(111,083)
Rebate Received	48,111	242,639
Net Cash (Used In) / Generated From Operating Activities	(1,883,820)	986,064
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(1,367,205)	(2,839,346)
Sale Proceeds from Disposal of Property, Plant and Equipment	69,639	64,988
Purchase of Animals	(30,389)	-
Sale Proceeds from Disposal of Animals	11,735	-
Proceeds on Disposal of Share	-	7,998
Loans Repaid by / (Paid to) Employees	40	(8,743)
Long Term Deposits Given	(378)	-
Profit Received from Bank Deposits	5,629	1,374
Dividend Received	230,442	270,017
Net Cash Used in Investing Activities	(1,080,487)	(2,503,712)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Finance Obtained	957,819	2,080,753
Repayment of Long Term Finance	(38,129)	(9,844)
Dividend Paid	(236,534)	(244,803)
Net Cash Generated from Financing Activities	683,156	1,826,106
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(2,281,151)	308,458
Cash and Cash Equivalents at the beginning of the year	(9,212,428)	(9,520,886)
Cash and Cash Equivalents at the end of the year	(11,493,579)	(9,212,428)

quarterly performance analysis

	Q1 September 30, 2019	Q2 December 31, 2019	Q3 March 31, 2020	Q4 June 30, 2020
	(Rupees in '000)			
Sales - Net	7,492,083	9,332,038	7,894,435	4,268,225
Cost of Sales	(6,725,795)	(8,417,034)	(7,147,652)	(4,455,014)
Gross Profit/(Loss)	766,288	915,004	746,783	(186,789)
Distribution Cost	(119,462)	(151,074)	(136,927)	(66,893)
Administrative Expenses	(73,260)	(76,452)	(72,645)	(45,524)
	(192,722)	(227,526)	(209,572)	(112,417)
	573,566	687,478	537,211	(299,206)
Finance Cost	(293,155)	(228,382)	(187,759)	(199,784)
Other Operating Expenses	(33,056)	(34,816)	(881,215)	30,657
	(326,211)	(263,198)	(1,068,974)	(169,127)
	247,355	424,280	(531,763)	(468,333)
Other Income	42,143	47,120	24,156	60,229
Share of Profit from Associates	182,459	113,534	63,771	132,766
	224,602	160,654	87,927	192,995
Profit Before Taxation	471,957	584,934	(443,836)	(275,338)
Taxation:	(106,529)	(131,679)	(57,177)	3,167
Profit After Taxation	365,428	453,255	(501,013)	(272,171)
Earnings per share - basic and diluted (Rupees)	13.04	16.17	(17.88)	(9.71)

Comments on Quarterly Analysis

Sales

Quarter-wise sales of the Company has significantly varied over the year. Sales of quarter one have increased by 17.53% as compared to SPLY, due to significant improvement in export sales with an increase of 95.41% as compared to SPLY. Whereas, the sales of second and third quarters also depicts the positive picture of this year with an increase of 16.77% and 0.12% as compared to SPLY, respectively; despite the ongoing trade war among world economies and increased competition at national/international levels.

Before the ongoing COVID-19 pandemic, the Company has increased its sales both in terms of value and units. The adverse effects of the COVID-19 pandemic were being witnessed on Pakistan's economy since the start of March 2020, resultantly, the Company's revenue declined by 52.4% in the last quarter of the financial year as compared to SPLY.

Profitability:

Quarter-wise profitability of the Company has been turbulent over the year. Quarter one results showed a decline in net profits of the Company by 30.38% as compared to SPLY, mainly on account of increase in finance cost by 56.71% (because of higher KIBOR rates) which negatively impacted the Company's results. However, the results of quarter two outperformed all the quarters with an increase of Rs. 410.66 million in net profits as compared to SPLY, mainly on account of increase in sales quantity as well as returns from the Company's strategic investments in diversified avenues. However, in the last two quarters, results were submerged. During this period, the Company in order to outweigh the higher KIBOR rates has shifted its working capital and CAPEX requirements to other cheaper source of financing, including foreign exchange loans and was able to keep its finance cost at a quite manageable level with the decrease in finance cost by 43.87% and 38.18% in quarter three and quarter four respectively, as compared to SPLY. However, the benefits of saving in finance cost were outweighed from the devaluation in Pakistan Rupees starting from March 2020, which resulted in an exchange loss of around Rs. 911 million in quarter three and accordingly was the significant contributor for a decrease in net profits of the Company in quarter three, whereby the profit in this quarter decreased by Rs. 498.11 million as compared to SPLY. The results of the fourth quarter were impacted mainly on account of the COVID-19 pandemic, whereby not only the holding cost of the inventory increases owing to decrease in sales but at the same time market price of yarn also decreased, which coupled with the under absorption of fixed overheads owing to the curtailment of production severally impacted the gross profit of the Company and accordingly the Company has to sustain a loss of Rs. 272.17 million in this quarter.

Segmental View of Business Performance

Based on internal management reporting structure and products produced and sold, the Company is organized into the following three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted fabric
- Dairy segment: production and sale of milk

The detail regarding segment wise performance is appearing in the financial statement of the Company.

share price sensitivity analysis

The share price of the Company depends on the Company's overall performance and reputation in the respective industry in which it exists, combined with other external factors on which management has lesser or no control.

The Company's share price is sensitive to the following uncontrollable external factors:

Stock Market

Company's share price depends on overall market performance, investor confidence in the economy and particular sector and the overall fundamentals of the Company. Positive sentiments, news flows prevailing in the market may result in an appreciation of the share price of the Company.

Government Policies

Company is exposed to Government regulations, taxes schemes, policies, incentives schemes which directly affects the Company's financial performance which in turn may affect the share price.

Political Instability

The stable political situation in the Country improves the overall business performance, investor confidence and also encourages foreigners to deal with some of the prestigious companies in the Country, which may have an impact on Company's share price.

Exchange Rate

Company generated 29.81% of its revenue from exports and imported 75.85% of its raw material, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the Company's profitability and hence, affect the share price. The Company has also adopted effective strategies to minimize the risk of exchange rates.

Interest Rate

The Company's finance cost is 3.14% of the turnover. Any interest rate movement might affect the Company's profitability and hence, affect the share price.

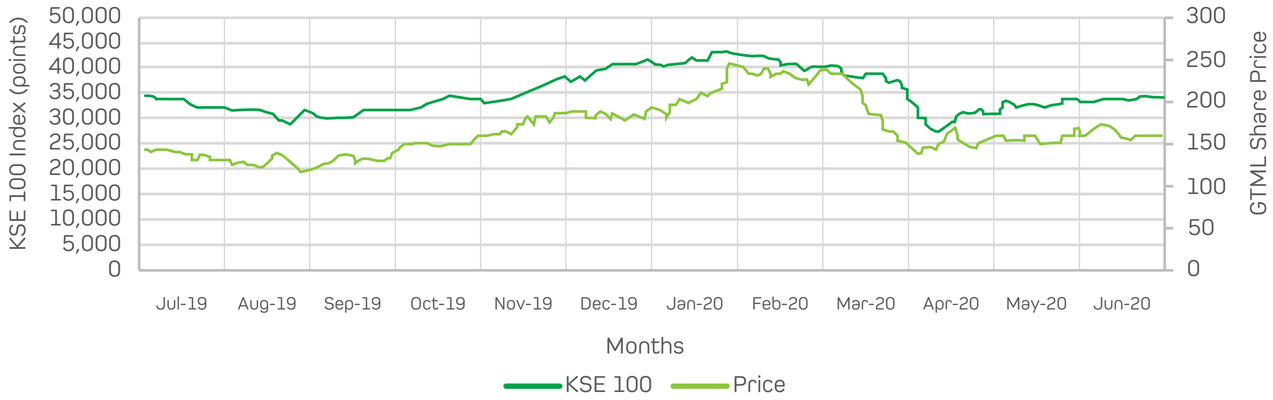
Availability of Raw Material

The Company's performance is largely dependent upon the availability of raw material, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the crop yield will dampen the Company's performance and influence the share price.

Novel Coronavirus (COVID-19) Pandemic

The outbreak of COVID-19 in the latter half of the financial year has caused widespread business disruptions around the globe resulting in a negative impact on the economic activities. In addition to this, lockdown imposed by Government authorities also affected the trading sessions of the Stock Exchange. This caused the panic among investors which was the main reason for the decline in the KSE-100 Index, which has started recovering from the month of June 2020.

Share Price Analysis



history of major events

1990–1995

- The Company started commercial production by producing poly/cotton yarn with 14,400 spindles.
- Number of spindles increased to 64,800.

1995–2000

- Number of spindles increased to 128,160.
- Introduced "Compact Spinning" with 15,840 spindles for the first time in Pakistan.

2000–2005

- Pioneered and set up "Jet Spinners" in the Country.
- Replaced diesel generators with gas generators.
- Number of spindles increased to 194,392.
- Acquired 14 acres of land for erecting additional sheds and underground water reservoirs.

2005-2010

- Set up an additional production facility at Karachi.
- Performed marvelously despite the global financial meltdown.

2010-2015

- Planned investment an environment-friendly 50 MW Wind Power Project.
- Started commercial operations at Karachi Plant and increased installed capacity to 245,000 spindles.
- Acquired assets of another textile mill located in Gadoon Amazai Industrial Estate.
- Invested in shares of ICI Pakistan Limited.
- Acquired new electric generators based on natural gas to enhance power generation capacity
- Signed PC contract to generate additional 2.66 MW based on Waste Heat Recovery.
- Fazal Textile Mills Limited (FTML) merged with and into GTML.
- Number of spindles increased to around 321,000 by virtue of the merger of FTML.

2015-2020

- Investment in diversified business avenues has started to reap its benefits.
- BMR of existing machinery to have state of the art machinery.
- Invested in wind projects and announced investments in solar and hydel projects.
- Number of spindles increased to 348,288.
- Successful installation and operation of the Waste Heat Recovery Plant.

calendar of notable events

26 Jul 19	BOD Meeting for Yearly Accounts – 2019
01 Aug 19	Industry Visit of ACCA students to Karachi Project Factory
13 Aug 19	Independence Day Celebration
20 Aug 19	Received Best Corporate Report Award for Annual Report 2018
28 Sep 19	32nd Annual General Meeting – 2019
02 Oct 19	Corporate Briefing Session at PSX
29 Oct 19	BOD Meeting for first quarter ended September 30, 2019
06 Nov 19	Training Session - Rise Beyond Yourself at Gadoon Amazai Factory – KPK
23 Nov 19	KPI Development Session for Senior Management
27 Dec 19	PSX Top 25 Companies Award 2018
18 Jan 20	Cricket Night
30 Jan 20	BOD Meeting for half year ended December 31, 2019
22 Feb 20	BCP Drill
05 Mar 20	Hajj Balloting
07 Mar 20	Women's Day Celebration at Head Office
22 Apr 20	BOD Meeting for third quarter ended March 31, 2020

Tentative Dates for Next Financial Year

BOD Meeting for Yearly Accounts – 2020	Thursday, September 24, 2020
Annual General Meeting – 2020	Wednesday, October 28, 2020
BOD Meeting for first quarter ending September 30, 2020	Tuesday, October 27, 2020
BOD Meeting for half year ending December 31, 2020	Thursday, January 28, 2021
BOD Meeting for third quarter ending March 31, 2021	Tuesday, April 27, 2021
BOD Budget Meeting 2021-2022	Thursday, May 27, 2021

major capital expenditure

In order to remain competitive at the national and international levels, the Company regularly invests in new technologically advanced machinery. The purpose of the investment is to reduce the cost of production by achieving operational efficiencies and serving customers better in terms of quality and supplementary services.

This year the Company has made a significant CAPEX of Rs. 1.37 billion and has developed a phase-wise strategy for the replacement of old and obsolete machines.

Dividend Declaration

During the current year, since the operations of the Country were curtailed, resultantly, the profits declined. Therefore, the Board of Directors of the Company decided not to declare dividend this year, as this will help the Company to reduce its borrowing, which has otherwise increased owing to an increase in working capital requirement.

Details of Taxes, Duties, and Levies

Details of the contingency related to taxes, duties, and levies are disclosed in note 23 of the financial statements.

forward-looking statement

The black swan event of this FY, the COVID-19 pandemic, took a major toll on the world economy. As the world is coping from the devastating effects of the pandemic and returning to routine, it is expected that the economic growth will be slow initially. However, as countries have allowed businesses to resume, it will influence the global economy positively.

In light of the pandemic, the Government and SBP had taken several initiatives to keep the Country's economy running. Now, as the Government has been successful in curtailing the spread of COVID-19, it is expected that the Country's economy will reap the benefits of their efforts. Accordingly, the demand for textile products will increase locally/globally.

The Company expects that the Government will continue its practice of timely release of tax and DLTL refunds etc. Further, it is expected that the Rupee will continue its stability owing to receipt of financial assistance from international agencies, diminishing inflationary pressure on the economy, and expected projected official and private inflows. The Company also expects that there would be no significant increase in interest rates in the upcoming year.

Further, the overall political conditions are expected to remain stable with minimal chances of any new legal/regulatory/environmental regulations having a significant impact on the Company's operations.

Moreover, the Company will also continue its strategy to cater to the increasing demand for textile products in the medical field. The management of the Company believes that significant CAPEX incurred over the years would help to sustain costs and deliver a competitive edge. As the Company continues to expand its global footprint and diversify its business, it is confident that it will leave desirable effects on the Company's profitability, and accordingly, returns from strategic investments would also increase.

Accordingly, the Company is confident that it will be able to increase its sales and profitability in the upcoming year.

In addition to achieving its financial milestone, the Company has allocated an adequate budget for the development of its capitals, i.e., human capital, manufactured capital, intellectual capital, and social & relationship capital, and anticipates that it will be able to satisfy the need of all stakeholders.

Company's Performance Against Last Year's Projections

During the year, mainly on account of the COVID-19 pandemic, the Company's sales and profitability have reduced as against the anticipated increase in last year's forward-looking statement.

However, as anticipated in last year's forward-looking statement, the return from strategic investments has increased. Even though the increase is of only 2.07%, but considering the fact that all macroeconomic indicators were posing a negative impact on the economy, the associates of the Company still performed well in the weakening economy.

In addition to that, as forecasted in the last year's forward-looking statement, the currency maintained its stability until the major part of this financial year, with devaluation started to be witnessed from March 2020. Moreover, as anticipated in last year's forward-looking statement, there was no increase in interest rates in this FY; in fact, the significant decline in interest rates was witnessed in the fourth quarter of this FY.

Further, the increase was also witnessed in the amounts refunded by FBR in this FY as anticipated in last year's forward-looking statement, despite the tough time on the economy.

Status of Projects

Apart from investment in state-of-the-art technology machines and strategic investments, no other major projects are in pipelines from the previous year, the progress of which needs to be disclosed.

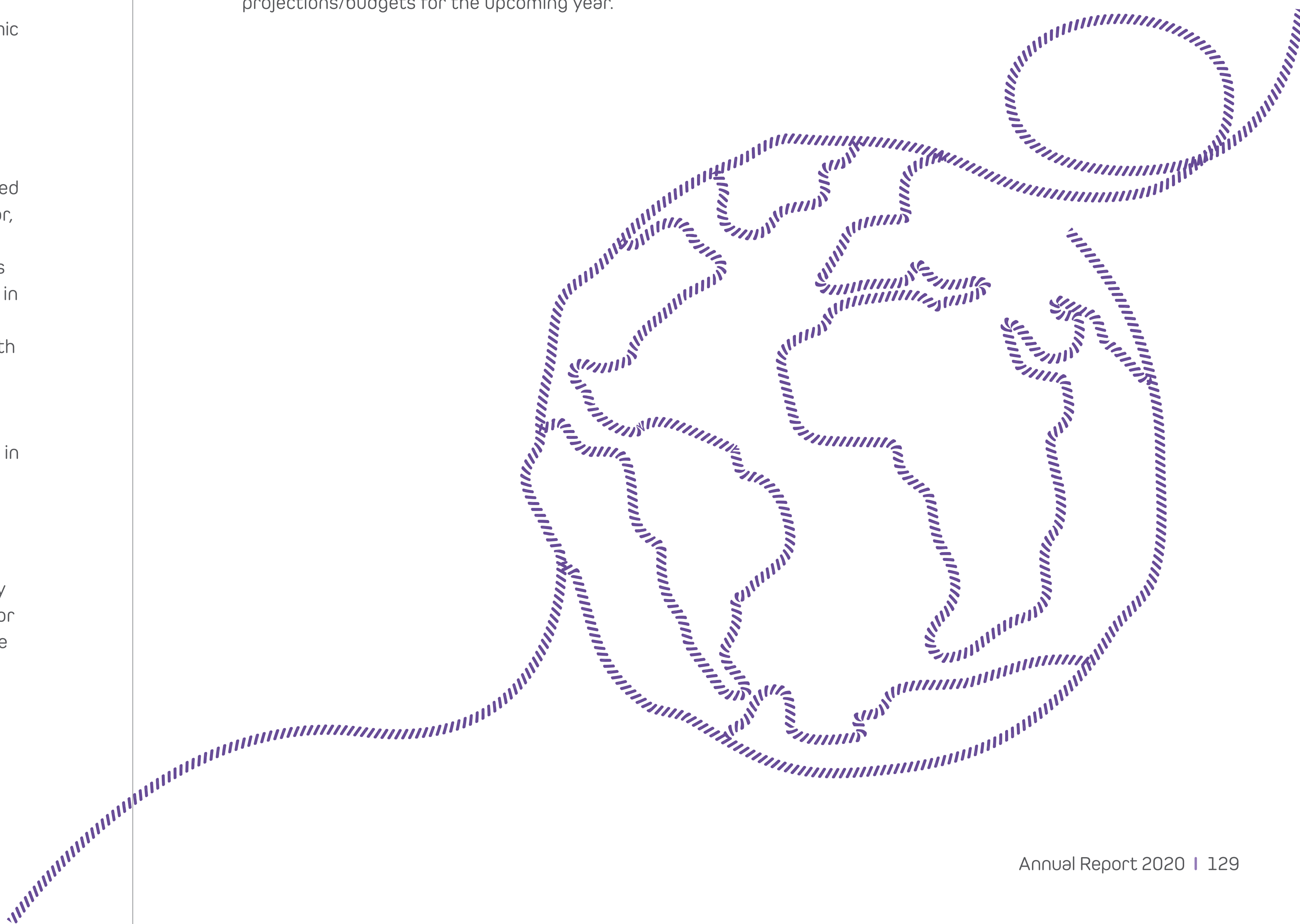
Further, keeping in view the profitability and anticipated demands for its knitted fabrics, the Company decided to expand its knitting segment. In this respect, the construction of a separate division for the knitting segment at Karachi Factory was completed during the first half of this FY.

Sources of Information and Assumptions used for Forecast

The Company on the basis of current monetary and fiscal policy, affiliations/contacts with associations, consultation with industry experts, including advisory firms, market research including past trends, forecasts the factors, i.e., exchange rate, interest rate, cotton prices, sales prices, etc. having significant impacts on the Company's operations and accordingly makes projections/budgets for the upcoming year.

Company's Preparedness to Respond to Challenges

As mentioned earlier in the report, the Company has a well-developed Disaster Recovery and Business Continuity Plan, which can help the management to respond to critical challenges and uncertainties that are likely to arise.



SWOT analysis

SWOT analysis is an approach to watch out for the strengths, weaknesses, opportunities, and threats of the business. GTML ensures that it uses its strength to utilize the opportunities available, eliminate the threats, and turn its weaknesses into the business's strengths.

Strengths

- Market dominance
- In-house power generation
- Strong group structure
- Economies of scale
- Availability of a wide range of products
- State-of-the-art plant and production facilities
- Global reach to internationally acclaimed clients
- Experienced and skilled workforce

Opportunities

- Access to untapped markets to increase sales
- Availability of expansion in existing and untapped segments with bare minimum capital expenditure
- Diversification of product range. Target the niche market due to a wide range of product manufactured
- Hiring of qualified staff for changing business climate
- Increasing profits and growing demand in the market
- Technology advancement

Weaknesses

- Labor-intensive operations
- Substantial portion of production based on the volatile cotton market
- Dependence on a particular region for sales
- Major reliance on the spinning segment

Threats

- Political instability
- Imposition of innovative taxes and uncertain Government policies, e.g., GIDC
- Shortage of raw material due to natural disasters
- Abrupt fluctuation in interest and exchange rates
- High labor-intensive industry
- Availability of subsidized yarn by regional competitors
- Impact of the COVID-19 pandemic on demand for textile products

dreams worth savouring

Stakeholder's Engagement

stakeholder's engagement

GTML focuses on establishing strong relationships with its stakeholders to encourage the growth and existence of the Company. The Company makes use of commitment, sincerity, competence, effective communication, and reliable behavior to collaborate with its stakeholders.

Stakeholders	Description	Frequency
Investors and Shareholders	To update investors/shareholders about the Company's current performance/future plans and provide them with a platform for raising their concerns, the Company engages with them through Annual General Meetings, Quarterly/Half Yearly/Annual Reports, websites, and investor/corporate briefing sessions.	Annually/Quarterly /Continuous/As required
Customer and Suppliers	The Company strives to come up with new ways to interact with its customers and suppliers. It engages with all its customers and suppliers through get-togethers, market visits and customers/suppliers satisfaction surveys, and feedback on a periodic basis.	Continuous
Banks and Lenders of Finance	GTML considers the providers of funds to be our partners in success and ensure that they are frequently engaged with the Company and taken into confidence as and when required. The Company maintains excellent relationships with all the leading financial institutions of the Country.	Continuous/As required
Media	GTML engages with the media and disseminates news and other happenings to its stakeholders through press releases, corporate briefings, media announcements, and presentations, etc. Further, our Corporate Branding team regularly updates our social media platforms and website.	As required
Regulators	GTML believes in strict compliance with applicable laws and regulations. To remain compliant, GTML ensures that all the regulators' queries are responded to on a timely basis, including the filing of various statutory returns/forms.	Periodic/As required
Local Communities	GTML actively participates in various CSR initiatives and activities in the health, education, and social sector.	As required

relation with stakeholders

Management recognizes that the dispute with the stakeholders can have hindrances in day-to-day business operations, and therefore give due importance to their feedback/suggestion. We aim to produce and deliver innovative, high-quality products while remaining environmentally conscious, so we work with those who share our values.

The Company also ensures that all business activities between stakeholders are conducted through fair, legal, and ethical means. Accordingly, stakeholders are allowed to have direct access to the Company Secretary in case of any grievance.

Minority Shareholders

The shareholders hold immense value for the Company. GTML prioritizes the interests of its shareholders, and so their views are of utmost importance to us.

Regardless of their shareholding value, we encourage all shareholders to attend the General Meetings.
The Company has adopted the following steps to encourage minority shareholders to attend the General Meeting.

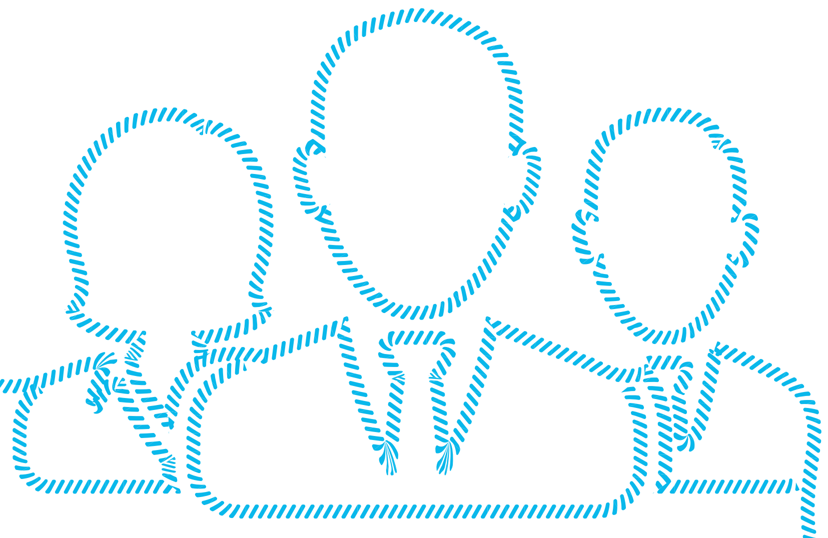
- Notice is circulated within the regulatory timeframe.
- Notice is sent electronically on request.
- Notice is published in English and Urdu newspapers having nationwide circulation.
- Notice is updated on the PSX portal as well as Company's website.

Apart from timely submission of accounts and notices to shareholders, the Company in order to encourage minority shareholders to attend the General Meetings and on the basis of section 132(2) of the Companies Act, 2017, have provided the video conferencing facility to shareholders (having shareholding of 10% or more in aggregate), subject to availability of video conference facility in that city and receipt of intimation from the shareholders at least seven days prior to the date of the meeting.

Further, to provide an additional opportunity to minority shareholders to interact with the management of the Company, the Company has been conducting corporate briefings and roadshows on a regular basis.

Investors' Relations Section

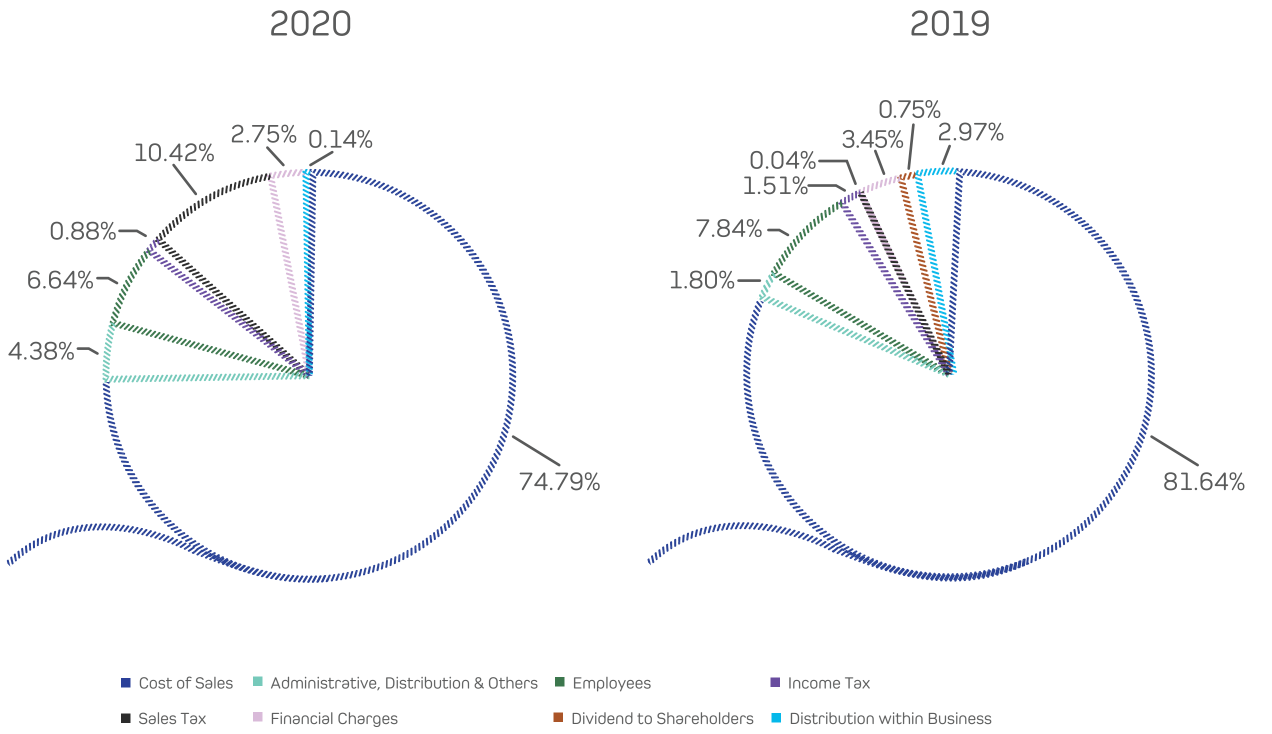
The Company communicates all major financial information needed for investors' decision making by uploading it on the corporate website, i.e. (http://gadoontextile.com/) under the section of Investor Relations, on a timely basis.



statement of value addition and its distribution

	2020		2019	
	(Rupees in '000)	%	(Rupees in '000)	%
Wealth Generated				
Sales including Sales Tax	32,435,679	97.99%	31,229,771	97.95%
Other Operating Income	666,178	2.01%	653,335	2.05%
	33,101,857	100.00%	31,883,106	100.00%
Wealth Distribution				
Cost of Sales	24,760,149	74.79%	26,027,921	81.64%
Administrative, Distribution and Others	1,448,827	4.38%	573,587	1.80%
Employees	2,197,186	6.64%	2,500,776	7.84%
Income Tax	292,218	0.88%	482,355	1.51%
Sales Tax	3,448,898	10.42%	12,292	0.04%
Financial Charges	909,080	2.75%	1,100,073	3.45%
Dividend to Shareholders	-	-	238,251	0.75%
Distribution within Business	45,499	0.14%	947,851	2.97%
	33,101,857	100.00%	31,883,106	100.00%

Wealth Distribution



stakeholder's engagement policy

GTML is fully committed to developing an effective working relationship with all its stakeholders. The objective of this policy is to lay down key principles of engagement with stakeholders.

With respect to the engagement of its stakeholders, GTML is committed to:

- Providing accurate and timely information to all stakeholders;
- Obtaining regular feedback from stakeholders;
- Evaluating the effectiveness of stakeholders' engagement activities and working continually to improve such engagements.

Frequency of engagements is based on the corporate and business requirements as laid down by the corporate laws, contractual obligations as/and when required.

Investor Roadshows/Corporate Briefing Program

Our stakeholder extends valuable contributions towards our growth and existence. The Company understands the importance of continuous collaboration with all its stakeholders.

The Board has devised a mechanism to arrange interactive sessions between the management of the Company and its shareholders to solicit and understand the views of shareholders. The purpose of these sessions is to brief shareholders about the performance of the Company, macro and micro economic factors affecting the Company, prospects of the Company, and the steps taken by the Company to improve its performance in challenging circumstances. These communications help the Company to understand and resolve the concerns of the shareholders and to add a synergy factor to achieve better results in the Company's prospects.

The Board is pleased to inform that the Company, held its Annual Corporate Briefing Session for the year 2019 on October 2, 2019, at Pakistan Stock Exchange Auditorium, Karachi.

An interactive session was held between research analysts, fund managers, and management representatives where insight on the Company's current year performance was discussed along with the future prospects.

Looking forward, the Board has set the intentions, and the management has planned to hold the corporate briefing session for the year ended June 30, 2020, in the first week of October 2020.

dreams worth adoring

Sustainability and Corporate Social Responsibility

highlights of aspects of sustainability

Companies achieve sustainable development by adopting the business strategies that protect, sustain, and enhance the human and natural resources needed.

The incorporation of GTML proved to be a great example of contribution towards the betterment of the society in terms of Health, Safety, and Environment. GTML makes sustainability a priority in every aspect of organizational operations and is involved in compliance, environmental protection, occupational health, and safety.

The highlights of the Company's performance, policies, initiatives, and plans in place relating to various aspects of sustainability are as follows:

Economic

The economic aspect of sustainability is regarded to have comprised the potential to amalgamate sustainable practices, technology, and money-making tools.

GTML is determined to provide value along with consistent growth to its stakeholders. Further, the Company's presence in the market positively impacts the economic development of Pakistan by opening up employment and business opportunities. The Company also pays focus on the upgradation of technology for enhanced productivity and growth that contributes to economic development.

Environmental

It has long been known as the primary reason for sustainability and has now been incorporated into the corporate environment. GTML believes that without a healthy environment, the human pursuits of economy and society cannot be sustained. The Company abides by environmental laws and continually improves its environmental management system.

Mitigating Adverse Risk of Industrial Effluents
The Company's policy of 'clean environment, healthy life' aims to implement processes and procedures that ensure disposal of waste materials and chemicals in a way that is least harmful to the environment. Training and awareness sessions are conducted on a regular basis for this purpose.

Energy Saving Measures
GTML aims to conserve natural resources and reduce energy consumption. Hence, the Company has acquired a state-of-the-art Waste Heat Recovery Plant (WHRP).

WHRP does not need any externally fed fuel to operate, but it uses the excess heat from the system as fuel. The design of these plants hinges on the idea of encapsulating all the excess heat from the production system and using this heat to generate steam from boilers, which drive the turbine engines, thus producing electricity.

In addition to this, the Company has made a conscious effort to save energy, as small as mindfully turning off unnecessary lights or computers during office breaks or as immense as using energy-efficient office equipment.

Paper-Waste Disposal
GTML is a socially responsible organization, striving hard to reduce the use of paper. Technology, such as scanning and digital data storage, is implemented wherever possible. Further, the Company, over the last couple of years, has collected and donated tons of paper for recycling.

Social

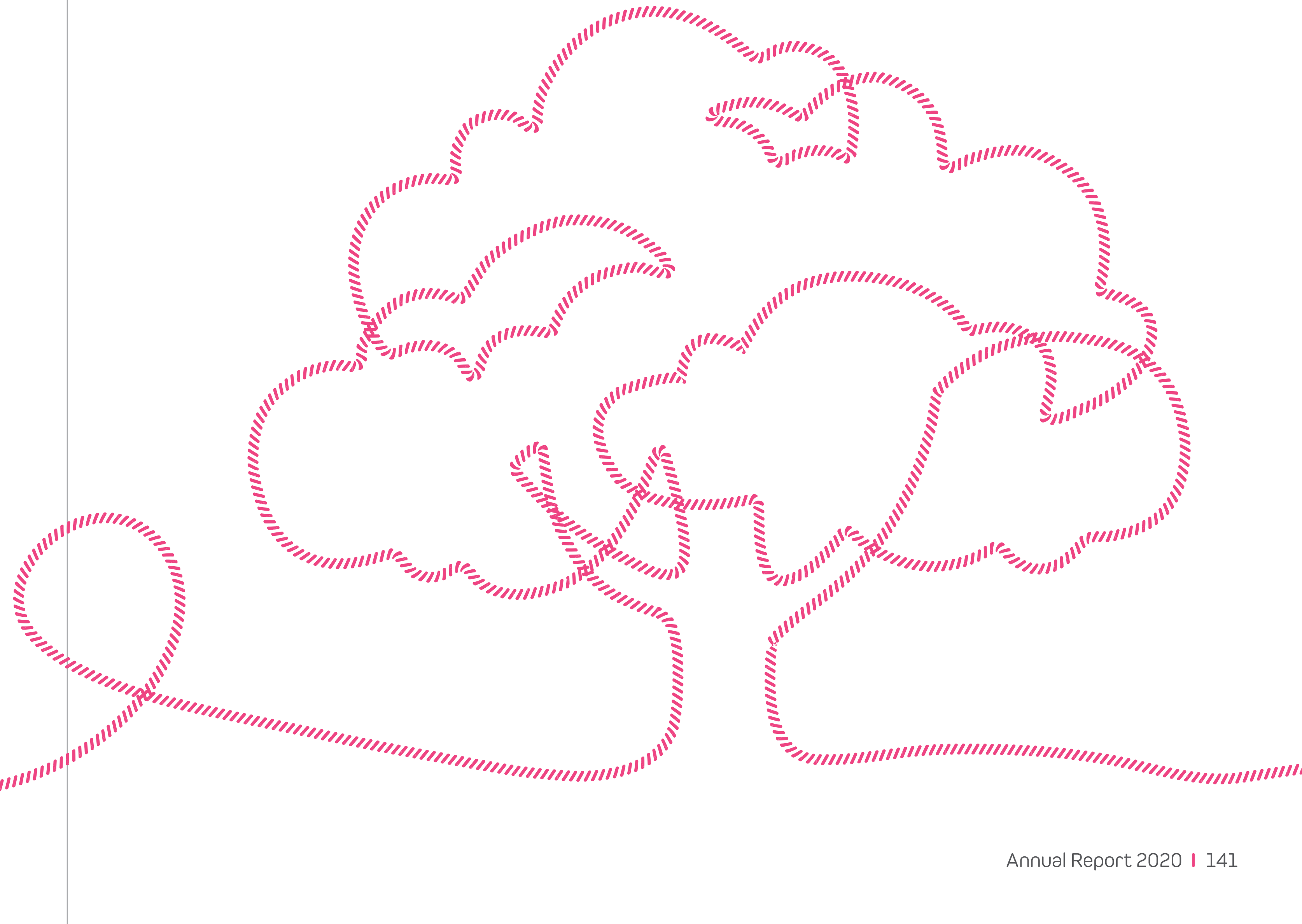
The Company's aim in respect of the social pillar of sustainability is to focus on the health, wellness, and education of the people and thereby to prioritize the quality of life over everything. The Company believes in the promotion of the betterment of society.

Industrial Relations/Employment
Maintaining wondrous relations with the employees and labor is one of the prime focus of GTML. The Company ensures that the employees and their managers share a strong bond, that employees receive fair treatment, and that any issues arising between employees and management are solved quickly and as amicably as possible.

The Company not only works for the betterment of society but also focuses on spreading ethical values amongst people. Initially, the people of Swabi were involved in the cultivation of poppy and opium on their agricultural lands in order to earn their livelihood. The change was brought about when the foundation of GTML was laid in that area to provide employment to the locals and help them distance themselves from these harmful practices. Thus, GTML is not only a profit-making entity but also has a core objective to be socially responsible.

The Company considering the social and emotional needs of its employees, provides accommodation facilities for its staff and workers at both locations. Further, subsidized mess, ambulance service, and shuttle service are also offered to employees. The Company also maintains the retirement benefit plan for its employees to provide them financial security after retirement.

Communities
GTML fulfills its commitment towards the wellbeing of communities and takes several initiatives each year. However, on account of the COVID-19 pandemic, only a few of the plans were executed this year. Detail of some of the events is mentioned in the next section of Corporate Social Responsibility.



highlights of corporate social responsibility

GTML positions itself as one of the conscientious members of the corporate community. The Company has worked munificently to several charitable causes in the segment of health, education, and social sectors.

Tree Plantation Activity

The environmental changes are one of the biggest threats that are being faced by the world. In order to combat climate change, apart from several other activities, tree plantation activities are carried out all over the Country by institutions, NGOs, and corporates.

GTML has always been a generous contributor when it comes to the plantation of trees. This time tree plantation activity was carried out at Ghanchi School, Malir Karachi, and Fateh Bagh Family Park at North Nazimabad with students from PAF KIET, where the students and the employees of GTML participated equally and planted saplings. This tree plantation drive was aimed at achieving sustainability, reducing the risk of climate change, cleaning the environment, and preventing pollution.

Factory Visit of ACCA Students

The future of any country is dependent on its youth. Hence, it is essential that we play our part in building future leaders of the Country. Providing guidance to these young minds at an early stage can help them plan their careers.

Realizing the importance of the contributions students can make towards the Country, the Company organized a factory visit for ACCA students of Tabani's School of Accountancy. The aim was to familiarize the students with the norms of the corporate world. The attendees were also briefed regarding the textile industry and its significance in Pakistan's economy.

Fundraising Gala Dinner

It is essential that each member of the society is valued and made feel inclusive. Keeping this in mind, the Company contributed to the Fundraising Gala Dinner (Rhythms & Passion of Southern Italy) organized by The Embassy of the Republic of Italy in Pakistan and the Serena Hotels.

The main aim of this Black-tie event was to achieve the sustainable goal of educating future generations to come, as the sales proceedings were dedicated to Autistic Children and their Parents. The funds were to be used for creating awareness for the early detection of an autistic child, its proper handling, care, and cure. The event also played a vital role in strengthening the cultural ties between Italy and Pakistan.

The event was attended by Italian specialist, Prof. Filippo Muratori from the University of Pisa. It featured a performance by an internationally acclaimed Italian Folk-Rock Ensemble "Compagnia SoleLuna" and also showcased paintings by autistic children.

certifications acquired for environmental sustainability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www.controlunion.com

CERTIFICATE OF COMPLIANCE
(Scope Certificate)

Certificate No: CU853509OCS-2020-00026945
Registration No: 853509

Control Union Certifications declares that
Gadoon Textile Mills Limited
57 Km, Superhighway near lucky cement factory,
75350 Karachi
Pakistan

has been inspected and assessed in accordance with the
Organic Content Standard (OCS) 2.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:
Yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products
Spinning, Exporting, Trading

This certificate is valid until:
2021-07-05
This certificate is valid from:
2020-07-06

Place and date of issue: | Stamp of the issuing body | Standard's Logo

2020-07-06, Zwolle
Name of authorised person:
On behalf of the Managing Director
Pasan Galappaththi | Certifier

This certificate cannot be used as a transaction certificate. The issueing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed. Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01

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CERTIFICATE OF COMPLIANCE
(Scope Certificate)

Certificate No: CU853509GRS-2020-00026946
Registration No: 853509

Control Union Certifications declares that
Gadoon Textile Mills Limited
57 Km, Superhighway near lucky cement factory,
75350 Karachi
Pakistan

has been inspected and assessed in accordance with the
Global Recycled Standard (GRS) 4.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:
Yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products
Spinning, Exporting, Trading

This certificate is valid until:
2021-07-05
This certificate is valid from:
2020-07-06

Place and date of issue: | Stamp of the issuing body | Standard's Logo

2020-07-06, Zwolle
Name of authorised person:
On behalf of the Managing Director
Pasan Galappaththi | Certifier

This certificate cannot be used as a transaction certificate. The issueing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed. Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01

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CERTIFICATE OF COMPLIANCE
(Scope Certificate)

Certificate No: CU853509GOTS-2020-00026944
Registration No: 853509

Control Union Certifications declares that
Gadoon Textile Mills Limited
57 Km, Superhighway near lucky cement factory,
75350 Karachi
Pakistan

has been inspected and assessed in accordance with the
Global Organic Textile (GOTS) 5.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:
Yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products
Trading, Spinning, Exporting

This certificate is valid until:
2021-07-05
This certificate is valid from:
2020-07-06

Place and date of issue: | Stamp of the issuing body | Standard's Logo

2020-07-06, Zwolle
Name of authorised person:
On behalf of the Managing Director
Pasan Galappaththi | Certifier

This certificate cannot be used as a transaction certificate. The issueing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed. Accredited by: Dutch Accreditation Council (RVA), Accreditation No: C 412

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corporate affiliations

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100

Affiliated with OEKO-TEX 100 Standards

map
Management Association of Pakistan

Member of Management Association of Pakistan

Member of Karachi Chamber of Commerce and Industry

Sarhad Chamber of Commerce & Industry

Member of Sarhad Chamber of Commerce and Industry

BCI Better Cotton Initiative

Member of Better Cotton Initiative (BCI)

FAIRTRADE INTERNATIONAL

Member of Fair Trade

Member and licensee of SUPIMA

COTTON USA™
THE COTTON THE WORLD TRUSTS

Licensee of Cotton USA

statement of unreserved compliance of international financial reporting standards (IFRSs)

The financial statements of the Company have been prepared in accordance with the IFRS issued by IASB as notified under the Companies Act, 2017.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed note 3.5 of the financial statements. However, the management believes these standards and interpretation does not have any material impact on the financial statements of the Company.

integrated reporting

The Company continuously strives to meet the best corporate reporting standards to create value for the Company and its stakeholders. Additionally, GTML is focused on concise and coherent reporting of the business affairs presented in the form of financial and non-financial information. Further, the Company is committed to achieving excellence in transparent reporting along with consistent improvement in the quality of the information presented.

The International Integrated Reporting Framework (IIRF) identifies information to be included in an integrated report that helps in assessing the Company's ability to create value.

The purpose of an integrated report is to

- explain to providers of financial capital regarding the Company's value creation process over time by providing all relevant information.
- benefit all stakeholders interested in the Company's ability to create value over time.

Content Elements for Integrated Reporting

The Company has incorporated in this Annual Report majority of the details as outlined for the following content elements of IIRF:

- Organizational overview and external environment
- Governance
- Business Model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of presentation

Status

Though in the current year, the Company has fulfilled certain additional requirements of the IIRF as compared to its last Annual Report by disclosing some additional information, however, the Company is still reviewing the Framework to assess/compile the complete required information which needs to be presented under IIRF.

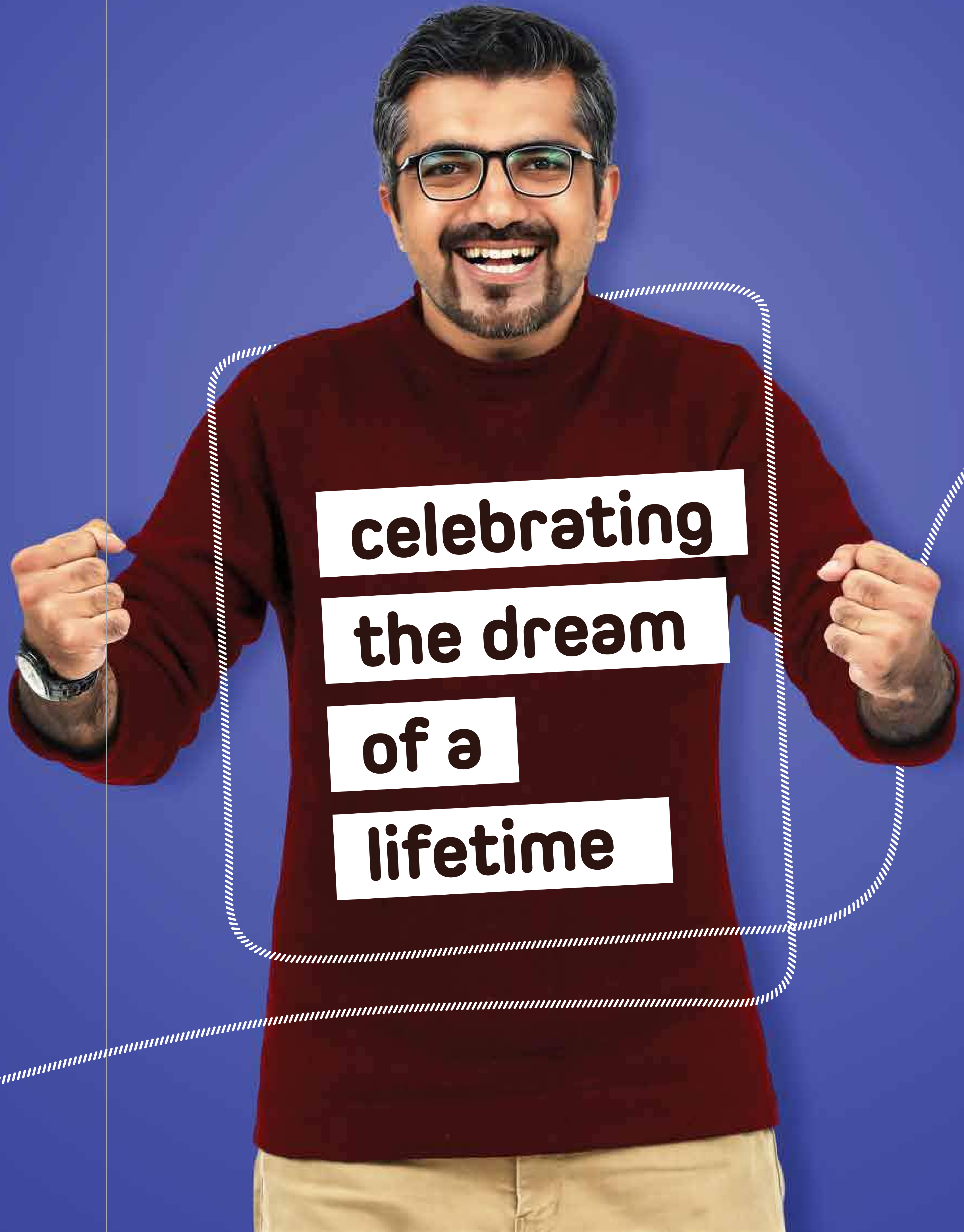
The IIRF is continuously under the review of those charged with governance, and the management team, and it is expected that the Company will be able to comply with the complete provision of the Framework in the years to come.

disclosures beyond bcr

The Company, in order to promote transparency in its dealings, has added certain additional information for its stakeholders, which are beyond those as required under the BCR Criteria. Details are as follows:

dreams worth celebrating

Financial Statements



independent auditor's report to the members

Report On The Audit Of The Financial Statements

Opinion

We have audited the annexed financial statements of Gadoon Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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, 2020 and of the profits, the 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S.No.	Key audit matters	How the matter was addressed in our audit
1	Contingencies	
	The Company is subject to material litigations regarding GID Cess, tax and other matters which requires management to make assessment and judgments with respect to likelihood and impact of such litigations on the financial statements of the Company. The details of contingencies including that relating to GID Cess 2015 and the Supreme Court (SC) decision regarding the same along with management's assessment thereon are disclosed in note in 23 to the financial statements. Some of these contingencies may involve significant outflow of economic benefits due to inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities as a key audit matter.	In response to this matter, our audit procedures included: • Reviewed the documents for legal and tax proceedings maintained by the management, including Judgement passed by the SC and related provision of the GIDC Act, 2015; • Obtained management's assessment regarding their implications on the Company; • Evaluated management's view considering the facts and explanations given by them; • Discussing with the Company's legal and tax department to corroborate the facts and explanations given by management; and • Reviewed adequacy of the disclosure made in the financial statement in accordance with the applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the report of audit committee, directors' report, Chairman's review, analysis on financial performance, comments on the financial results, key performance indicators, analysis of cost and statement of value additions and its distribution.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 not been provided with the other information and therefore, do not report on it.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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 statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the 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 Hena Sadiq.

Deloitte Yousuf Adil

Chartered Accountants

Karachi
Date: October 6, 2020

statement of financial position

As at June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	10,165,007	9,870,359
Biological assets	6	190,214	129,665
Long term advance	7	-	-
Long term loans	8	39,632	43,677
Long term deposits		29,505	29,127
Long term investments	9	3,150,556	2,890,606
		13,574,914	12,963,434
Current Assets			
Stores, spares and loose tools	10	632,631	606,538
Stock-in-trade	11	12,914,426	8,407,361
Trade debts	12	2,332,951	3,517,747
Loans and advances	13	122,927	199,991
Trade deposits and short term prepayments		22,827	8,901
Other receivables	14	569,750	719,881
Current tax asset		576,804	658,310
Sales tax refund bond		-	110,797
Cash and bank balances	15	86,120	112,519
		17,258,436	14,342,045
Total Assets		30,833,350	27,305,479

	Note	2020	2019
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized			
57,500,000 ordinary shares of Rs.10/- each		575,000	575,000
Issued, subscribed and paid-up capital	16	280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves		8,666,521	8,791,596
Total Equity		9,084,358	9,209,433
Non-Current Liabilities			
Long term finance	17	3,526,689	2,622,363
Retirement benefit obligation	18	629,205	562,984
Deferred tax liabilities	19	810,001	890,390
		4,965,895	4,075,737
Current Liabilities			
Trade and other payables	20	4,181,691	3,700,823
Unclaimed dividend	21	23,596	21,879
Current portion of long term finance	17	68,092	52,728
Accrued mark-up		147,569	318,196
Short term borrowings	22	12,362,149	9,926,683
		16,783,097	14,020,309
Total Liabilities		21,748,992	18,096,046
Total Equity and Liabilities		30,833,350	27,305,479
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

statement of profit or loss

For the Year Ended June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Sales - net	24	28,986,781	31,217,479
Cost of sales	25	(26,745,495)	(28,324,756)
Gross profit		2,241,286	2,892,723
Distribution cost	26	(474,356)	(401,764)
Administrative expenses	27	(267,881)	(276,997)
		(742,237)	(678,761)
		1,499,049	2,213,962
Finance cost	28	(909,080)	(1,100,073)
Other operating expenses	29	(918,430)	(98,767)
		(328,461)	1,015,122
Other income	30	173,648	170,772
Share of profit from associates	9	492,530	482,563
Profit before taxation		337,717	1,668,457
Taxation	31	(292,218)	(482,355)
Profit for the year		45,499	1,186,102
Earnings per share - basic and diluted (Rupees)	32	1.62	42.32

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

statement of comprehensive income

For the Year Ended June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Profit for the year		45,499	1,186,102
Other comprehensive income			
Items that will be reclassified subsequently to the statement of profit or loss			
Share of other comprehensive (loss) / income from associates - net of tax	9	(1,754)	277
Items that will not be reclassified subsequently to the statement of profit or loss			
- Remeasurement of defined benefit obligation	18.5	83,462	73,048
- Income tax relating to defined benefit obligation		(14,031)	(14,450)
		69,431	58,598
Other comprehensive income		67,677	58,875
Total comprehensive income for the year		113,176	1,244,977

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

statement of cash flows

For the Year Ended June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	(433,484)	2,059,299
Finance cost paid		(1,079,707)	(911,477)
Income tax paid		(304,748)	(293,314)
Retirement benefits paid		(113,992)	(111,083)
Rebate received		48,111	242,639
		(1,450,336)	(1,073,235)
Net cash (used in) / generated from operating activities		(1,883,820)	986,064
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,367,205)	(2,839,346)
Purchase of animals		(30,389)	-
Sale proceeds from disposal of property, plant and equipment		69,639	64,988
Sale proceeds from disposal of biological assets		11,735	-
Proceeds on disposal of shares of ICIP - an associate		-	7,998
Loans repaid by / (paid to) employees		40	(8,743)
Long term deposits given		(378)	-
Profit received from bank deposits		5,629	1,374
Dividend received		230,442	270,017
Net cash used in investing activities		(1,080,487)	(2,503,712)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		957,819	2,080,753
Repayment of long term finance		(38,129)	(9,844)
Dividend paid		(236,534)	(244,803)
Net cash generated from financing activities		683,156	1,826,106
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(2,281,151)	308,458
Cash and cash equivalents at the beginning of the year		(9,212,428)	(9,520,886)
Cash and cash equivalents at the end of the year		(11,493,579)	(9,212,428)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	86,120	112,519
Short term borrowings	22	(11,579,699)	(9,324,947)
		(11,493,579)	(9,212,428)

CHANGES ARISING FROM FINANCING ACTIVITIES

	2019	Financing cash inflows	Financing cash outflows	Non-cash changes	2020
	(Rupees in '000)				
Long term finance	2,675,091	957,819	(38,129)	-	3,594,781
Unclaimed dividend	21,879	-	(236,534)	238,251	23,596

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

statement of changes in equity

For the Year Ended June 30, 2020

	Capital Reserves: Issued, subscribed and paid-up share capital	Capital Reserves: Share premium	Capital Reserves: Amalgamation reserve	Capital Reserves: Sub total	Revenue Reserves: General reserve	Revenue Reserves: Amalgamation reserve	Revenue Reserves: Unappropriated profit	Revenue Reserves: Sub total	Grand total
	(Rupees in '000)								
Balance as at July 1, 2018	280,296	103,125	34,416	137,541	1,000,000	727,333	6,068,340	7,795,673	8,213,510
Transaction with owners									
Final dividend @ Rs. 8.75/- per share for year ended June 30, 2018	-	-	-	-	-	-	(245,259)	(245,259)	(245,259)
	-	-	-	-	-	-	(245,259)	(245,259)	(245,259)
Effect of restructuring of investment	-	-	-	-	-	-	(3,795)	(3,795)	(3,795)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	1,186,102	1,186,102	1,186,102
Other comprehensive income	-	-	-	-	-	-	58,875	58,875	58,875
Total comprehensive income for the year	-	-	-	-	-	-	1,244,977	1,244,977	1,244,977
Balance as at June 30, 2019	280,296	103,125	34,416	137,541	1,000,000	727,333	7,064,263	8,791,596	9,209,433
Transaction with owners									
Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(238,251)	(238,251)	(238,251)
	-	-	-	-	-	-	(238,251)	(238,251)	(238,251)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	45,499	45,499	45,499
Other comprehensive income	-	-	-	-	-	-	67,677	67,677	67,677
Total comprehensive income for the year	-	-	-	-	-	-	113,176	113,176	113,176
Balance as at June 30, 2020	280,296	103,125	34,416	137,541	1,000,000	727,333	6,939,188	8,666,521	9,084,358

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

notes to the financial statements

For the Year Ended June 30, 2020

1. THE COMPANY AND ITS OPERATIONS

Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. Further, the Company has also invested in dairy segment which has started the commercial operations since June 30, 2019.

Y.B. Holdings (Private) Limited is the holding company of the Company.

Following are the geographical location and address of all business units of the Company:

Head Office:
7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing Facility:
a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.
b) 57 Km on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:
Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

2. SCHEME OF ARRANGEMENT

During last year, a Scheme of Arrangement (Scheme) was filed by management of Lucky Holdings Limited (LHL) - an associate, before the Sindh High Court (SHC), after the required approvals from the Board of Directors and shareholders of LHL.

The SHC vide its order dated April 11, 2019 sanctioned the Scheme effective from start of business on July 01, 2018. A certified copy of the Court order has been filed by LHL with the Securities and Exchange Commission of Pakistan (SECP).

The Scheme, amongst other arrangements, determines LHL Demerged Undertakings as primarily comprising the assets, liabilities and obligations of LHL relating to its underlying investment in ICI Pakistan Limited - an associate. Under the Scheme, the share of LHL Shareholders in LHL Demerged Undertakings proportionate to their respective shareholding in LHL were amalgamated with and into their respective wholly owned subsidiary companies and their proportionate shares in LHL to that extent were cancelled. Consequently, out of Company's total investments in LHL, an amount of Rs. 164.12 million was transferred to Gadoon Holdings Private Limited (GHPL).

Last year, cancellation of shares of LHL (refer note 9.3) by Rs. 184.39 million had resulted in reduction in deferred tax liability pertaining to LHL by Rs. 16.48 million and amount was transferred as an investment in GHPL of Rs. 164.12 million. This resulted in a loss of Rs. 3.79 million recognized in revenue reserves of the Company.

During the year, in accordance with section 284 of the Companies Act, 2017, GHPL has been merged in to the Company vide order no. CRO-I/0017553/927/10213 dated August 13, 2020, from the SECP which led to recognition of following assets and liabilities of GHPL w.e.f. July 01, 2019:

	Before Merger	Effect of Merger	After Merger
	(Rupees in '000)		
- Investment in ICI Pakistan Limited	1,761,406	185,010	1,946,416
- Other assets	25,517,949	(158,886)	25,359,063
- Non current liabilities	4,074,697	1,040	4,075,737
- Current liabilities	14,015,181	5,128	14,020,309

3. BASIS OF PREPARATION

3.1 Statement of compliance

These 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 (IFRS) 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.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except:
- obligations under the defined benefit plan are stated at present value;
- biological assets i.e. livestock are stated at fair value less estimated point-of-sale costs; and
- investment in associates are accounted for using equity method.

3.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods, if the revision affects both current and future periods.

Novel Coronavirus (COVID-19)

The Novel Coronavirus (COVID-19) pandemic, confirmed in January 2020, has caused widespread business disruptions around the world resulting in a negative impact on economic activities, including our business, which is being planned and curtailed accordingly.

Subsequent to reporting date, the lockdown has been eased, and with the number of recoveries increasing day by day, the economy has started to recover and operations of the Company have resumed accordingly. However, there is still a chance that possible rise in infection may lead to fresh lockdown scenario.

The Company, in order to outweigh the negative impact of this pandemic and to manage its working capital requirement has availed the facilities announced by the State Bank of Pakistan to its full extent, including rescheduling of long term finance facilities and foreign exchange loan.

Critical judgements

Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

a) determining the residual values and useful lives of the property, plant and equipment (note 4.1);
b) valuation of biological assets (note 4.2);
c) provisions - for slow moving stores, spares and loose tools (note 4.3);
d) valuation of stock-in-trade - at lower of cost and NRV (note 4.4);
e) provisions - for loss allowance (note 4.5);
f) impairment of financial and non financial assets (notes 4.9.2);
g) provisions - for doubtful advances (note 4.9.2);
h) provision for taxation including deferred tax (note 4.11);
i) accounting for retirement benefit obligation (note 4.12); and
j) provisions against liability and contingencies (note 4.15).

3.5 Changes in accounting standards and interpretations

3.5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
IFRS 16 'Leases'.	January 01, 2019
IFRS 14 'Regulatory Deferral Accounts'.	July 01, 2020
Amendments to IFRS 9 'Financial Instruments' - prepayment features with negative compensation.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long term interests in associates and joint ventures.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlements.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

3.5.2 New accounting standards and amendments that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform.	January 01, 2020
Amendment to IFRS 16 'Leases' - COVID-19 related rent concessions.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - cost of fulfilling a contract.	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 17 'Insurance Contracts'

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2019.

4.1 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.

Depreciation is charged, from the month when the asset is available for use and ceased from the month of disposal, to the statement of profit or loss applying the reducing balance method except for leasehold land, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date. Rates for depreciation are stated in note 5.1 to the financial statements.

Maintenance and repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to the statement of profit or loss as and when incurred.

4.2 **Biological assets**

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Biological assets have been classified at level 1 of fair value hierarchy as disclosed in note 39 to the financial statements.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock are recognized in the statement of profit or loss.

4.3 **Stores, spares and loose tools**

These are stated at lower of cost and net realizable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

For items that are slow moving adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and charged to the statement of profit or loss.

4.4 **Stock-in-trade**

Basis of valuation is as under:

- Raw material in hand (imported)	Lower of cost (weighted average / specific identification basis) and net realizable value (NRV)
- Raw material in hand (local)	Lower of cost (weighted average) and NRV
- Raw material in hand (feed)	Lower of cost (weighted average) and NRV
- Raw material in-transit	Cost accumulated to end of reporting period
- Work-in-process	Lower of cost (weighted average) and NRV
- Finished goods	Lower of cost (weighted average) and NRV
- Finished goods (milk)	Fair value less estimated point-of-sale costs
- Waste	NRV

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

4.5 **Trade debts and other receivables**

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime Expected Credit Losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

4.6 **Derivative financial instruments**

Derivatives that do not qualify for hedge accounting are recognized in the statement of financial position at estimated fair value with corresponding effect to the statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.7 **Cash and cash equivalents**

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short term borrowings (except export re-finance) availed by the Company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

4.8 **Investments**

Investment in associates

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognized in the statement of profit or loss. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognized in the associate's statement of profit or loss. The Company's share of those changes is recognized in the statement of comprehensive income of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognized in the statement of profit or loss.

4.9 **Financial instruments**

4.9.1 **Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized 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 at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income (FVTOCI) are measured at fair value through profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the statement of profit or loss.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments' revaluation reserve is reclassified to the statement of 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 the statement of profit or loss, but is transferred to retained earnings.

4.9.2 Impairment of financial assets

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyze the data collected and generate estimates of probability of default ('PD') of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income in the statement of profit or loss.

4.9.3 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability. 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, if any, are capitalized as part of the cost of that asset.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

4.9.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.10 Borrowings and their costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost.

4.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for income tax includes adjustments to charge for prior years.

Deferred

Deferred tax is recognized using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.12 Retirement benefit obligation - defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2020.

Remeasurement changes which comprise actuarial gains and losses are recognized immediately in the statement of comprehensive income.

4.13 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the reporting date.

Gains and losses arising on retranslation are included in the statement of profit or loss for the period.

4.14 Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Interest income is recognized on a time proportionate basis using the effective rate of return.

4.15 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.16 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

4.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has identified different chief operating decision makers responsible for strategic decisions of all the reportable segments.

Operating segments that do not meet the quantitative thresholds, as defined in IFRS 8 'Operating Segments', has not been considered as reportable segments in these financial statements.

4.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in '000)	
Operating fixed assets	5.1	9,731,614	9,610,032
Capital work-in-progress	5.2	433,393	260,327
		10,165,007	9,870,359

5.1 **Operating fixed assets**

Particulars	Cost as at July 01, 2019	Additions/ (Disposals)	Transfer to store *	Cost as at June 30, 2020	Accumulated depreciation as at July 01, 2019	Depreciation for the year/ (Disposals)	Depreciation transfer to store *	Accumulated depreciation as at June 30, 2020	Carrying value as at June 30, 2020	Rate of depreciation
	2020									
	(Rupees in '000)									%
Land:										
Leasehold	83,148	-	-	83,148	10,311	1,551	-	11,862	71,286	1
Freehold	880	-	-	880	-	-	-	-	880	-
Buildings on leasehold land:										
Mills	2,159,482	26,949	-	2,186,431	1,123,692	105,263	-	1,228,955	957,476	10
Roads	47,456	-	-	47,456	23,347	2,411	-	25,758	21,698	10
Power plant	178,146	15,337	-	193,483	106,984	8,011	-	114,995	78,488	10
Office	60,513	-	-	60,513	27,096	3,342	-	30,438	30,075	10
Workers' colony	202,539	-	-	202,539	88,957	1,121	-	90,078	112,461	10
Other	593,147	1,739	-	594,886	169,768	21,223	-	190,991	403,895	5
Buildings on freehold land:										
Family colony	179,396	-	-	179,396	105,487	17,889	-	123,376	56,020	10
Workers' colony	123,727	-	-	123,727	99,076	2,465	-	101,541	22,186	10
Plant and machinery	12,474,195	1,063,319	(47,019)	13,457,212	6,141,994	685,188	(20,460)	6,777,773	6,679,439	10
		(33,283)				(28,949)				
Power plant	1,783,692	18,292	-	1,801,984	790,265	100,348	-	890,613	911,371	10
Electric installations	457,289	8,583	-	458,135	289,166	17,066	-	302,838	155,297	10
		(7,737)				(3,394)				
Tools and equipment	33,410	976	-	34,386	11,221	2,267	-	13,488	20,898	10
Furniture and fittings	29,793	309	-	25,204	14,753	1,162	-	15,633	9,571	10
		(4,898)	-			(282)				
Computer equipment	30,749	11,259	-	33,566	21,798	4,070	-	19,986	13,580	30
		(8,442)				(5,882)				
Office equipment and installations	25,217	3,006	-	24,963	14,074	1,110	-	14,342	10,621	10
		(3,260)	-			(842)				
Fork lifters and tractors	38,094	4,481	-	42,575	32,397	1,581	-	33,978	8,597	20
Vehicles	273,447	39,889	-	279,812	98,513	37,453	-	116,183	163,629	20
		(33,524)				(19,783)				
Fire fighting equipment	11,847	-	-	11,778	7,236	461	-	7,632	4,146	10
		(69)				(65)				
June 30, 2020	18,786,167	1,194,139	(47,019)	19,842,074	9,176,135	1,013,982	(20,460)	10,110,460	9,731,614	
		(91,213)				(59,197)				

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 1.17 billion.

* This represents transfer of spare parts of obsolete machinery to spares in hand (refer note 10).

5.1 **Operating fixed assets**

Particulars	Cost as at July 01, 2018	Additions/ (Disposals)	Cost as at June 30, 2019	Accumulated depreciation as at July 01, 2018	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2019	Carrying value as at June 30, 2019	Rate of depreciation
	2019							
	(Rupees in '000)							%
Land:								
Leasehold	59,180	23,968	83,148	9,712	599	10,311	72,837	1
Freehold	880	-	880	-	-	-	880	-
Buildings on leasehold land:								
Mills	2,034,399	125,083	2,159,482	1,019,549	104,143	1,123,692	1,035,790	10
Roads	47,456	-	47,456	20,668	2,679	23,347	24,109	10
Power plant	178,146	-	178,146	99,077	7,907	106,984	71,162	10
Office	60,513	-	60,513	23,383	3,713	27,096	33,417	10
Workers' colony	202,539	-	202,539	76,337	12,620	88,957	113,582	10
Other	432,500	160,647	593,147	155,066	14,702	169,768	423,379	5
Buildings on freehold land:								
Family colony	179,396	-	179,396	97,275	8,212	105,487	73,909	10
Workers' colony	123,727	-	123,727	96,337	2,739	99,076	24,651	10
Plant and machinery	10,672,861	2,166,657	12,474,195	5,947,979	514,901	6,141,994	6,332,201	10
		(365,323)			(320,886)			
Power plant	1,247,234	536,458	1,783,692	731,910	58,355	790,265	993,427	10
Electric installations	456,331	958	457,289	270,530	18,636	289,166	168,123	10
Tools and equipment	13,774	19,636	33,410	10,937	284	11,221	22,189	10
Furniture and fittings	24,895	4,898	29,793	13,444	1,309	14,753	15,040	10
Computer equipment	24,675	6,148	30,749	18,694	3,160	21,798	8,951	30
		(74)			(56)			
Office equipment and installations	23,470	1,762	25,217	12,943	1,136	14,074	11,143	10
		(15)			(5)			
Fork lifters and tractors	38,094	-	38,094	30,973	1,424	32,397	5,697	20
Vehicles	248,197	72,976	273,447	94,176	37,796	98,513	174,934	20
		(47,726)			(33,459)			
Fire fighting equipment	11,847	-	11,847	6,724	512	7,236	4,611	10
June 30, 2019	16,080,114	3,119,191	18,786,167	8,735,714	794,827	9,176,135	9,610,032	
		(413,138)			(354,406)			

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 3.01 billion.

5.1.1 **Depreciation charged for the year has been allocated as under:**

	Note	2020	2019
		(Rupees in '000)	
Cost of sales	25.1	984,709	765,781
Administrative expenses	27	29,273	29,046
		1,013,982	794,827

5.1.2 **Disposal of operating fixed assets having net book value in excess of Rs. 500,000**

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	(Loss) / gain	Mode of disposal	Purchaser
	(Rupees in '000)						
Plant and machinery	9,651	8,738	913	534	(379)	Negotiation	M/s. AMS Enterprises
	11,594	9,850	1,744	684	(1,060)	Negotiation	M/s. AMS Enterprises
	21,245	18,588	2,657	1,218	(1,439)		
Vehicle	5,310	3,348	1,962	4,050	2,088	Negotiation	M/s. Ahmed Motors
	6,096	1,460	4,636	7,100	2,464	Negotiation	M/s. Lucky Landmark (Pvt) Ltd.
	8,165	6,168	1,997	2,000	3	Negotiation	M/s. Shoaib Salman Textile Mills
	2,044	451	1,593	1,901	308	Negotiation	M/s. Lucky Knits (Pvt) Ltd.
	1,870	1,194	676	1,309	633	Negotiation	Mr. Shafqat Mumtaz Ahmed Sain
	1,787	1,259	528	1,500	972	Negotiation	M/s. Al-Falah Insurance Company
	25,272	13,880	11,392	17,860	6,468		

Leasehold and freehold land pertain to the manufacturing facilities having combined area of 137.8 acres.

5.2 **Capital work-in-progress**

	Gadoon Amazai					Karachi Project					
	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Total
	(Rupees in '000)										
Year ended June 30, 2020											
Balance as at July 1, 2019	21,198	40,755	-	676	62,629	190,316	-	-	7,382	197,698	260,327
Additions during the year	61,473	320,758	29,081	11,730	423,042	93,910	778,539	12,810	38,873	924,132	1,347,174
Transfers to operating fixed assets	(34,864)	(350,642)	(27,078)	(11,106)	(423,690)	(7,493)	(721,826)	(12,810)	(8,289)	(750,418)	(1,174,108)
Balance as at June 30, 2020	47,807	10,871	2,003	1,300	61,981	276,733	56,713	-	37,966	371,412	433,393
Year ended June 30, 2019											
Balance as at July 1, 2018	-	241,015	5,365	42,217	288,597	100,284	51,809	5,223	1,615	158,931	447,528
Additions during the year	69,366	1,189,221	48,376	16,841	1,323,804	262,856	1,189,245	14,011	36,980	1,503,092	2,826,896
Transfers to operating fixed assets	(48,168)	(1,389,481)	(53,741)	(58,382)	(1,549,772)	(172,824)	(1,241,054)	(19,234)	(31,213)	(1,464,325)	(3,014,097)
Balance as at June 30, 2019	21,198	40,755	-	676	62,629	190,316	-	-	7,382	197,698	260,327

6. BIOLOGICAL ASSETS

	Note	2020
		(Rupees in '000)
Dairy livestock		
- Mature		170,262
- Immature		19,952
	6.1	190,214

6.1 **Reconciliation of biological assets**

	Note	2020
Balance as at July 1	6.2	129,665
Purchases during the year		30,389
Livestock expired		(3,273)
Sale of livestock		(19,398)
Gain on fair valuation of livestock due to:		
- new births		13,380
- price and age change		39,451
		52,831
Balance as at June 30		190,214

6.2 As at July 01, 2018, the balance of loans and advances included the advance given for pilot project of dairy farm. The dairy project started its commercial operations on and from June 30, 2019. Hence, comparative figures have not been presented in these financial statements.

6.3 At June 30, 2020, the Company held 608 mature livestock - including pregnant livestock (2019: 265 mature livestock) able to produce milk and 225 immature livestock (2019: 351 immature livestock) which are being raised to produce milk in the future.

6.4 During the year, the Company produced approximately 2,922,044 gross liters of milk from mature livestock.

6.5 As at June 30, 2020, the Company held 27 breeding bulls (2019: 12 breeding bulls).

6.6 The valuation of dairy livestock as at June 30, 2020 has been carried out by an independent valuer. In this regard the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company. Livestock has been valued on the basis of market values of livestock of similar attribute.

6.7 Cost to sell is considered immaterial and has not been taken into account while valuing the biological assets.

7. LONG TERM ADVANCE

	Note	2020	2019
		(Rupees in '000)	
- Considered doubtful			
Investment in a joint venture - Advance	7.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		-	-

7.1 This represents first and second tranche of advance for a Joint Venture Project of Rs. 4,250 million. The principal activity of the Joint Venture Project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

8. LONG TERM LOANS

	Note	2020	2019
		(Rupees in '000)	
- Considered good			
Loan to employees			
Related parties - Key management personnel		21,720	31,781
Other employees		41,755	31,734
	8.1	63,475	63,515
Less: current portion of long term loans	13	(23,843)	(19,838)
		39,632	43,677

8.1 These are interest free loans recoverable in monthly instalments over a period of three years. These loans are secured against employees' retirement benefit obligation.

8.2 The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2020 was Rs. 29.74 million (2019: Rs. 48.08 million).

9. LONG TERM INVESTMENTS

	Note	2020	2019
		(Rupees in '000)	
Investments in associates - equity method	9.1	3,150,556	2,890,606

9.1 Investment in associates - equity method

	Note	2020	2019
ICI Pakistan Limited (ICIP)	9.2	2,010,552	1,946,416
Lucky Holdings Limited (LHL)	9.3	1,816	4,284
Yunus Energy Limited (YEL)	9.4	1,138,188	939,906
		3,150,556	2,890,606

9.1.1 The Company's investment in ICIP, LHL and YEL is less than 20% but these are considered associates as the Company has significant influence over the financial and operating policies through representation on the Board of Directors of these companies.

9.1.2 The principal place of business of all the associates is located in Pakistan.

9.2 Investment in ICI Pakistan Limited (ICIP) - at equity method

	2020	2019
	(Rupees in '000)	
Number of shares held	6,654,867	6,654,867
Cost of investment (Rupees in '000)	1,341,311	1,341,311
Fair value of investment (Rupees in '000)	4,623,203	3,543,517
Ownership interest	7.21%	7.21%

	2020	2019
	(Rupees in '000)	
Balance as at July 01	1,946,416	1,661,022
Shares granted due to restructuring	-	178,078
Share of profit	170,273	195,190
Share of other comprehensive (loss) / income	(2,987)	1,713
Disposal of shares	-	(2,980)
Dividend received	(103,150)	(86,607)
Balance as at June 30	2,010,552	1,946,416

The financial year end of ICIP is June 30, 2020. Summarized financial highlights of ICIP and the related share of the Company as at reporting date are as follows:

	Note	2020	2019
		(Rupees in '000)	
Total assets		48,450,442	49,455,764
Total liabilities		(26,069,203)	(28,066,782)
Net assets		22,381,239	21,388,982
Company's share of net assets		1,613,687	1,542,146
Revenue		55,257,636	59,414,013
Profit for the year		2,361,616	2,548,757
Company's share of profit		170,273	183,765
Other comprehensive (loss) / income for the year		(66,578)	23,018
Company's share of other comprehensive (loss) / income		(4,800)	1,660

9.3 Investment in Lucky Holdings Limited (LHL) - at equity method

	Note	2020	2019
Number of shares held		8,580	8,580
Cost of investment (Rupees in '000)		429	429
Ownership interest		1%	1%
Balance as at July 01		4,284	185,341
Cancellation of shares due to restructuring	9.3.1	-	(184,396)
Share of profit		2,551	3,339
Dividend received		(5,019)	-
Balance as at June 30		1,816	4,284

9.3.1 Investment in LHL had been calculated after incorporating the effect of transaction as appearing in note 2 to these financial statements.

The financial year end of LHL is June 30, 2020. Summarized financial highlights of LHL as at reporting date and the related share of the Company are as follows:

	2020	2019
	(Rupees in '000)	
Total assets	536,738	775,242
Total liabilities	(384,341)	(375,827)
Net assets	152,397	399,415
Company's share of net assets	1,524	3,994
Revenue	398,306	423,750
Profit for the year	254,912	333,941
Company's share of profit	2,550	3,339

9.4 **Investment in Yunus Energy Limited (YEL) - at equity method**

	2020	2019
Number of shares held	61,136,500	61,136,500
Cost of investment (Rupees in '000)	611,365	611,365
Ownership interest	19.98%	19.98%
Balance as at July 01	939,906	840,557
Share of profit	319,706	284,034
Share of other comprehensive income / (loss)	849	(1,275)
Dividend received	(122,273)	(183,410)
Balance as at June 30	1,138,188	939,906

The financial year end of YEL is June 30, 2020. Summarized financial highlights of YEL as at reporting date and the related share of the Company are as follows:

	2020	2019
	(Rupees in '000)	
Total assets	13,225,251	12,470,429
Total liabilities	(7,604,771)	(7,854,603)
Net assets	5,620,480	4,615,826
Company's share of net assets	1,122,972	922,242
Revenue	3,451,067	2,939,540
Profit for the year	1,600,136	1,420,174
Company's share of profit	319,706	283,750
Other comprehensive income / (loss) for the year	4,249	(6,379)
Company's share of other comprehensive income / (loss)	849	(1,275)

10. STORES, SPARES AND LOOSE TOOLS

	Note	2020	2019
		(Rupees in '000)	
Stores		233,292	246,236
Spares in			
- hand		407,601	350,002
- transit		42,263	61,366
Loose tools		1,576	1,035
		684,732	658,639
Less: Provision for slow moving stores, spares and loose tools		(52,101)	(52,101)
		632,631	606,538

11. STOCK-IN-TRADE

	2020	2019
Raw material in		
- hand	10,455,994	6,080,886
- transit	74,072	632,267
- feed	15,435	9,186
	10,545,501	6,722,339
Work-in-process	351,227	345,359
Finished goods		
- yarn	1,912,545	1,261,788
- knitted fabric	39,143	41,104
- waste	65,776	36,522
- unprocessed milk	234	249
	2,017,698	1,339,663
	12,914,426	8,407,361

12. TRADE DEBTS

	Note	2020	2019
Considered good			
Foreign - Secured		491,004	1,103,762
Local - Unsecured	12.1	1,841,947	2,413,985
		2,332,951	3,517,747
Considered doubtful			
Local - Unsecured		97	4,093
Provision for loss allowance		(97)	(4,093)
		-	-
		2,332,951	3,517,747

12.1 The balance includes trade balances outstanding from associated companies as follows:

	2020	2019
Lucky Textile Mills Limited	1,483	17,103
Lucky Knits (Private) Limited	1,798	1,798
	3,281	18,901

12.2 The maximum amount due from related parties, at the end of any month during the year were Rs. 119.69 million (2019: Rs. 78.49 million). The transactions with associated companies are carried on agreed terms.

12.3 Following are the details of debtors in relation to export sales:

Jurisdiction	Category	Note	2020	2019
			(Rupees in '000)	
Asia	Letter of credit		166,802	456,919
	Contract		-	183,073
Europe	Letter of credit		34,839	27,008
	Contract		65,943	10,510
Central America	Letter of credit		-	-
	Contract		-	103,743
North America	Contract		223,420	322,509
Total	Letter of credit		201,641	587,670
	Contract		289,363	516,092

13. LOANS AND ADVANCES

- Unsecured - considered good

	Note	2020	2019
		(Rupees in '000)	
Current portion of long term loans	8	23,843	19,838
Advances to employees		13,500	13,203
Advance to suppliers and contractors		67,367	89,868
Letters of credit, fee and expenses		3,586	921
Subordinated loan	13.1.1	13,257	22,521
Advance against shares	13.1.2	-	39,566
LC margin		1,374	14,074
		122,927	199,991

13.1 This represents subordinated loan and advance against shares in following companies. The shares will be issued in due course in accordance with the regulatory requirements.

13.1.1 Subordinated loan

	Note	2020	2019
		(Rupees in '000)	
Tricom Solar Power (Private) Limited	13.1.3	7,510	6,599
Tricom Wind Power (Private) Limited	13.1.3	-	10,773
Yunus Wind Power Limited	13.1.3	5,747	5,149
		13,257	22,521

13.1.2 Advance against shares

Tricom Wind Power (Private) Limited	13.1.3	-	39,566
		-	39,566

13.1.3 As part of strategic investments, the Company had given subordinated loan and advance against issuance of shares to Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited and Yunus Wind Power Limited. Upon expiry of initial 12 months period from previous approval dated April 13, 2018, the Company obtained extension from the shareholders in EOGM dated March 20, 2019 for a period of four years or till the Project achieves commercial operations, whichever is later.

However, after the re-evaluation carried out by management, the Company decided that it will not proceed with the proposed investment in Tricom Wind Power (Private) Limited, and that all approvals in this respect be and are hereby withdrawn.

14. OTHER RECEIVABLES

	Note	2020	2019
		(Rupees in '000)	
Considered good			
Sales tax		300,218	430,644
Rebate receivable on export sales		227,221	256,865
Claims receivable		31,647	4,330
Federal excise duty		2,599	26,201
Others		8,065	1,841
		569,750	719,881
Considered doubtful			
Claims receivable	23.1.2	20,000	20,000
Sales tax	14.1	52,439	52,439
Others	14.2	5,600	5,600
		78,039	78,039
Provision for doubtful other receivables		(78,039)	(78,039)
		-	-
		569,750	719,881

14.1 Pursuant to S.R.O. 179 of 2013 dated March 7, 2013, the Company filed a special sales tax return and paid Rs. 52.4 million being 2% of the value of zero rated supplies made by the Company during the period from April 2011 to February 2013. The said amount has been paid by the Company under protest and it has filed an appeal before the tax authority for refund of such amount. However, being prudent, the Company has fully provided the amount in these financial statements.

14.2 The Company received a demand cum show cause notice for the amount of Rs. 13.17 million from Custom Authorities deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid Rs. 5.60 million under protest against this demand and also made provision for the same amount. Since the goods were imported for re-export, the FBR has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010. Management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.

15 CASH AND BANK BALANCES

	Note	2020	2019
		(Rupees in '000)	
Cash in hand		11,493	7,950
Cash with banks			
- current account	15.1	73,581	104,569
- time deposits	15.2	1,046	-
		74,627	104,569
		86,120	112,519

15.1 It includes balances in foreign currency bank accounts amounting to US Dollars 4,282 equivalent to Rs. 0.72 million (2019: US Dollars 7,126 equivalent to Rs. 1.16 million).

15.2 These carry markup at the rates ranging from 6.50% to 11.25% per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
(Number of Shares)			(Rupees in '000)	
6,000,000	6,000,000	Ordinary shares of Rs. 10 each fully paid in cash	60,000	60,000
17,437,500	17,437,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	174,375	174,375
4,592,083	4,592,083	Ordinary shares of Rs. 10 each issued as fully paid in pursuant of amalgamation	45,921	45,921
28,029,583	28,029,583		280,296	280,296

16.1 As at June 30, 2020, Y.B. Holdings (Private) Limited (the Holding Company) hold 19,499,741 (2019: 19,499,741) ordinary shares of Rs. 10 each.

16.2 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17. LONG TERM FINANCE

	2020	2019
	(Rupees in '000)	
- Banking companies - secured		
Long term finance	3,594,781	2,675,091
Less: Current portion of long term finance	(68,092)	(52,728)
	3,526,689	2,622,363

The Company has entered into a long term finance agreement with commercial banks, with an approved limit of Rs. 4.30 billion (2019: Rs. 3.09 billion). The facility carries a mark-up ranging from SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis (2019: SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis). The tenure of this facility is 10 years including grace period of 2 years, starting from July 10, 2017. The Company has drawn Rs. 3.59 billion upto June 30, 2020 (2019: Rs. 2.67 billion).

The Company in accordance with the facility provided by the SBP has rescheduled its long term finance facilities for the period of one year.

The above financing agreement is secured by pari passu charge over plant and machinery of the Company.

18. RETIREMENT BENEFIT OBLIGATION

	Note	2020	2019
		(Rupees in '000)	
Retirement benefit obligation	18.1	629,205	562,984

18.1 Retirement benefit obligation

The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2020	2019
Valuation discount rate	8.50%	14.25%
Salary increase rate (Long term)	8.50%	12.25%
Salary increase rate (Short term)	4.50% for 3 years	9.25% for 3 year
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

18.2 Liability recognized in the statement of financial position

	Note	2020	2019
		(Rupees in '000)	
Present value of retirement benefit obligation		629,205	562,984

18.3 Movement in liability during the year

	Note	2020	2019
Balance as at July 1		562,984	533,769
Expense recognized in the statement of profit or loss	18.4	263,675	212,939
Liability transferred from dairy farm		-	407
Total remeasurements recognized in the statement of comprehensive income	18.5	(83,462)	(73,048)
Benefits paid		(113,992)	(111,083)
Balance as at June 30		629,205	562,984

18.4 Expense recognized in the statement of profit or loss

	2020	2019
Current service cost	191,601	174,681
Interest cost	72,074	38,258
	263,675	212,939

18.5 Total remeasurements recognized in the statement of other comprehensive income

	2020	2019
Actuarial gain on liability arising on		
- financial assumptions	(8,367)	(51,546)
- experience adjustments	(75,095)	(21,502)
	(83,462)	(73,048)

18.6 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption	Increase / (decrease) in defined benefit obligation: Increase in assumption	Decrease in assumption
	%	(Rupees in '000)	
Discount rate	1	(7,199)	7,360
Salary growth rate	1	10,612	(10,524)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at reporting date, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

18.7 The gratuity scheme exposes the Company to the following risks:

Longevity risk: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salaries are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

18.8 The weighted average duration of defined benefit obligation as at June 30, 2020 is 31.68 years (2019: 31.18 years).

18.9 Expected maturity analysis of undiscounted retirement benefit plans

	Note	2020	2019
		(Rupees in '000)	
Undiscounted payments			
Year 1		160,481	137,663
More than 1 year		536,989	529,399

19. DEFERRED TAX LIABILITIES

	Note	2020	2019
Balance as at June 30	19.1	810,001	890,390

19.1 Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	Note	2020	2019
		(Rupees in '000)	
Deferred credits / (debits) arising due to:			
- Accelerated tax depreciation on property, plant and equipment		770,831	894,906
- Provision against retirement benefit obligation		(105,776)	(111,364)
- Provision against long term advance		(11,207)	(13,187)
- Provision against stores, spares and loose tools		(8,759)	(10,306)
- Provision against doubtful other receivables		(13,119)	(15,437)
- Gain arising from changes in fair value of livestock		37,925	22,605
- Share of profit from associates		140,106	123,173
		810,001	890,390

20 TRADE AND OTHER PAYABLES

	Note	2020	2019
Creditors		632,789	485,154
Foreign bills payable		82,758	465,188
Advance from customers		35,017	27,811
Accrued liabilities		3,206,746	2,507,753
Withholding income tax		6,198	1,008
Sales tax		31,914	12,035
Workers' welfare fund		105,728	105,728
Workers' profit participation fund	20.1	17,775	54,397
Others		62,766	41,749
		4,181,691	3,700,823

20.1 Workers' profit participation fund

	Note	2020	2019
		(Rupees in '000)	
Balance as at July 1		54,397	642
Provision made during the year	29	17,775	88,314
Interest on funds utilized in business	28	548	6
Payments made during the year		(54,945)	(34,565)
Balance as at June 30		17,775	54,397

21. UNCLAIMED DIVIDEND

Management is in the process of opening an unclaimed dividend account with a scheduled bank, as required by section 244 of the Companies Act, 2017.

22. SHORT TERM BORROWINGS

	Note	2020	2019
		(Rupees in '000)	
Banking companies - secured			
Running finance under mark-up arrangements	22.1	7,099,213	8,629,697
Short term finances	22.2	750,000	695,250
Foreign currency loan against:			
- Import loan	22.1	2,961,618	-
- Export loan	22.1	768,868	-
- Export refinance	22.3	782,450	601,736
		4,512,936	601,736
		12,362,149	9,926,683

22.1 Facilities for running finance, import finance, export finance and export refinance are available from various commercial banks upto Rs. 30.64 billion (2019: Rs. 28.61 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.05% to KIBOR + 0.50% per annum (2019: KIBOR + 0.00% to KIBOR + 0.50% per annum). These are secured against hypothecation of stock, receivables and plant and machinery. The Company in accordance with the facility provided by the SBP has rescheduled its foreign exchange loan for the period of six months.

22.2 This represents short term finance facilities under sub-limit of the facilities mentioned in note 22.1 from various commercial banks having mark-up ranging between KIBOR - 0.05% to KIBOR + 0.50% per annum (2019: KIBOR - 0.05% to KIBOR + 0.00% per annum). These are secured against hypothecation of stock, charge on receivables and plant and machinery.

22.3 The rate of mark-up on export re-finance is 2.5% to 3.0% (2019: 2.1% to 2.5%).

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Outstanding guarantees given on behalf of the Company by commercial banks in normal course of business amounting to Rs. 1.25 billion (2019: Rs. 1.13 billion).

23.1.2 In prior years, Sui Northern Gas Pipeline Limited (SNGPL) charged the Company with an amount of Rs. 168 million on account of under billing of gas. The Company lodged a complaint with the Appellate Authority (the Authority) against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favor.

23.1.3 Previously, the Company had filed a suit before the Sindh High Court, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011 which was eventually decided upon by the Supreme Court of Pakistan declaring GIDC Act 2011 as invalid that being a fee-imposing enactment, it could not be introduced through Money Bill as a tax.

Thereafter the GIDC Ordinance 2014 was introduced to circumvent the decision of SC. However, in May 2015, the Government passed the GIDC Act 2015.

The Company challenged the GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. On May 31, 2017, PHC dismissed the said petition, however, the Company had obtained interim relief against the payment of GIDC imposed through monthly bills from PHC on the ground that GIDC is not leviable as the Company has not added GIDC impact in its price and has not collected from its customer. Further, the Company filed Civil Petition for Leave to Appeal (CPLA) in SC, against the adverse judgment of PHC. On August 13, 2020, the SC passed Judgment and upheld the legality of GIDC Act, 2015.

Further, the Apex Court in its judgement has validated the GIDC Act, 2015 which contains Section 8 in particular. Whilst examining Section 8 (2) (1st proviso), the legislature has explicitly facilitated the industrial sector narrating that the cess shall not be collected from industrial sector as it has not been collected by the Gas companies in terms of GIDC Act 2011 and the GIDC Ordinance 2014. Further, while comparing two categories i.e. industrial and domestic consumers, the Hon'ble Court has specifically stated that GIDC shall be applicable only on those companies which have passed the burden on to its consumers/clients (Clause 37). Management maintains that since the Company has not passed on the burden to its consumers/clients, it is not liable to pay GID Cess, by whatever name charged. Accordingly, the Company has filed the review petition in the Supreme Court of Pakistan against the above judgement of SC.

Further, in anticipation of the possible demand of GIDC by the gas companies in light of the above SC Judgement, the stay has been obtained from the Peshawar High Court.

23.1.4 National Accountability Bureau (NAB) had filed a reference on February 2, 2016 against Executives of the Company in the Accountability Court (Peshawar), alleging that the Company purchased electricity from Peshawar Electric Supply Company (PESCO) at a cheaper price and at the same time it sold the electricity to PESCO at a higher price. The management believes that the allegations are false, unsubstantiated and unfounded. The case is devoid of merits as the Company sold the electricity after required approvals, licenses and at price on which all captive power plants were selling electricity to distribution companies in accordance with approved policy of Government of Pakistan.

23.1.5 The Finance Act 2010 had introduced Clause 126F in Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) exempting the tax on profits and gains derived by a tax payer located in the 'war on terror' affected areas of Khyber Pakhtunkhwa. As a result of this change, the income of the Company including tax on export proceeds for tax years 2010 to 2012 was exempt. However, the said clause does not specifically address the exemption of turnover tax under Section 113. In this regard, some companies located in the affected areas filed a petition in PHC against the recovery of turnover tax seeking a declaration regarding Section 113 and 159 as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Company along with other companies in the affected areas also filed the petition on the same grounds. The PHC in its order dated July 19, 2012, directed the respondents to extend the benefit to the Company. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Company and other tax payers of the affected areas, which is pending for adjudication.

Through the Finance Act, 2015, a sub clause (XX) of clause 11(A) of the Second Schedule to the Ordinance has been added which gives relief to the Company that Section 113 does not apply to the tax payers falling under clause 126F. However, the matter of tax charged on other than local sales i.e. tax on export, is still pending for adjudication. Based on the judgment of the PHC management believes that the Company will not be subject to tax on export sales and hence, has not made any provision on account of tax on export sales for the years ended June 30, 2010, 2011 and 2012.

23.1.6 The Income Tax return of Fazal Textile Mills Limited (FTML) (previously merged with the Company in the year 2015) for the tax year 2013 was amended under section 122(5A) by Additional Commissioner Income Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowances primarily against Workers Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. The Company being dissatisfied had filed an appeal in the Appellate Tribunal which is pending adjudication. On the other hand Federal Board of Revenue (FBR) has selected said return for the audit under sections 177 and 214C. In pursuance to the aforementioned audit the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs. 1.63 million on account of certain disallowed expenses, levied WWF of Rs. 9.16 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.89 million. The Company had filed an appeal before CIRA against the said audit on the grounds that the assessment was prejudicially re-amended without evaluating current status. The appeal is pending adjudication.

Based on the opinion of tax advisors of the Company, the management believes that the aforementioned matters will ultimately be decided in the favor of the Company. Accordingly, no provision is required to be made against the said amounts in these financial statements.

23.1.7 The Assistant Commissioner Inland Revenue (ACIR), Peshawar, has passed an order for the Tax Year 2015 which was under audit. The Company has preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) against the frivolous demand created by the ACIR. CIRA has given partial relief and the tax demand has now been reduced to Rs. 462 million. The Company has filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions for which the order was received on December 14, 2018 in favor of the Company. Although, there were some difference of legal opinion between the Judicial and Accountant Member, therefore an independent member of Tribunal have to be appointed to resolve the matter. According to the Company's legal counsel, the Company has a strong legal ground and there is likelihood that the same will be decided in its favor. Accordingly, no provision is required to be made in these financial statements.

23.1.8 The Additional Commissioner Inland Revenue (ACIR) has issued an order dated April 30, 2019 under section 122(9) of the Ordinance for the Tax Year 2013, created the demand of Rs. 60 million on the issues of carried forward unabsorbed depreciation and tax credit under section 65B of the Ordinance, which actually pertains to the Tax Year 2012, hence, barred by time for assessment. In response, to the impugned order received from CIRA, the Company has moved forward to ATIR, against the said impugned order.

23.1.9 **Others**

	2020	2019
	----------------- (Rupees in '000)	----------------
Export bills discounted with recourse	696,688	1,277,307
Local bills discounted	63,248	192,333
Post-dated cheques in favor of Collector of Customs against imports	1,559,756	974,071

23.2 **Commitments**

Letters of credit opened by banks for:		
Plant and machinery	510,144	836,937
Raw materials	567,919	225,272
Stores and spares	12,552	38,500

Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associate.

24. SALES - net

	Note	2020	2019
		(Rupees in '000)	
Export			
- yarn		6,939,489	6,416,132
- knitted fabric		1,259,448	1,318,881
- waste		540,777	702,111
		8,739,714	8,437,124
Commission on direct export sales		(98,831)	(91,278)
		8,640,883	8,345,846
Indirect export			
- yarn		10,873,010	-
Local			
- yarn		12,107,457	22,381,325
- knitted fabric		61,343	139,921
- waste		655,858	480,266
		23,697,668	23,001,512
Commission on local / Indirect export sales		(96,888)	(117,587)
Sales tax		(3,448,898)	(12,292)
		20,151,882	22,871,633
Sale of milk		194,016	-
		28,986,781	31,217,479

25. COST OF SALES

	Note	2020	2019
Opening stock - finished goods		1,339,663	866,680
Cost of goods manufactured	25.1	27,423,530	28,797,739
Less: Closing stock - finished goods	11	(2,017,698)	(1,339,663)
		26,745,495	28,324,756

25.1 Cost of goods manufactured

	Note	2020	2019
		(Rupees in '000)	
Raw material consumed	25.1.1	19,690,517	21,072,612
Salaries, wages and benefits	25.1.2	1,985,346	2,296,835
Stores, spares and loose tools		684,716	739,476
Packing material		517,982	565,069
Rent, rates and taxes		2,485	3,108
Doubling charges		9,760	11,260
Dyeing, stitching and knitting charges		148,176	128,914
Mixing charges		30,704	32,594
Depreciation	5.1.1	880,152	707,426
Fuel and power	25.1.3	3,340,507	3,160,387
Repairs and maintenance		15,670	17,283
Printing and stationery		403	418
Legal and professional		1,556	3,453
Entertainment		7,302	6,561
Fee and subscriptions		4,776	8,270
Insurance		66,357	60,610
Travelling and conveyance		27,080	26,395
Communication		3,732	3,703
Other manufacturing expenses		12,177	12,691
		27,429,398	28,857,065
Work-in-process			
Opening stock		345,359	286,033
Closing stock	11	(351,227)	(345,359)
		(5,868)	(59,326)
Cost of goods manufactured		27,423,530	28,797,739

25.1.1 Raw material consumed

	Note	2020	2019
Opening stock		6,722,339	6,316,848
Purchases - net		23,513,679	21,478,103
Less: Closing stock	11	(10,545,501)	(6,722,339)
		19,690,517	21,072,612

25.1.2 Salaries, wages and benefits include Rs. 237.91 million (2019: Rs. 195.45 million) in respect of retirement benefit obligation.

25.1.3 This includes depreciation expense of Rs. 104.56 million (2019: Rs. 58.36 million).

26. DISTRIBUTION COST

	Note	2020	2019
		(Rupees in '000)	
Logistic and related charges		347,121	275,165
Loading and others		26,358	30,186
Fee and subscriptions		17,148	20,601
Salaries, wages and benefits	26.1	48,755	42,595
Bank charges on export documents		16,463	13,824
Travelling and conveyance		4,808	7,227
Vehicles running and maintenance		2,967	2,344
Insurance		5,367	4,886
Communication		2,241	3,102
Entertainment		355	58
Printing and stationery		395	430
Repairs and maintenance		58	71
Others		2,320	1,275
		474,356	401,764

26.1 Salaries, wages and benefits include Rs. 9.87 million (2019: Rs. 6.00 million) in respect of retirement benefit obligation.

27. ADMINISTRATIVE EXPENSES

	Note	2020	2019
		(Rupees in '000)	
Salaries, wages and benefits	27.1	163,085	161,346
Legal and professional		8,192	4,648
Depreciation	5.1.1	29,273	29,046
Travelling and conveyance		7,222	12,915
Electricity		8,703	11,887
Fee and subscriptions		5,687	5,273
Vehicles running and maintenance		12,250	12,325
Insurance		13,432	13,856
Communication		5,832	6,206
Entertainment		2,450	2,505
Secretarial expenses		2,224	1,916
Auditors' remuneration	27.2	1,500	1,650
Printing and stationery		3,364	5,480
Repairs and maintenance		2,421	5,297
Advertisement		95	23
Rent, rates and taxes		279	314
Books and periodicals		51	61
Others		1,821	2,249
		267,881	276,997

27.1 Salaries, wages and benefits include Rs. 15.90 million (2019: Rs. 11.49 million) in respect of retirement benefit obligation.

27.2 Auditors' remuneration

	Note	2020	2019
		(Rupees in '000)	
Statutory audit fee		1,350	1,350
Half yearly review		150	150
Audit fee for consolidated accounts		-	100
Audit fee for standalone GHPL accounts		-	50
		1,500	1,650

28. FINANCE COST

	Note	2020	2019
Mark-up / interest on:			
Long term finance		82,131	27,277
Short term borrowings		811,182	1,077,747
Workers' profit participation fund	20.1	548	6
		893,861	1,105,030
Bank and other financial charges		65,822	51,513
		959,683	1,156,543
Less: borrowing cost capitalized	28.1	(50,603)	(56,470)
		909,080	1,100,073

28.1 Borrowing cost is capitalized at weighted average borrowing capitalization rate of 4.03% (2019: 4.06%).

29. OTHER OPERATING EXPENSES

	Note	2020	2019
		(Rupees in '000)	
Workers' profit participation fund	20.1	17,775	88,314
Workers' welfare fund		-	9,515
Exchange loss on foreign currency transactions - net		889,350	-
Loss on sale of biological assets		10,936	-
Others		369	938
		918,430	98,767

30. OTHER INCOME

	2020	2019
Profit on deposit accounts	5,792	1,407
Profit accrued on sales tax refund bond	5,262	797
Scrap sales	44,454	38,364
Rebate on export sales	18,467	38,781
Insurance claim	5,928	-
Interest on subordinated loan	3,291	1,894
Realized gain on sale of shares of ICIP - an associate	-	5,018
Gain arising from changes in fair value of livestock	52,831	77,947
Exchange gain on foreign currency bank account - net	-	307
Gain on disposal of property, plant and equipment - net	37,623	6,257
	173,648	170,772

31. TAXATION

	2020	2019
	(Rupees in '000)	
Current		
- for the year	378,305	282,355
- prior year	7,949	4,011
	386,254	286,366
Deferred	(94,036)	195,989
	292,218	482,355

31.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the Company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

31.2 Management had a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

31.3 As per section 5(A) of the Income Tax Ordinance, 2001, tax at the rate of 5% shall be imposed on every public Company which derives profit for the year. However, this tax shall not apply in case of the Company which distributes at least 20 percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

32. EARNINGS PER SHARE - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on:

	2020	2019
Profit for the year (Rupees in '000)	45,499	1,186,102
Number of ordinary shares	28,029,583	28,029,583
Earnings per share (Rupees)	1.62	42.32

33. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2020	2019
		(Rupees in '000)	
Profit before taxation		337,717	1,668,457
Adjustments for:			
Depreciation		1,013,982	794,827
Gain on disposal of property, plant and equipment		(37,623)	(6,257)
Gain on sale of shares of ICIP - an associate		-	(5,018)
Gain arising from changes in fair value of livestock		(52,831)	(77,947)
Loss on sale of animals		10,936	-
Finance cost		909,080	1,100,073
Share of profit from associates		(492,530)	(482,563)
Rebate on export sales		(18,467)	(38,781)
Profit accrued on sales tax refund bond		(5,262)	(797)
Profit on deposits		(5,792)	(1,407)
Provision for retirement benefit obligation		263,675	212,939
Working capital changes	33.1	(2,356,369)	(1,104,227)
		(771,201)	390,842
Cash (used in) / generated from operations		(433,484)	2,059,299

33.1 Working capital changes

	2020	2019
	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores, spares and loose tools	466	(52,906)
Stock-in-trade	(4,507,065)	(928,365)
Trade debts	1,184,796	(1,050,219)
Loans and advances	81,069	(68,219)
Trade deposits and short term prepayments	(13,926)	23,372
Sales tax refund bond	116,059	(110,000)
Other receivables	120,650	34,375
	(3,017,951)	(2,151,962)
Increase in current liabilities		
Export refinance	180,714	446,579
Trade and other payables	480,868	601,156
Working capital changes	(2,356,369)	(1,104,227)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in respect of remuneration and other benefits paid to Chief Executive and Executives of the Company were as follows:

	2020		2019	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Remuneration	12,210	52,504	13,200	46,068
House rent	3,330	15,751	3,600	13,820
Utilities	1,110	5,250	1,200	4,607
Bonus	-	-	1,875	8,092
Medical	-	5,250	-	4,607
Leave encashment	-	6,916	-	3,852
Retirement benefits	-	-	-	13,019
	16,650	85,671	19,875	94,065
Number of persons	1	19	1	19

34.1 The Company also provides vehicles for use to Chief Executive and Executives as per Company policy.

34.2 No remuneration has been paid to Directors of the Company except for meeting fee of Rs.1.34 million (2019: Rs. 1.17 million).

35. **PRODUCTION CAPACITY**

Spinning Mill	2020	2019
Spindles installed (Number)	348,288	342,420
Shifts worked per day (Number)	3	3
Days worked (Number)	294	365
Shifts worked (Number)	882	1,094
Spindles worked (Number)	307,097,947	352,808,927
Installed capacity after conversion into 20's (Kgs)	145,827,630	143,370,707
Actual production after conversion into 20's (Kgs)	118,958,406	134,417,781
Actual production (Kgs)	70,330,607	78,464,630
Knitting		
Knitting machines installed (Number)	12	12
Average number of days worked (Number)	-	-
Installed capacity (Kgs)	1,485,000	1,485,000

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

The knitting capacity has not been used during the year because the Company outsourced its knitting production in order to achieve lower cost of production.

36. **NUMBER OF EMPLOYEES**

	2020			2019		
	Factory	Others	Total	Factory	Others	Total
	(Number)					
- At June 30	4,748	138	4,886	4,848	135	4,983
- Average during the year	4,798	136	4,934	4,829	133	4,962

37. **RELATED PARTY TRANSACTIONS**

Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 34 are as follows:

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2020	2019
				(Rupees in '000)	
Y.B.Holdings (Private) Limited	Holding Company	-	Reimbursement of expenses to Company	1,376	1,582
			Dividend paid	165,748	170,623
ICI Pakistan Limited	Associate	7.21%	Purchase of fiber	1,608,699	1,678,237
			Share of profit on investment	170,273	195,190
			Share of other comprehensive (loss)/income	(2,987)	1,713
			Dividend received	103,150	86,607
Yunus Energy Limited	Associate	19.98%	Reimbursement of expenses to Company	2,888	2,879
			Reimbursement of expenses from Company	-	235
			Share of profit on investment	319,706	284,034
			Share of other comprehensive income/(loss)	849	(1,275)
			Dividend received	122,273	183,410
			Laptop sold	109	-
			Vehicle sold	-	1,067
Lucky Holdings Limited	Associate	1%	Share of profit on investment	2,551	3,339
			Dividend received	5,019	-
Lucky Cement Limited	Associated Company	-	Purchase of cement	19,012	59,005
			Reimbursement of expenses from the Company	2,953	970
			Reimbursement of expenses to the Company	1,423	-
Lucky Knits (Private) Limited	Associated Company	-	Yarn sold	1,155,907	1,201,631
			Purchase of goods and services	54,686	28,265
			Sale of laptop	73	-
			Sale of vehicle	1,901	-
			Reimbursement of expenses to the Company	2,574	4,432
			Reimbursement of expenses from the Company	450	-
Yunus Textile Mills Limited	Associated Company	-	Yarn sold	846,311	251,367
			Sale of waste	171,789	77,391
Lucky Textile Mills Limited	Associated Company	-	Yarn sold	3,358,937	1,667,631
			Sale of fabric	34,769	130,244
			Processing charges	-	267
			Reimbursement of expenses to the Company	4,071	3,369
			Purchase of store item	209	-
Lucky Energy (Private) Limited	Associated Company	-	Purchase of electricity/steam	1,215,911	1,123,074
			Reimbursement of expenses to the Company	2,270	2,144
			Sale of store item	1,217	-
Lucky Landmark (Private) Limited	Associated Company	-	Vehicle sold	7,100	-
			Reimbursement of expenses to the Company	3,330	3,600
Tricom Wind Power (Private) Limited	Associated Company	-	Subordinated loan	-	10,773
			Advance against shares	-	37,769
			Interest income on subordinated loan	1,932	836
			Reimbursement of expense	6	-
			Advance and interest refunded	52,327	-
			Sale of laptop	47	-

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2020	2019
				(Rupees in '000)	
Tricom Solar Power (Private) Limited	Associated Company	-	Subordinated loan	150	6,599
			Interest income on subordinated loan	761	644
Yunus Wind Power Limited	Associated Company	-	Subordinated loan	-	5,149
			Interest income on subordinated loan	598	414
Kia Lucky Motors Pakistan Limited	Associated Company	-	Purchase of vehicle	15,406	2,149

37.1 Associate / Associated Companies comprise of related parties due to common directorship.

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial instruments by category

	2020	2019
	(Rupees in '000)	
Financial assets at amortized cost		
Loans to employees	63,475	63,515
Long term deposits	29,505	29,127
Trade debts	2,332,951	3,517,747
Loans and advances	16,843	63,008
Other receivables	266,933	263,036
Cash and bank balances	86,120	112,519
	2,795,827	4,048,952
Financial liabilities at amortized cost		
Long term finance	3,594,781	2,675,091
Trade and other payables	3,985,059	3,499,844
Unclaimed dividend	23,596	21,879
Accrued mark-up	147,569	318,196
Short term borrowings	12,362,149	9,926,683
	20,113,154	16,441,693

38.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

38.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2020	2019
	(Rupees in '000)	
Long term loans	63,475	63,515
Long term deposits	29,505	29,127
Trade debts	2,332,951	3,517,747
Loans and advances	16,843	63,008
Other receivables	266,933	263,036
Bank balances	74,627	104,569
	2,784,334	4,041,002

The trade debts are due from foreign and local customers for export and local sales respectively. Majority of the trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The ECL on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognized a loss allowance of Rs. 0.09 million (2019: Rs. 4.09 million) against all local trade debts.

38.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

June 30, 2020	Within 1 year	2 - 5 years	More than 5 years	Total
	(Rupees in '000)			
Financial liabilities				
Long term financing	68,092	2,219,116	1,307,573	3,594,781
Trade and other payables	3,985,059	-	-	3,985,059
Unclaimed dividend	23,596	-	-	23,596
Accrued mark-up	147,569	-	-	147,569
Short term borrowings	12,362,149	-	-	12,362,149
	16,586,465	2,219,116	1,307,573	20,113,154

June 30, 2019	Within 1 year	2 - 5 years	More than 5 years	Total
	(Rupees in '000)			
Financial liabilities				
Long term financing	52,728	1,467,705	1,154,658	2,675,091
Trade and other payables	3,499,844	-	-	3,499,844
Unclaimed dividend	21,879	-	-	21,879
Accrued mark-up	318,196	-	-	318,196
Short term borrowings	9,926,683	-	-	9,926,683
	13,819,330	1,467,705	1,154,658	16,441,693

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes short term borrowings and discounting of foreign receivables. Total unavailed facility balances as at June 30, 2020 are as reported in note 22.1 to these financial statements.

38.2.3 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

Price risk

Price risk is 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 rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2020 the Company is not exposed to price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short term borrowings from financial institutions. At the reporting date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	2020	2019
	(Rupees in '000)	
Fixed rate instruments		
Financial liabilities	4,512,936	601,736
Variable rate instruments		
Financial liabilities - KIBOR / SBP Base Rate	11,443,994	12,000,038

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 or loss. Therefore, a change in interest rate at the reporting date would not affect the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR / SBP base rate, financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 114.64 million (2019: Rs. 120 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. As at reporting date, the financial assets and liabilities exposed to currency risk are as follows:

	2020	2019	2020	2019
	(USD)		(Rupees in '000)	
Trade debts	3,025,273	6,728,998	491,004	1,103,762
Foreign currency bank balances	4,282	7,126	720	1,162
Foreign bills payable	(492,461)	(2,853,914)	(82,758)	(465,188)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2020	2019	2020	2019
US Dollars to PKR	158.28	136.4	168.25 / 168.05	163.50 / 163.04

As at June 30, 2020, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 42.69 million (2019: Rs. 63.97 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from 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** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2020, the Company has no financial instruments that falls into any of the above category except for biological assets which are classified in level 1 above.

There were no transfers between Level 1 and 2 in the year.

40. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

41. OPERATING SEGMENTS

Basis of segmentation

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into the following three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted fabric
- Dairy segment: production and sale of milk

Management monitors the operating results of the above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from the statement of profit or loss in these financial statements. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All non current assets of the Company as at June 30, 2020 are located in Pakistan.

Liabilities are incurred for the Company as a whole and are not segment-wise reported to the Board of Directors. All the unallocated (including dairy segment) results and assets are reported to the Board of Directors at entity level. The following are the reportable segments as per IFRS 8 'Operating Segments', presents operating results information regarding operating segments for the respective years and asset information regarding operating segments as at reporting date:

	2020				2019			
	Spinning	Knitting	Unallocated	Total	Spinning	Knitting	Unallocated	Total
	(Rupees in '000)							
Segment revenues								
Export	7,427,697	1,213,186	-	8,640,883	7,072,005	1,273,841	-	8,345,846
Indirect export	9,263,094	-	-	9,263,094	-	-	-	-
Local	10,836,926	51,862	194,016	11,082,804	22,733,740	137,893	-	22,871,633
Profit before tax	(410,446)	254,839	493,324	337,717	777,774	326,616	564,067	1,668,457
Finance cost	885,731	4,197	19,152	909,080	1,093,798	4,151	230	1,098,179
Depreciation	975,424	1,263	37,295	1,013,982	764,494	1,287	29,046	794,827
Segment assets								
Property, plant and equipment	9,953,024	14,582	197,401	10,165,007	9,649,330	10,961	210,068	9,870,359
Other non-current assets	-	-	3,409,907	3,409,907	-	-	3,093,075	3,093,075
Current assets	14,752,783	478,925	2,026,728	17,258,436	12,112,757	409,454	1,819,834	14,342,045

42. SUMMARY OF SIGNIFICANT TRANSACTIONS

Significant transaction arising during the year pertains to the following:

- During the year, the wholly owned subsidiary - GHPL has been merged into the Company as disclosed in note 2 of these financial statements; and

- On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic which has caused widespread business disruptions around the world resulting in a negative impact on economic activities, including our business. The effects of COVID-19 on the Company's operations have been disclosed in note 3.4 to these financial statements.

43. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

44. GENERAL

These financial statements has been rounded off to the nearest thousand rupees.

The Board of Directors proposed a final dividend for the year ended June 30, 2020 of Rs. Nil per share (2019: Rs. 8.5 per share) amounting to Rs. Nil (2019: Rs. 238.25 million).

These financial statements were authorized for issue on September 24, 2020 by the Board of Directors of the Company.

MUHAMMAD YUNUS TABBA	MUHAMMAD SOHAIL TABBA	MUHAMMAD IMRAN MOTEN
Chairman / Director	Chief Executive Officer	Chief Financial Officer

pattern of shareholding

As at June 30, 2020

No. of Shareholders	Categories From	Categories To	Total Shares Held
750	1	100	28,098
749	101	500	184,682
359	501	1000	287,436
234	1001	5000	562,061
48	5001	10000	370,545
19	10001	15000	225,489
13	15001	20000	221,528
8	20001	25000	179,000
1	30001	35000	31,000
1	35001	40000	36,906
2	45001	50000	100,000
1	55001	60000	59,000
3	60001	65000	185,767
2	70001	75000	145,200
1	90001	95000	95,000
1	100001	105000	102,300
1	120001	125000	120,711
1	140001	145000	141,800
1	145001	150000	145,100
1	155001	160000	159,247
1	325001	330000	326,803
2	405001	410000	813,350
1	435001	440000	436,000
1	525001	530000	529,993
1	560001	565000	563,522
1	705001	710000	705,494
1	715001	720000	717,210
1	1055001	1060000	1,056,600
1	19495001	19500000	19,499,741
2,206			28,029,583

Categories of Shareholders	Shareholdings	Shares Held	Percentage
A) Director and Spouse(s)			
Mr. Muhammad Yunus Tabba	1	3,673	0.01
Mr. Muhammad Sohail Tabba	1	3,673	0.01
Mr. Muhammad Ali Tabba	1	3,673	0.01
Mr. Jawed Yunus Tabba	1	3,673	0.01
Ms. Zulekha Tabba Maskatiya	1	3,673	0.01
Mr. Saleem Zamindar	1	500	0.00
Mr. Zafar Masud	1	500	0.00
B) Associated Companies, Undertaking and Related Parties			
Y.B. Holdings (Private) Limited	1	19,499,741	69.56
C) Executives	-	-	-
D) Public Sector Companies and Corporations	-	-	-
E) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas, Pension Funds and REIT Management	48	2,042,493	7.28
F) Mutual Funds	1	159,247	0.56
G) General Public			
a – Local	2140	6,158,083	21.96
b -Foreign	7	4,381	0.015
Foreign Companies	1	145,100	0.51
Other	1	1,173	0.00
Total	2,206	28,029,583	100.00

notice of 33rd annual general meeting

Notice is hereby given that the 33rd Annual General Meeting of the members of Gadoon Textile Mills Limited (Company) is scheduled to be held on Wednesday, October 28, 2020 at 10:30 a.m. at 200-201, Gadoon Amazai Industrial Area, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:

Ordinary Business

1. To confirm the Minutes of 32nd Annual General Meeting held on September 28, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Chairman's Review Report, Directors' and Auditors' report thereon.
3. To appoint Auditors for the year ending June 30, 2021 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Special Business

1. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2020, by passing the following resolution:

   "RESOLVED THAT the transactions carried out by the Company with related parties including ICI Pakistan Limited, KIA Lucky Motors Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, Lucky Textile Mills Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties during the year ended June 30, 2020, be and are hereby approved."

2. To approve potential transactions with related parties intended to be carried out in the financial year 2020-2021 (including fiscal limits of the general transaction) and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

   The resolutions to be passed as special resolutions are as under:

   "RESOLVED THAT the Company be and is hereby authorized to carry out transactions including, but not limited to, the sale of yarn and other necessary goods, as well as the transaction of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to ICI Pakistan Limited, KIA Lucky Motors Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties to the extent of Rs.13,000,000,000/- (Rupees Thirteen Billion Only) for the fiscal year 2020-21.

   FURTHER RESOLVED THAT within the above parameters approved by the shareholders of the Company, the Board of Directors of the Company may, at its discretion, approve specific related party transactions from time to time, irrespective of the composition of the Board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the Directors of the Company in any related party transaction which has been noted by the shareholders."

By order of the Board

Abdul Sattar Abdullah
Company Secretary

Karachi: October 7, 2020

Notes

1. **CLOSURE OF SHARE TRANSFER BOOKS:**
   The Share Transfer Books of the Company will remain closed from Wednesday, October 21, 2020 to Wednesday, October 28, 2020 (both days inclusive). Transfer received in order at our Share Registrar/Transfer agent, CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi 74400, at the close of business on Tuesday, October 20, 2020 will be considered in time for the purpose of above entitlement to the transferees.

2. **PARTICIPATION IN GENERAL MEETING**
   All shareholders of the Company are entitled to attend and vote at the General Meeting of the Company after verification of their identity.

   A member eligible to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

   Proxies, in order to be effective, must be received by the Company at the Registered Office of the Company at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Province of Khyber Pakhtunkhwa, at least 48 hours before the time of holding the meeting.

   CDC account holders are advised to follow the following guidelines:

   For attending the meeting:

   i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   ii) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   For appointing proxies:

   i) In case of proxy for an individual beneficial owner of shares from CDC, attested copies of the beneficial owner's CNIC or Passport, Account and Participant's I.D. numbers must be deposited along with the form of proxy.

   ii) In case of proxy for representative of corporate members from CDC, Board of Directors' Resolution and Power of Attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original Computerized National Identity Card or Passport at the time of the meeting.

   iii) In order to be effective, the form of proxy duly completed, stamped, signed and witnessed along with Power of Attorney, or other instruments (if any), must be deposited at the registered office of the Company at least 48 hours before the time of holding the meeting.

   iv) If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid.

3. NOTIFY THE CHANGES IN ADDRESSES OF SHAREHOLDERS:
   The shareholders of the Company are requested to notify changes in their mailing addresses (if any), to our share registrar/transfer agent.

4. SUBMISSION OF COPIES OF CNIC (MANDATORY):
   Pursuant to the Notification SRO.275(I)/2016 dated March 31, 2016 read with S.R.O.19(I)/2014 dated January 10, 2014 and SRO.831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant(s) shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

   In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the Company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

5. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL
   As notified by the SECP vide SRO.787(I)/2014 dated September 8, 2014, all listed companies are allowed to circulate audited financial statements along with notice of annual general meetings to its shareholders through their e-mail addresses subject to the written consent of the shareholders.

   Shareholders of the Company who wish to receive audited financial statements, a notice of General Meetings and other financial reports through e-mail are requested to fill the required information on the form earlier dispatched to the Shareholders of the Company. The form is also available under the Investor Information section at Company's website http://gadoontextile.com/investor-information/ Filled forms may please forward to the Company's share registrar.

6. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH CD/DVD/USB
   SECP through its SRO.470(I)/2016 dated May 31, 2016, have allowed companies to circulate their annual balance sheet, profit and loss account, auditors' report and directors' report to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report to the shareholders in the form of a CD/DVD. Any Member can send a request for a printed copy of the Annual Report to the Company on standard request form placed under the Investor Information section on its website http://gadoontextile.com/investor-information/

7. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE
   The audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's website http://gadoontextile.com/investor-information/#report, in addition to annual and quarterly financial statements for the prior years.

8. REQUIREMENT OF COMPANIES (POSTAL BALLOT) REGULATIONS 2018:
   Pursuant to Companies (Postal Ballot) Regulations 2018, for any other agenda item subject to the requirements of Sections 143 and 144 of the Companies Act 2017, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

9. UNCLAIMED DIVIDENDS:
   As per the provision 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 the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. A notice in this respect was sent to shareholders dated January 31, 2018 and the final notice was published in the newspapers dated May 2, 2018.

   Shareholders are requested to ensure that their claims for unclaimed dividends and shares are lodged timely. In case no claim is lodged with the Company in the given time, 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.

10. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS:

    In accordance with the requirement of section 72 of Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act. The shareholder having physical shares may open the CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip-less form.

11. CONSENT FOR VIDEO CONFERENCE FACILITY:
    Pursuant to Section 132(2) of the Companies Act, 2017, if Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information and submit to the registered office of the Company:

Consent Form for Video Conference Facility

I/We ______________________________________ of _______________________ being a shareholder of Gadoon Textile Mills Limited, holder of __________ ordinary share(s) as per Register Folio / CDC Account No. ______________ hereby opt for video conference facility at ___________________.

Signature of Member(s)

THE STATEMENT UNDER SECTION 134(3) PERTAINING TO THE "SPECIAL BUSINESS" AND IN PURSUANCE TO THE SECTION 208 OF THE COMPANIES ACT, 2017 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

***

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 business, being Items on the notice, intended to be transacted at the Annual General Meeting of the Company to be held on October 28, 2020

As per the instructions of the Securities and Exchange Commission of Pakistan (the "SECP"), Gadoon Textile Mills Limited (the Company) had been directed in the past to obtain a broad approval from the shareholders of the Company, regarding related party transactions carried out by the Company from time to time, on a post facto basis.

On a strict reading of the laws, the SECP was of the opinion that due to the composition of the Board of Directors of the Company, the Board of Directors would be unable to approve the transactions carried out by the Company with other companies having majority of common directors. However, no alternative mechanism was present under the Companies Ordinance, 1984.

Although transactions carried out by the Company with related parties constitute a small fraction of the Company's entire business, a restriction to carry out business with related parties would adversely affect the business of the Company. The Company carries out transactions with its associated companies and related parties in the normal course of business. It is emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the independent director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the Board of Directors for approval.

The transactions with related parties carried out during the fiscal year 2019-2020 to be ratified have been disclosed in the financial statements for the year ended June 30, 2020. All such transactions were recommended by the Audit Committee and were carried out at arm's length basis.

Furthermore, since such transactions are an ongoing process and are approved by the Board of Directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and Regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Transactions intended to be carried out by the Company include, but are not limited to, the sale of yarn and other necessary goods, as well as the purchase of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends with the following related parties including, but are not limited to:

1. ICI Pakistan Limited
2. KIA Lucky Motors Pakistan Limited
3. Lucky Cement Limited
4. Lucky Energy (Private) Limited
5. Lucky Holdings Limited
6. Lucky Knits (Private) Limited
7. Lucky Landmark (Private) Limited
8. LuckyOne (Private) Limited
9. Lucky Textile Mills Limited
10. Lucky Wind Power Limited
11. Tricom Solar Power (Private) Limited
12. Tricom Wind Power (Private) Limited
13. Y.B. Holdings (Private) Limited
14. Y.B. Pakistan Limited
15. Yunus Energy Limited
16. Yunus Textile Mills Limited
17. Yunus Wind Power Limited

The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party/parties with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company to the extent of Rs. 13,000,000,000/- (Rupees Thirteen Billion Only) for the fiscal year 2020-21.

All such transactions are clearly stipulated at the end of the year in the Company's Annual Report. Furthermore, the Company and the Board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.

annexure

glossary

ACCA	Association of Chartered Certified Accountants
ACIR	Assistant Commissioner Inland Revenue
AGM	Annual General Meeting
APCMA	All Pakistan Cement Manufacturing Association
ATF	Aziz Tabba Foundation
ATIR	Appellate Tribunal Inland Revenue
BA	Bachelors of Arts
BCI	Better Cotton Initiative
BCP	Business Continuity Plan
BMR	Balancing, Modernization, and Replacement
BOD	Board of Directors
CAPEX	Capital Expenditure
CC	Cubic Capacity
CCG	Code of Corporate Governance
CDCSRSL	CDC Share Registrar Services Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFPP	Coal-Fired Power Plant
CIA	Chief Internal Auditor
CIRA	Commissioner Inland Revenue Appeals
COO	Chief Operating Officer
CPLA	Civil Petition for Leave to Appeal
CPP	Captive Power Producer
CSR	Corporate Social Responsibility
DCIR	Deputy Commissioner Inland Revenue
DLTL	Drawback of Local Taxes and Levies
DPS	Dividend Per Share
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
ECL	Expected Credit Losses
EOGM	Extra Ordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESP	Electrostatic Precipitators
ESS	Employee Self Service
EVA	Economic Value Added
FBR	Federal Board of Revenue
FCF	Free Cash Flow
FEC	Family Entertainment Center
FGD	Flue Gas Desulphurization
FTML	Fazal Textile Mills Limited
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss

GDR	Global Depository Receipts
GHPL	Gadoon Holdings (Private) Limited
GIDC	Gas Infrastructure Development Cess
GP	Gross Profit
GSP+	Generalized Scheme of Preferences Plus
GTML	Gadoon Textile Mills Limited
HIA	Head of Internal Audit
HOD	Head of Department
HR	Human Resource
HR&R	Human Resource and Remuneration
HSE	Health, Safety and Environment
IAAPA	International Association of Amusement Parks and Attractions
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
ICAP	Institute of Chartered Accountants of Pakistan
ICIP	ICI Pakistan Limited
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIRF	International Integrated Reporting Framework
IoD	Institute of Directors
ISAs	International Standards on Auditing
ISO	International Organization for Standardization
IT	Information Technology
KIBOR	Karachi Inter-Bank Offer Rate
KLM	Kia Lucky Motors Pakistan Limited
KPI	Key Performance Indicators
LAPL	Lucky Air (Private) Limited
LC	Letter of Credit
LCL	Lucky Cement Limited
LCPL	Lucky Commodities (Private) Limited
LEL	Lucky Entertainment (Private) Limited
LEPCL	Lucky Electric Power Company Limited
LEPL	Lucky Energy (Private) Limited
LEXL	Lucky Exim (Private) Limited
LFPL	Lucky Foods (Private) Limited
LHL	Lucky Holdings Limited

LKL	Lucky Knits (Private) Limited
LLPL	Lucky Landmark (Private) Limited
LOPL	LuckyOne (Private) Limited
LTML	Lucky Textile Mills Limited
MBA	Masters of Business Administration
MENALAC	Middle East and North Africa Leisure Attractions Council
MMBTU	Million Metric British Thermal Unit
MTPA	Million Tons Per Annum
MW	Mega Watt
NAB	National Accountability Bureau
NEPRA	National Electric Power Regulatory Authority
NFO	National Finance Olympiad
NGO	Non-Governmental Organization
NRV	Net Realizable Value
OPD	Out Patient Department
PAT	Profit After Tax
PBC	Pakistan Business Council
PD	Probability of Default
PESCO	Peshawar Electric Supply Company
PHC	Peshawar High Court
PICG	Pakistan Institute of Corporate Governance
PSF	Polyester Staple Fiber
PSX	Pakistan Stock Exchange
RDF	Refuse Derived Fuel
RMP	Risk Management Policy
ROE	Return on Equity
SBP	State Bank of Pakistan
SC	Supreme Court
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
SME	Small Medium Enterprise
SNGPL	Sui Northern Gas Pipeline Limited
SPLY	Same Period Last Year
SPV	Special Purpose Vehicle
STS	Street to School
SUPIMA	Superior Pima
SUV	Sports Utility Vehicle
TDF	Tyre Derived Fuel
THI	Tabba Heart Institute
TKI	Tabba Kidney Institute
TWPPL	Tricom Wind Power (Private) Limited
VPN	Virtual Private Network
WAC	Weighted Average Cost
WACC	Weighted Average Cost of Capital
WEF	World Economic Forum
WHO	World Health Organization
WHRP	Waste Heat Recovery Plant
WTG	Wind Turbine Generators
WWF	Workers Welfare Fund
YBG	Yunus Brothers Group
YBHPL	YB Holdings (Private) Limited
YBPL	Y.B. Pakistan Limited
YEL	Yunus Energy Limited
YGL	Young Global Leader
YPO	Young President Organization
YTML	Yunus Textile Mills Limited

form of proxy

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.

I/We ________________________________ of

(full address) ________________________________

____

being member of Gadoon Textile Mills Limited and holder of ________________

ordinary shares as per Share Register Folio No. ________________

and/or CDC Participant I.D. No. ________________

and Sub- Account No. ________________

hereby appoint ________________

of (full address) ________________

or failing him/her ________________

of (full address) ________________

who is also a member of Gadoon Textile Mills Limited, as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Wednesday, October 28, 2020 at 10:30 am and at any adjournment thereof.

Signature this ____________ day of ____________ 2020

Witness

1) Signature : ________________
Name : ________________
Address : ________________
CNIC No. : ________________

2) Signature : ________________
Name : ________________
Address : ________________
CNIC No. : ________________

Signature on Five
Rupee Revenue Stamp

Signature of members should match with the specimen signature registered with the company

Note:

1. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. Proxy must be a member of the Company.

2. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.

تشکیل نیابت داری

جناب کمپنی سیکریٹری
گدون ٹیکسٹائل ملز لمیٹڈ،
200-201 گدون امازئی انڈسٹریل اسٹیٹ،
ڈسٹرکٹ صوابی، خیبر پختونخواہ۔

میں/ہم ____________ ساکن ____________ بحثیت رکن گدون ٹیکسٹائل ملز لمیٹڈ اور حامل ____________ عام حصص،
بمطابق شیئر رجسٹرڈ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر ____________ اور ذیلی کھاتہ نمبر ____________ مسمی/مسماۃ ____________
ساکن ____________ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر ____________ اور ذیلی کھاتہ نمبر ____________ یا بصورتِ
دیگر مسمی/مسماۃ ____________ ساکن ____________ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر ____________
اور ذیلی کھاتہ نمبر ____________ کو اپنی جگہ بطورِ نمائندہ (پراکسی) مقرر کرتا ہوں تاکہ وہ میری/ہماری طرف سے کمپنی کے (33rd) تینتیسویں سالانہ اجلاسِ عام جو کہ بتاریخ 28 اکتوبر 2020
بروز بدھ بوقت 10:30 بجے منعقد ہو رہا ہے میں، یا، اسکے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط رکن ____________ بروز ____________ 2020

(پانچ روپے مالیت کا رسیدی ٹکٹ چسپاں کر کے دستخط کریں)
(اراکین کے دستخط، کمپنی کے پاس درج دستخطی نمونے کے مطابق ہونے چاہیے)

دستخط گواہ نمبر 1 ____________ دستخط گواہ نمبر 2 ____________
نام ____________ نام ____________
پتہ ____________ پتہ ____________
شناختی کارڈ نمبر ____________ شناختی کارڈ نمبر ____________

نوٹ:

- تشکیلِ نیابت داری کی درخواست، اجلاس سے کم از کم ۴۸ گھنٹے قبل کمپنی کو موصول ہو جانی چاہیے۔ نائب کا کمپنی کا رکن ہونا ضروری ہے۔
- سی ڈی سی حصص داران اور ان کے نمائندوں سے درخواست ہے کہ تشکیل نیابت داری کی درخواست کے ساتھ اپنے سی این آئی سی کی مصدقہ نقول فراہم کریں۔

ڈائریکٹروں کی تربیت

کمپنی کے ڈائریکٹرز اپنے فرائض منصبی کی بجا آوری کیلئے ہر لحاظ سے تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج رول بک کے مطابق اپنی ذمہ داریوں اور اختیارات سے بخوبی آگاہ ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ڈیلائٹ یوسف عادل ، چارٹرڈ اکاؤنٹنٹس مالی سال اختتامیہ 30 جون 2020 کے سلسلے میں سالانہ آڈٹ مکمل کر چکے ہیں اور اس آڈٹ کے نتیجے میں ان کی جانب سے کلین رپورٹ پیش کی گئی ہے۔ موجودہ آڈیٹرز رواں مالی سال کے عام سالانہ اجلاس کے ساتھ ہی ریٹائر ہو جائیں گے اور اپنی اہلیت کی بنیاد پر ان کی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ آڈٹ کمیٹی کی جانب سے تجویز کئے جانے کے بعد، بورڈ کی جانب سے بھی تجویز دی گئی ہے کہ موجودہ آڈیٹروں کو ہی کمپنی کے اگلے مالی سال 30 جون 2021 کیلئے ایک مرتبہ پھر تعینات کرلیا جائے۔

مزید برآں، 15 نومبر 2020 کے بعد بیرونی آڈیٹرز میسرز ڈیلائٹ یوسف عادل ، چارٹرڈ اکاؤنٹنٹس ایک تبدیلی کے عمل سے گزر رہے ہیں اور ان کی حیثیت ممبر فرم سے تبدیل ہو جائے گی اور وہ ڈیلائٹ ٹچ ٹوہماٹسو لمیٹڈ کی ایک آزاد نمائندہ فرم کے بطور کام کریں گے۔ اس کے نتیجے میں فرم کا نام بھی تبدیل ہو جائے گا۔ تاہم فرم کوئی بھی نام اختیار کرے وہ اگلے مالی سال کیلئے اپنی خدمات پیش کرتے رہیں گے۔

مستقبل کی پیش بینی

عالمی وباء COVID-19 کی شدت اس قدر تھی کہ عالمی سطح پر کوئی بھی معیشت اس کی زد میں آنے سے نہ بچ سکی اور اب یہ وباء اپنی شدت میں کمی کی جانب گامزن ہے۔ عالمی سطح پر اس وباء سے متاثر ہونے والے 70% افراد صحت یاب ہو چکے ہیں اور تناسب میں دن بدن بہتری آ رہی ہے۔ اللہ تعالی کے خاص فضل وکرم سے پاکستان میں یہ شرح اب 95% تک پہنچ چکی ہے۔

اس بات میں کوئی شک نہیں ہے کہ COVID-19 کی وجہ سے تمام عالمی معیشتوں کو سست روی کے باعث مسائل درپیش ہیں اور عالمی سطح پر معاشی سرگرمیوں کی بحالی میں توقع سے زیادہ وقت بھی لگ سکتا ہے۔ بہت سے ممالک میں اب لاک ڈاؤن کو نرم کیا جا چکا ہے اور متعین کردہ ایس او پیز کے تحت کاروبار شروع کئے جا رہے ہیں جس کے باعث اب عالمی سطح پر معیشت کی بحالی میں مدد ملے گی۔

COVID-19 کی تباہ کاریوں سے نمٹنے کیلئے ترقی پذیر ممالک کو جی 20 ممالک، آئی ایم ایف، عالمی بینک اور ایشیائی ترقیاتی بینک کی جانب سے آسانیاں دی گئی ہیں جس میں پاکستان بھی شامل ہے اور مزید ملنے والی امداد بھی اس پیکج کا حصہ ہے۔ فراہم کی جانے والی ان آسانیوں کی وجہ سے یہ ممالک اپنے اہداف کے مطابق تمویل کا بندوبست کر سکتے ہیں اور اس سے یہ ممالک COVID-19 کی تباہ کاریوں اور اس سے پیدا ہونے والے معاشی مسائل کو کم کرنے کیلئے بھی اخراجات کر سکتے ہیں۔

نیز حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے معیشت کی بحالی اور کاروباری طبقے اور سرمایہ کاروں کی حوصلہ افزائی کیلئے اٹھائے گئے اقدامات جن میں ملازمین کو ملازمت سے فارغ نہ کرنے پر رعایتی قرضوں کی فراہمی، اصل رقوم کی ادائیگی کیلئے ایک سال کی چھوٹ، COVID-19 کا مقابلہ کرنے کیلئے طبی مراکز اور ہسپتالوں کو دیئے جانے والے پیکجز، کم آمدن والے گھرانوں کو دی جانے والی مالی امداد، چھوٹے اور درمیانے درجے کے کاروباروں کو دی جانے والی سہولیات اور تعمیرات کی صنعت کو فراہم کی جانے والی سہولیات شامل ہیں, اسکے اثرات اب نظر آنا شروع ہونگے جیسا کہ اب حکومت COVID-19 کی وباء پر بھی قابو پاتی نظر آ رہی ہے۔ ان تمام اقدامات کے مثبت اثرات بلاشک وشبہ ملک کی معیشت پر بھی مرتب ہونگے۔

حکومت کو ٹیکسوں سے حاصل ہونے والی آمدن جو کہ جولائی تا فروری 2019 کے مقابلے میں جولائی تا فروری 2020 میں 17.5% بڑھ چکی تھی رواں مالی سال کی آخری سہ ماہی میں کافی گراوٹ کا شکار نظر آئی جس کی وجہ سے رواں سال کا ہدف مکمل نہ کیا جا سکا۔ نیز صحت کے نظام کو سہارا دینے کیلئے، کاروباری طبقے کی مدد کیلئے اور COVID-19 سے بہت زیادہ متاثر ہونے والے طبقات کو سہارا دینے کی غرض سے حکومت کی جانب سے بڑے پیمانے پر جو اخراجات کئے گئے ہیں اس کا اضافی بوجھ بھی حکومت پاکستان پر پڑا ہے۔ موجودہ حالات کو مدنظر رکھتے ہوئے جس میں COVID-19 کے دوبارہ پھیلاؤ اور لاک ڈاؤن کے خدشات موجود ہیں حکومت کی جانب سے مالی سال 2021 کیلئے طے شدہ اہداف کا حصول بہت مشکل نظر آتا ہے کیونکہ اگر دوبارہ لاک ڈاؤن کی جانب حالات جاتے ہیں تو معیشت کی زبوں حالی کی کوئی مثال نہ ملے گی۔ تاہم اگر حکومت اپنے اہداف حاصل کرنے میں کامیاب رہتی ہے تو یہ ملک کی تاریخ میں نیا باب رقم ہوگا۔ ایف بی آر کی جانب سے جولائی و اگست 2020 کیلئے مقرر کیا جانے والا ہدف اس جانب بھی ایک مثبت اشارہ ہے کہ ملک کی معیشت اب بحالی کی جانب گامزن ہے۔

اس بات کی امید کی جاتی ہے کہ معیشت کی بحالی اور سرمایہ کاروں کا اعتماد بحال کرنے کیلئے آنے والے سالوں میں بھی حکومت اپنے انہی نقش قدم پر چلتی رہے گی اور سیلز ٹیکس ریفنڈز/انکم ٹیکس ریفنڈز اور ڈی ایل ٹی ایل وغیرہ کو جلد از جلد جاری کرے گی (مالی سال 2020 کے دوران ایف بی آر کی جانب سے 235 ارب روپے کے ریفنڈز جاری کئے گئے ہیں، جو کہ مالی سال 2019 میں 69 ارب روپے تھے اس طرح اس میں 340% کا اضافہ ہوا ہے)۔

اس بات کی امید بھی کی جا رہی ہے کہ بین الاقوامی ایجنسیوں سے مالی امداد، معیشت پر افراط زر کے کم ہوتے ہوئے دباؤ، حکومتی اور نجی سطح پر رقوم کی ترسیل سے ہماری معیشت پر مثبت اثرات مرتب ہونگے اور رواں مالی کھاتے میں توازن پیدا ہوگا۔ نتیجتاً یہ امید بھی کی جا رہی ہے کہ پاکستانی روپیہ مضبوطی کی جانب قدم بڑھائے گا (اگست 2020 کے اختتام پر زرمبادلہ کے ذخائر جنوری 2018 کے بعد بلند ترین سطح پر پہنچے)۔

جہاں تک کمپنی کے کاروباری افعال کا تعلق ہے، کمپنی کی انتظامیہ نے ہمیشہ سر توڑ کوشش کی ہے کہ زیادہ سے زیادہ پیداواری صلاحیت کو زیر استعمال لاتے ہوئے، پیداواری لاگت کو قرین قیاس رکھتے ہوئے اور بہتر خریداری پالیسی بناتے ہوئے پیداواری لاگت کو کم از کم کیا جائے۔ کمپنی اپنے حصص داران کی سرمایہ کاری کی قدر میں ہر ممکن اضافے کیلئے اپنے نقش قدم پر گامزن ہے۔

عالمی سطح پر صحت سے متعلق ٹیکسٹائل کی مصنوعات میں اضافہ ہو رہا ہے جن میں ماسک، دستانے، گاؤن اور بیڈشیٹس وغیرہ شامل ہیں، اس رجحان کو مدنظر رکھتے ہوئے سیلز اور مارکیٹنگ کے شعبوں کو ہدایات کی جا چکی ہے کہ بڑھتی ہوئی اس طلب کو مدنظر رکھتے ہوئے اپنی حکمت عملی بنائیں۔ ان کی جانب سے اس سلسلے میں زیادہ سے زیادہ طلب کو پورا کرنے کیلئے مؤثر حکمت عملی تیار کی جا رہی ہے۔ ان اقدامات سے نہ صرف کمپنی کے منافع پر مثبت اثرات مرتب ہونگے بلکہ نقد رقوم کی ترسیل میں بھی اضافہ ہوگا۔

مزید برآں، رواں مالی سال کے کیپٹل نوعیت کے اہم اخراجات آئندہ مالی سال کے دوران کمپنی کی جانب سے پیداواری لاگت کو کم از کم حد تک رکھنے اور کمپنی کو ایک مسابقتی برتری حاصل کرنے میں اہم کردار ادا کریں گے۔

برائے ومنجانب بورڈ

چیئرمین/ڈائریکٹر

بمقام کراچی: مورخہ 24 ستمبر 2020

منافع منقسمہ کی پالیسی

جیسا کہ دوران سال COVID-19 کی وجہ سے کمپنی کے کاروباری افعال کو کم کرنا پڑا جسکی وجہ سے کمپنی کے منافع میں کمی آئی ہے۔ لہٰذا اس سال بورڈ آف ڈائریکٹرز کی جانب سے منافع منقسمہ نہ دینے کا فیصلہ کیا گیا ہے جس کی وجہ سے کمپنی مزید قرضے لینے سے بچی رہے گی ورنہ ورکنگ کیپٹل کی بڑھتی ہوئی طلب کے باعث قرضوں کا بڑھنا ناگزیر ہوگا۔

کمپنی اس بات کیلئے پرعزم ہے کہ اپنے حصص داران کو مستقل بنیادوں پر نفع فراہم کرے اور اس بات کی قوی امید رکھتی ہے کہ آنے والے سالوں میں حصص داران کو وافر نفع مہیا کر سکے گی۔

مابعد واقعات

رواں مالی سال کے اختتام سے رپورٹ ہذا کی تیاری کے درمیان تک ایسے کوئی اہم واقعات پیش نہیں آئے اور نہ ہی کمپنی کی جانب سے ایسے کوئی عہد و پیماں کئے گئے ہیں جن کے اثرات کمپنی کی مالیاتی پوزیشن پر مرتب ہوں۔

اظہار تشکر

ڈائریکٹروں کی جانب سے کمپنی کے تمام ورکروں، عملے اور منتظمین کی کارکردگی کو خراج تحسین پیش کرتے ہوئے اسے ریکارڈ کا حصہ بنایا جاتا ہے۔

چیف ایگزیکیٹو آفیسر

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں اراکین کی حاضری

نمبر شمار	ڈائریکٹر	حاضری		
		بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	انسانی وسائل و ادائیگیوں کی کمیٹی
1	جناب محمد یونس ٹبہ - صدر	4/4	N/M	N/M
2	جناب محمد سہیل ٹبہ - سی ای او	4/4	4/4*	1/1*
3	جناب محمد علی ٹبہ	4/4	4/4	N/M
4	جناب جاوید یونس ٹبہ	4/4	4/4	1/1
5	محترمہ ذلیخہ ٹبہ مسکاتیہ	4/4	N/M	1/1
6	جناب سلیم زمیندار	4/4	4/4	1/1
7	جناب ظفر مسعود	2/4	2/4	N/M

*جناب محمد سہیل ٹبہ نے آڈٹ اور انسانی وسائل و ادائیگیوں کی کمیٹیوں کے تمام اجلاسوں میں شرکت کی جن کیلئے انھیں مدعو کیا گیا تھا۔

N/M: رکن نہیں ہیں

جو اراکین بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت نہ کر سکے انھیں اس سلسلے میں رخصت دی گئی تھی۔

غیر انتظامی ڈائریکٹروں کے مشاہرے سے متعلق پالیسی

کمپنی کے آرٹیکلز کی رو سے بورڈ آف ڈائریکٹرز، ڈائریکٹروں کا مشاہرہ متعین کرنے کا مجاز ہے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے غیر انتظامی اور غیر جانبدار ڈائریکٹروں کے مشاہرے سے متعلق ایک جامع پالیسی مرتب کی گئی ہے۔ پالیسی کے مطابق:

☆ ڈائریکٹروں کے مشاہرے کا تعین کرتے وقت مارکیٹ میں مروجہ تنخواہوں کے ساتھ ساتھ امیدواروں کے تجربے اور مہارتوں کا بھی لحاظ رکھا جاتا ہے۔

☆ کمپنی کی جانب سے غیر انتظامی ڈائریکٹروں کو مشاہرے کی ادائیگی بطور تنخواہ نہیں کی جاتی بلکہ بورڈ یا اس کی کسی کمیٹی کے اجلاس میں شرکت کے عوض انہیں فیس کی ادائیگی کی جاتی ہے۔

☆ بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کیلئے ڈائریکٹروں کو ادا کی جانے والی فیس کا تعین وقت کی مناسبت سے بورڈ آف ڈائریکٹرز کی منظوری کے ساتھ کیا جاتا ہے۔

☆ کسی بھی ڈائریکٹر کو سفری، قیام اور دیگر اخراجات کی ادائیگی کی جائے گی جو کہ وہ ڈائریکٹر، کمپنی کے بورڈ آف ڈائریکٹرز، بورڈ کی کمیٹیوں کے اجلاسوں یا کمپنی کے عام سالانہ اجلاس میں شرکت کیلئے استعمال کرے گا۔

☆ کوئی بھی ڈائریکٹر اگر کوئی ایسی خدمات سرانجام دے جو کہ بورڈ کی رائے میں قانوناً ڈائریکٹروں کے ذمہ داری نہیں ہے تو اس صورت میں ایسے ڈائریکٹر کو اضافی مشاہرہ بھی ادا کیا جاسکتا ہے۔

ڈائریکٹروں کے مشاہرے سے متعلق تفصیلات

کمپنی کا صرف ایک ہی انتظامی ڈائریکٹر ہے جو کہ کمپنی کا چیف ایگزیکیٹیو ہے۔ ذیل میں دوران سال کمپنی کے چیف ایگزیکیٹیو کو ادا کئے گئے مشاہرے سے متعلق تفصیلات درج کی جارہی ہیں:

	2020	2019
	------- روپے ہزاروں میں	---------
مشاہرہ	12,210	13,200
گھر کا کرایہ	3,330	3,600
یوٹیلیٹیز	1,110	1,200
بونس	-	1,875
	16,650	19,875

کسی بھی غیر انتظامی ڈائریکٹر کو کوئی مشاہرہ ادا نہیں کیا گیا ماسوائے اجلاسوں میں شرکت کی فیس کے جو 1.34 ملین روپے بنتی ہے (2019 میں یہ فیس 1.17 ملین روپے تھی)۔

اہم رسک اور غیر یقینی صورتحال

ہر کاروبار کو کئی قسم کے خطرات اور غیر یقینی صورتحال کا سامنا رہتا ہے، اگر ان مسائل سے مناسب انداز سے نہ نمٹا جائے تو یہ کمپنی کیلئے سنجیدہ مسائل اور نقصانات کا باعث بن سکتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کو لاحق ممکنہ اندرونی اور بیرونی خطرات کی باقاعدہ نگرانی کی جاتی ہے اور ان کا گہرائی کے ساتھ تجزیہ بھی کیا جاتا ہے۔ ذیل میں ایسے چند خطرات کا ذکر کیا جارہا ہے جن سے کمپنی کو سابقہ رہتا ہے:

☆ تیزی سے ترقی کرتی ہوئی ٹیکنالوجی قومی اور بین الاقوامی سطح پر کمپنی کیلئے ایک بڑا چیلنج ہے۔

☆ تجارتی محاذ آرائی کی وجہ سے برآمدات پر مبنی فروخت میں کمی اور بین الاقوامی اور مقامی سطح پر بڑھتی ہوئی مسابقت اور اس کے ساتھ ساتھ COVID-19 سے پیدا ہونے والے مسائل۔

☆ کرنسی کی غیر یقینی صورتحال، روپے کی تیزی سے گرتی ہوئی قدر، نتیجتاً درآمد شدہ خام مال کی بڑھتی ہوئی قیمتیں۔

☆ لاگتِ تبادلہ کا بڑھتا ہوا رجحان، فیول / گیس کی بڑھتی ہوئی قیمتوں کی وجہ سے توانائی کی بڑھتی قیمت اور افراط زر کے دیگر اثرات۔

☆ KIBOR کی بڑھتی ہوئی شرح اور نتیجتاً تمویلی لاگت میں اضافہ۔

☆ پانچ برآمدی سیکٹروں سے زیرو ریٹنگ کا واپس لیا جانا جس سے مقامی فروخت پر منفی اثرات مرتب ہوئے ہیں اور اس کے ساتھ ساتھ ورکنگ کیپٹل کی ضروریات کی اضافی ضرورت کا بوجھ بھی ہے۔

کاروبار کی نوعیت میں تبدیلی

زیرنظر مالی سال کے دوران کمپنی سے متعلق بنیادی کاروباری افعال میں کوئی قابل ذکر تبدیلی واقع نہیں ہوئی ہے۔

ترتیب حصص داری

ترتیب حصص داری بتاریخ 30 جون 2020 اور دیگر اضافی معلومات کو آپ کی کمپنی کی سالانہ رپورٹ کا حصہ بنا دیا گیا ہے۔ منسلکہ کمپنیاں اور پبلک سیکٹر کمپنیاں 69.57%، بینک/انشورنس کمپنیاں/میوچل فنڈز 7.29%، ڈائریکٹرز 0.07% اور انفرادی طور پر افراد 23.07% حصص کے مالک ہیں۔

قرضوں کی ادائیگیاں

آپ کی کمپنی میں ایک مؤثر حکمت عملی برائے ترسیل نقد رقوم موجود ہے جس کے تحت وصول اور خرچ کی جانے والی نقد رقوم کی باقاعدگی کے ساتھ کڑی نگرانی کی جاتی ہے۔ اس جامع حکمت عملی کی وجہ سے آپ کی کمپنی اپنے واجبات کی ادائیگی میں ہمیشہ مستعد ثابت ہوئی ہے اور امید ہے کہ اس سلسلے میں کسی بھی چیلنج سے نبرد آزما ہونے کیلئے آپ کی کمپنی ہمہ وقت تیار ہے۔ مزکورہ بالا نظام کے تحت آپ کی کمپنی کی ہمیشہ یہ کوشش رہی ہے کہ تمویلی لاگت ایک معقول حد سے آگے نہ بڑھ پائے، اس مقصد کے حصول کیلئے ذرائع تمویل میں ایک مناسب امتزاج اور مؤثر کارکردگی کو ترجیح دی جاتی ہے۔

کمپنی کی یہ روایت رہی ہے کہ اپنے ذمے واجب الادا واجبات کو بروقت ادا کیا جائے اور اسی مناسبت سے کمپنی کی تاریخ بشمول رواں میں کبھی ایسا نہیں ہوا کہ کمپنی کو اپنی ادائیگیوں کے سلسلے میں نادہندہ قرار دیا گیا ہو۔

مؤثر اندرونی مالیاتی کنٹرول

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ایک مؤثر اندرونی مالیاتی نظام مرتب کیا گیا ہے۔ اس نظام کے تحت تمام کاروباری امور کو مستعد اور مؤثر انداز سے چلایا جاتا ہے اور اس بات کو ممکن بنایا جاتا ہے کہ کسی بھی قسم کی بدعنوانی، فریب اور غلطیوں کی نشاندہی کی جاسکے اور ان کا تدارک بھی کیا جائے، کمپنی کے اثاثوں کی حفاظت کو ممکن بنایا جائے، تمام قواعد وضوابط کی پاسداری کو ممکن بنایا جائے، محاسبی کے تمام کھاتے ہر لحاظ سے مکمل اور صحیح ہوں اور بروقت ایسی مالیاتی دستاویزات تیار کی جائیں جو معاملات کی حقیقی عکاس ہوں۔ اندرونی مالیاتی نظام پر وقتاً فوقتاً نظرثانی کی جاتی ہے تا کہ اس بات کو ممکن بنایا جاسکے کہ نظام مؤثر انداز سے کام کرنے کے ساتھ ساتھ نئے نئے قوانین وضوابط کی روشنی میں وقت کے تقاضوں پر بھی پورا اتر رہا ہے۔

صحت، حفاظت اور ماحولیات

ملک کے ایک معروف گروپ سے منسلک ہوتے ہوئے، ہم نہ صرف اپنے ملازمین کی صحت اور حفاظت کے بارے میں خود کو ذمہ دار سمجھتے ہیں بلکہ ان لوگوں کی ذمہ داری کا احساس بھی کرتے ہیں جو ہماری فیکٹریوں کے اردگرد آباد ہیں۔ مستند ادویات اور ماہر طبی عملے کے ساتھ اس مقصد کیلئے ایک کلینک/ڈسپنسری وقف شدہ ہے۔ ہم اپنی صنعت سازی کے عمل کے دوران بھی اس بات کو مکمل طور پر یقینی بناتے ہیں کہ ہماری صنعت سازی میں ماحولیات کے تمام معیارات کا مکمل خیال رکھا جائے۔ ویسٹ ہیٹ ریکوری پلانٹ اور گرین انرجی پروجیکٹس میں کی جانے والی سرمایہ کاری اس کی مثالیں ہیں۔ ہمارے پیداواری عمل کے دوران مضر و فاضل مادوں کا اخراج نہیں کیا جاتا۔ تاہم خارج ہونے والے فاضل مادوں کو ٹھکانے لگانے کیلئے ہماری جانب سے ایک مؤثر نظام نافذ العمل ہے۔

کارپوریٹ معاشرتی ذمہ داری

کمپنی اپنی اس ذمہ داری کا بخوبی احساس کرتی ہے کہ جس معاشرے میں ہم اپنے کاروباری افعال سرانجام دے رہے ہیں ہمیں اس معاشرے کو اس کا قرض بھی لوٹانا ہے اور ہماری پیداواری صلاحیتوں کے مجموعی طور پر مثبت اثرات اس معاشرے پر مرتب ہوں۔ اس بات کو مدنظر رکھتے ہوئے کمپنی کی جانب سے کارپوریٹ معاشرتی ذمہ داری اور معاشرتی ترقی، انسانی خدمت اور ماحولیات کی بقا سے متعلق پروجیکٹس کیلئے رقوم مختص کی جاتی ہیں۔

زیرنظر عرصے کے دوران کمپنی کی جانب سے اس بات کا عزم کیا گیا کہ سرسبز پاکستان ہماری بنیادی اقدار میں شامل ہو۔ سرسبز پاکستان کے تصور کو اپناتے ہوئے یوم آزادی کے موقع پر تمام ملازمین کو پودے دیئے گئے۔ ان اقدامات کو آگے بڑھانے کیلئے تعلیمی اداروں کے تعاون سے پورا سال شجر کاری مہم کو جاری رکھا گیا۔

سماج کی ترقی کی جانب مثبت قدم بڑھاتے ہوئے طلباء کیلئے فیکٹری کے ایک دورے کا بندوبست کیا گیا تھا کہ وہ کس طرح عملی زندگی میں قدم رکھیں گے اور اس موقع پر انہیں ٹیکسٹائل کی صنعت کی روایات سے آگاہ کیا گیا۔ اس کے ساتھ ساتھ خواتین کے عالمی دن کے حوالے سے خواتین کی بہترین صلاحیتوں کو اجاگر کرنے کی غرض سے انتظامیہ کے سینئیر ارکان کے ساتھ تقریب کا اہتمام بھی کیا گیا جس میں افرادی قوت میں صنفی تنوع کی اہمیت پر بھی روشنی ڈالی گئی۔ مزید برآں، کمپنی کے رضا کاروں کی جانب سے ایک مقامی اسکول میں خواتین کے اجتماع کو بھی یہی پیغام دیا گیا جس میں معاشرے اور معیشت کی ترقی میں تعلیم یافتہ خواتین کے کردار پر روشنی ڈالی گئی۔

فروخت اور منافع میں کمی کے باوجود زیرِ نظر مالی سال کیلئے ٹیکس کے اخراجات میں اضافہ ہوا ہے جس کی وجہ یکم جولائی 2019 سے مقامی کاروباری حجم پر کم از کم ٹیکس کی شرح کا 1.25% سے 1.5% تک بڑھنا ہے جس کے باعث زیرِ نظر مالی سال کے دوران کمپنی کے منافع پر 28 ملین روپے کا فرق پڑا ہے۔ مزید برآں، یکم جولائی 2019 سے سرمایہ کاری زیرِ تحت سیکشن 65(B) بابت انکم ٹیکس آرڈیننس 2001 پر ٹیکس کریڈٹ واپس لئے جانے سے بھی کمپنی کے منافع پر 55 ملین روپے کا فرق پڑا ہے۔

ان سب کا مجموعی نتیجہ یہ برآمد ہوا ہے کہ گزشتہ مالی سال کے مقابلے میں زیرِ نظر مالی سال کے دوران کمپنی کا صافی منافع 96.16% تک کم ہوا ہے۔

مختلف شعبوں میں کاروباری کارکردگی کا جائزہ

آپ کی کمپنی میں کاروباری افعال کو بنیادی طور پر تین شعبوں میں منقسم کیا گیا ہے:

سوت کتائی کا شعبہ : سوت سازی اور فروخت
بنائی کا شعبہ : کپڑے کی بنائی اور فروخت
ڈیری کا شعبہ : دودھ کی پیداوار و فروخت

کمپنی کے مختلف شعبوں کی کارکردگی کا جائزہ ذیل میں پیش کیا جا رہا ہے:

	سوت کتائی	بنائی	سوت کتائی	بنائی
	2020		2019	
	روپے ہزاروں میں			
آمدن	27,527,717	1,265,048	29,805,745	1,411,734
منافع قبل از ٹیکس	(410,446)	254,839	777,774	326,616

اہم ترین سرمایہ کاری کی نوعیت

رواں دورانیے میں کمپنی نے حصص داران سے منظور شدہ اپنی منسلکہ کمپنی ٹرائی کوم ونڈ پاور (پرائیویٹ) لمیٹڈ میں مجوزہ سرمایہ کاری کی دوبارہ جانچ کی اور اس کے نتائج، خاص طور پر درجِ ذیل عوامل کی روشنی میں مذکورہ سرمایہ کاری کو مزید جاری نہ رکھنے کا فیصلہ کیا:

☆ شرح سود میں اچانک 7% سے 13.85% تک اضافہ؛
☆ پاکستانی کرنسی کی قدر میں کمی؛ اور
☆ توازن، جدیدیت اور تبدیلی (بیلنسنگ، موڈرنائزیشن اینڈ ریپلیسمنٹ) کے تحت گزشتہ سال 19-2018 میں کیے جانے والے نمایاں کیپٹل اخراجات۔

بورڈ آف ڈائریکٹرز کی ترتیب

بتاریخ 30 جون 2020 سے بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹروں کی کل تعداد

الف) مرد	06
ب) خواتین	01

ترتیب

الف) غیر جانبدار ڈائریکٹرز	02
ب) غیر انتظامی ڈائریکٹرز	03
ج) انتظامی ڈائریکٹر	01
د) خواتین غیر انتظامی ڈائریکٹرز	01

بورڈ کی کمیٹیاں

ذیل میں تمام کمیٹیوں کے اراکین کی تفصیلات پیش کی جا رہی ہیں:

آڈٹ کمیٹی

1	جناب سلیم زمیندار	صدر
2	جناب ظفر مسعود	رکن
3	جناب محمد علی ٹبہ	رکن
4	جناب جاوید یونس ٹبہ	رکن

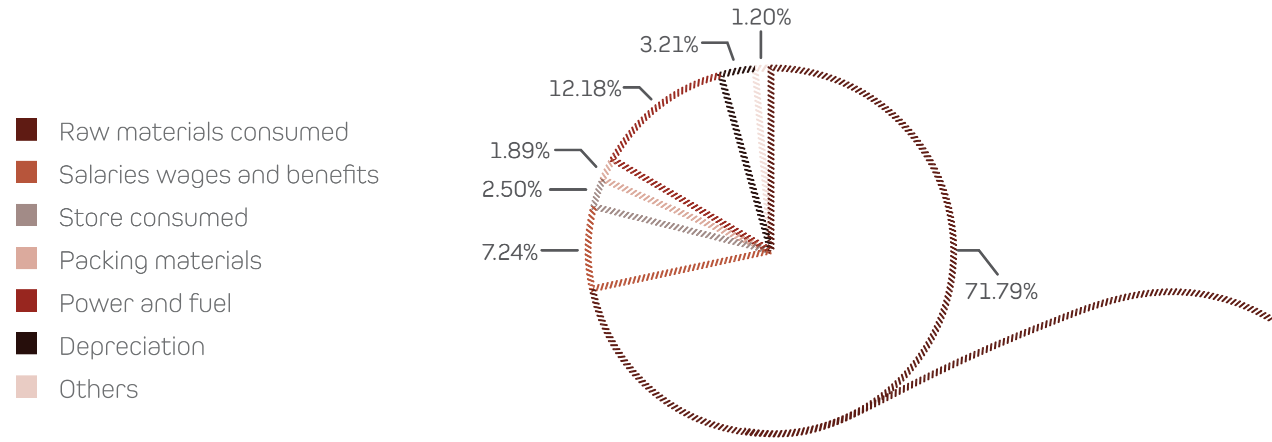
انسانی وسائل و ادائیگیوں کی کمیٹی

1	جناب سلیم زمیندار	صدر
2	جناب جاوید یونس ٹبہ	رکن
3	محترمہ ذلیخہ ٹبہ مسکاتیہ	رکن

بجٹ کمیٹی

1	جناب ظفر مسعود	صدر
2	جناب محمد علی ٹبہ	رکن
3	جناب محمد سہیل ٹبہ	رکن
4	جناب جاوید یونس ٹبہ	رکن

لاگت برائے پیداوار کا تجزیہ ذیل میں پیش کیا جا رہا ہے:



لاگت برائے پیداوار میں سب سے بڑا حصہ خام مال کی لاگت کا ہے جو کہ 71.79% بنتا ہے اور اس کے بعد توانائی کے اخراجات 12.18% ہیں، اس خرچے کو کنٹرول کرنے سے متعلق انتظامیہ ہمیشہ سوچ بچار کرتی رہی ہے۔

لاگت برائے پیداوار کو معقول حد تک رکھنے کیلئے انتظامیہ کی جانب سے مقامی اور درآمد شدہ کاٹن کو مناسب امتزاج کے ساتھ زیرِ استعمال لانے کا فیصلہ کیا گیا تھا۔ تاہم COVID-19 کی وجہ سے دیگر صنعتوں کی طرح ٹیکسٹائل کی صنعت بھی بری طرح متاثر ہوئی ہے اور اسی لحاظ سے سوت اور کپڑے کی طلب میں مقامی اور بین الاقوامی سطح پر واضح کمی ریکارڈ کی گئی ہے۔ جیسا کہ کمپنی کو زیرِ نظر مالی سال کی چوتھی سہ ماہی میں پیداواری عمل میں کمی لانا پڑی کاروباری افعال کی سست روی کی وجہ سے مستقل اخراجات کا انجذاب ممکن نہ ہو سکا جس کے منفی اثرات کمپنی کے خام منافع پر پڑے۔

جہاں تک توانائی کے اخراجات کا تعلق ہے کمپنی اب سستے ترین ایندھن جیسا کہ قدرتی گیس کو زیرِ استعمال لا کر بجلی پیدا کر رہی ہے اس سے پہلے زیادہ تر فرنس آئل استعمال کیا جا رہا تھا۔ تاہم جیسا کہ گیس کی قیمت بھی یکم جولائی 2019 سے 600 روپے فی ایم ایم بی ٹی یو سے بڑھ کر اب 786 روپے فی ایم ایم بی ٹی یو تک پہنچ چکی ہے تو زیرِ نظر مالی سال کے دوران گزشتہ مالی سال کے مقابلے میں مجموعی طور پر توانائی کے اخراجات میں اضافہ ہوا ہے۔

لاگت برائے ترسیل مال میں اضافہ کی وجہ برآمدات میں اضافہ ہے۔ مزید برآں، کمپنی اپنے انتظامی اخراجات کو کنٹرول کرنے میں کامیاب رہی ہے اور گزشتہ مالی سال کے مقابلے میں زیرِ نظر مالی سال کے دوران مجموعی طور پر انتظامی اخراجات میں کمی ہوئی ہے۔

زیرِ نظر مالی سال کے دوران KIBOR کے گہرے اثرات کو کم کرنے کیلئے کمپنی نے اپنے ورکنگ کیپٹل اور سرمایہ جاتی اخراجات کے سلسلے میں دیگر سستے تمویلی ذرائع کو اختیار کیا جن میں غیر ملکی زرمبادلہ کے قرضے شامل ہیں جس سے تمویلی لاگت کو کم کرنے میں کافی مدد ملی اور گزشتہ مالی سال کے اسی عرصے کے مقابلے میں تمویلی لاگت میں 17.36% تک کمی کی گئی۔ تاہم KIBOR کی بلند شرح سے حاصل ہونے والے فوائد مارچ 2020 میں پاکستانی کرنسی کی قدر میں اچانک ہونے والی کمی کی وجہ سے زائل ہو گئے۔ اس طرح زرمبادلہ کی شرح کی صورت میں 889 ملین روپے کا نقصان کمپنی کو اٹھانا پڑا (حقیقی: 586 ملین روپے؛ برمبنی تخمینہ: 303 ملین روپے)۔ اسی طرح یہ نقصان گزشتہ مالی سال کے اسی عرصے کے دوران ہونے والے منافع کے مقابلے میں زیرِ نظر مالی سال کے دوران کمپنی کے منافع کو کم کرنے کا باعث بھی بنا۔

اگرچہ زیرِ نظر مالی سال کے دوران کاروبار بری طرح متاثر ہوا ہے لیکن کمپنی کی جانب سے مختلف شعبوں میں کی جانے والی سرمایہ کاری سے حاصل ہونے والا منافع کم و بیش پہلے کی طرح ہی تھا اور اس طرح اس منافع سے کمپنی کے مجموعی منافع پر بھی مثبت اثرات مرتب ہوئے ہیں اور اس طرح کمپنی کسی خاص شعبے میں مکمل سرمایہ کاری کے رسک سے بھی محفوظ رہی۔

ڈائریکٹرز رپورٹ برائے ممبران

عزیز ممبران

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2020 کو ختم ہونے والے مالی سال سے متعلق مالیاتی نتائج آپکی خدمت میں پیش کر رہے ہیں۔

جائزہ

آپکی کمپنی بنیادی طور پر سوت اور بنا ہوا کپڑا بنانے کے کاروبار سے منسلک ہے۔ نیز آپ کی کمپنی کی جانب سے ڈیری کے کاروبار میں بھی سرمایہ کاری کی گئی ہے جس کے کمرشل افعال 30 جون 2019 کو شروع کئے گئے۔ اپنے گاہکوں کو سہولیات فراہم کرنے اور لاگت کے اثرات کو کم از کم سطح پر رکھنے کی غرض سے کمپنی کی جانب سے ایک حکمت عملی کے تحت اپنی صنعت سازی کے عمل کو شمالی اور جنوبی جغرافیائی محل وقوع میں منقسم کر رکھا ہے۔

زیر نظر مالی سال کے دوران پہلے نو ماہ تک حالات اچھے تھے اور سال کا آغاز اچھے انداز سے ہوا تھا جس کے باعث آمدن میں شرح نمو 11.09% تک درج کی گئی تھی۔ تاہم اس مالی سال کی آخری سہ ماہی میں COVID-19 کے باعث عالمی وبائی صورتحال کی وجہ سے کاروباری حالات بری طرح متاثر ہوئے جس کی وجہ سے کمپنی کی کارکردگی بری طرح متاثر ہوئی اور نتیجتاً کمپنی کی آمدن میں گزشتہ مالی سال کے اس عرصے کے مقابلے میں 7.15% کی کمی واقع ہوئی ہے۔

نو ماہ تک کمپنی نے اپنے نفع کی شرح کو بہت ہی اچھے انداز سے برقرار رکھا ہوا تھا جس کی وجوہات میں مصنوعات کا بہتر امتزاج، پیداوار میں اضافہ اور بہتر قیمت کا حصول شامل تھیں، باوجود اس کے کہ دوران سال افراط زر کے اثرات، مبادلہ کی شرح کا بلند ہونا، بالخصوص گیس کی قیمت میں یکم جولائی 2019 سے 600 روپے فی ایم ایم بی ٹی یو سے 786 روپے فی ایم ایم بی ٹی یو تک بڑھ جانا اور اس وجہ سے توانائی کی قیمت میں اضافہ وغیرہ جیسے عوامل بھی شامل تھے۔ تاہم COVID-19 سے پیدا ہونے والی عالمی وبائی صورتحال کی وجہ سے بہت سی فیکٹریاں اور مارکیٹیں مارچ 2020 کے وسط سے ہی بند ہونا شروع ہو گئی تھیں، کمپنی کی فروخت بھی سست روی کا شکار ہو گئی جس سے تیار مصنوعات کے ذخیرے کی مقدار بڑھ گئی جس کے باعث ذخیرے کو رکھنے کیلئے کمپنی کے اخراجات میں بھی اضافہ ہو گیا، اسی کے ساتھ ساتھ سوت کی قیمت میں کمی آ گئی اور اس کمی کی وجہ سے زیر نظر مالی سال کے دوران کمپنی کے خام منافع کی شرح 7.73% درج کی گئی ہے جو کہ گزشتہ مالی سال کے دوران 9.27% درج کی گئی تھی۔

علاوہ ازیں، زیر نظر مالی سال کے دوران KIBOR کی شرح مارچ تک 13.25% کی بلند ترین سطح تک ہونے اور شرح مبادلہ میں توازن ہونے کی وجہ سے کمپنی غیر ملکی کرنسی میں قرض لیتی رہی ہے۔ تاہم مارچ 2020 سے پاکستانی کرنسی کی قدر میں اچانک کمی کی وجہ سے کمپنی کو اپنے منافع میں 889 ملین روپے کا نقصان اٹھانا پڑا جس میں سے 303 ملین روپے تخمینوں پر مبنی ہیں۔ اس طرح کمپنی کے صافی منافع کی شرح گزشتہ مالی سال کی شرح 3.80% سے گر کر زیر نظر مالی سال کے دوران 0.16% تک آ چکی ہے۔

کارپوریٹ تنظیم نو

گزشتہ مالی سال کے دوران لکی ہولڈنگز لمیٹڈ کے بورڈ آف ڈائریکٹرز اور حصص داران سے منظوری کے بعد لکی ہولڈنگز لمیٹڈ (ایل ایچ ایل) - ایک منسلکہ کمپنی - کی جانب سے اسکیم بابت بندوبست (اسکیم) کی درخواست معزز عدالت عالیہ سندھ کے روبرو دائر کی گئی تھی، درخواست دائر کرنے سے قبل بورڈ آف ڈائریکٹرز اور ایل ایچ ایل کے حصص داران سے باقاعدہ منظوری حاصل کر لی گئی تھی۔ اس اسکیم کے مطابق آئی سی آئی پاکستان لمیٹڈ میں ایل ایچ ایل کی سرمایہ کاری کو نکالا گیا اور آئی سی آئی کے حصص ایل ایچ ایل کے موجودہ حصص داران کو ان حصص کے تناسب سے منتقل کر دیئے گئے۔

اسی طرح کمپنی جتنی تعداد میں حصص کی مالک ہے اتنی ہی تعداد میں حصص گدون ہولڈنگز (پرائیویٹ) لمیٹڈ (جی ایچ پی ایل) - جو مکمل طور پر کمپنی کی ذیلی کمپنی ہے - کو منتقل کر دیئے گئے۔

زیر نظر مالی سال کے دوران یکم جولائی 2019 سے جی ایچ پی ایل کو کمپنی کے ساتھ ضم کر دیا گیا ہے اور اس سلسلے میں تمام ضروری قواعد وضوابط کی مکمل پاسداری کی گئی ہے۔ لہذا اس سال کمپنی صرف مفرد مالیاتی دستاویزات ہی تیار کر رہی ہے۔

معاشی منظر نامہ

پاکستان کی معیشت حکومت کی سخت پالیسیوں کی وجہ سے استحکام کے راستے پر گامزن ہو چکی تھی اب ایک مرتبہ پھر COVID-19 کی وجہ سے دباؤ میں آ چکی ہے جس کے اثرات سے عالمی سطح پر کوئی بھی معیشت نہ بچ سکی۔ اب ایک مرتبہ پھر معیشت بحالی کے اشارے دے رہی ہے اور اللہ تعالی کے فضل و کرم سے دن بہ دن صحت یاب افراد کی تعداد میں اضافہ ہو رہا ہے، اب لاک ڈاؤن میں بھی نرمی کی جا چکی ہے لیکن معیشت کو اصل صورت میں بحال ہونے کیلئے ابھی کافی وقت لگ سکتا ہے۔

افراط زر کی شرح کا رجحان جو کہ زیر نظر مالی سال کے آغاز سے ہی بلند تھا اب زیر نظر مالی سال کے نصف سے اس میں کمی دیکھی گئی، جنوری 2020 میں افراط زر کی شرح 14.6% (ماہانہ بنیاد پر آخر میں ریکارڈ کی جانے والی بلند ترین شرح) ریکارڈ کی گئی تھی جو کہ سال کے نصف تک کم ہو کر 8.6% رہ گئی۔ افراط زر میں کمی کی وجوہات میں اشیاء خورد و نوش کی قیمتوں میں کمی کا رجحان، صارفین کی جانب سے قیمتوں سے متعلق توقعات میں واضح کمی، عالمی سطح پر تیل کی قیمتوں میں واضح کمی اور COVID-19 کی وجہ سے عالمی اور مقامی سطح پر مجموعی طلب میں واضح کمی شامل ہیں۔

افراط زر اور شرح نمو میں کمی کے رجحان کو مد نظر رکھتے ہوئے اسٹیٹ بینک آف پاکستان کی جانب سے چار ماہ کے عرصے کے اندر اندر ڈسکاؤنٹ ریٹ کو 6.25% کی شرح سے کم کیا گیا اور اس طرح ڈسکاؤنٹ ریٹ 25 جون 2020 کو 7% کی سطح پر آ گیا جو کہ اس سے پہلے 13.25% کی بلند ترین سطح پر موجود تھا۔ ان اقدامات سے معیشت کو سنبھالنے میں بڑی حد تک مدد ملنے کی توقع ہے۔

زیر نظر مالی سال کے دوران مارچ 2020 تک برآمدات میں (ڈالر کے لحاظ سے) 2.23% اضافہ درج کیا گیا تھا لیکن سال کی چوتھی سہ ماہی میں برآمدات کی شرح ایک مرتبہ پھر گھٹنا شروع ہو گئی۔ نتیجتاً گزشتہ سال کے مقابلے میں زیر نظر مالی سال کے دوران مجموعی طور پر (ڈالر کے لحاظ سے) برآمدات میں 6.81% کی کمی آئی ہے۔ تاہم مجموعی طور پر تجارت کے خسارے میں 27.12% کی کمی ریکارڈ کی گئی ہے، درآمدات میں بھی (ڈالر کے لحاظ سے) 18.61% کی کمی ریکارڈ کی گئی ہے۔ مزید برآں، بیرون ملک سے ترسیلات زر میں (ڈالر کے لحاظ سے) 6.36% کا اضافہ درج کیا گیا ہے اور اس طرح ملک کے غیر ملکی زر مبادلہ پر اس کے مثبت اثرات مرتب ہوئے ہیں۔

مالیاتی کارکردگی

زیر نظر مالی سال اختتامیہ 30 جون 2020 سے متعلق کمپنی کے اہم مالیاتی نتائج کا موازنہ ذیل میں پیش خدمت ہے:

خلاصہ برائے نفع ونقصان	30 جون 2020	30 جون 2019	مثبت/(منفی)
	روپے ہزاروں میں		فیصد
براہ راست برآمدات	8,640,883	8,345,846	3.54
بالواسطہ برآمدات	9,263,094	-	100.00
مقامی	11,082,804	22,871,633	(51.54)
فروختگی (صافی)	28,986,781	31,217,479	(7.15)
خام منافع	2,241,286	2,892,723	(22.52)
تمویلی لاگت	(909,080)	(1,100,073)	17.36
لاگت برائے ترسیل مال	(474,356)	(401,764)	(18.07)
لاگت برائے انتظامی امور	(267,881)	(276,997)	3.29
دیگر کاروباری اخراجات	(918,430)	(98,767)	(829.90)
دیگر آمدن	666,178	653,335	1.97
منافع قبل از ٹیکس	337,717	1,668,457	(79.76)
منافع بعد از ٹیکس	45,499	1,186,102	(96.16)
آمدن فی حصص (روپے)	1.62	42.32	

موجودہ COVID-19 کی عالمی وباء سے قبل گزشتہ مالی سال کے مقابلے میں کمپنی نے اس عرصے کے دوران بلحاظ حجم اور بلحاظ اکائیاں اپنی فروخت میں اضافہ کر لیا تھا۔ پاکستان کی معیشت پر COVID-19 کے اثرات مارچ 2020 سے ہی آنا شروع ہو گئے تھے جس کے بعد معاشی پہیہ رکنا شروع ہو گیا، پھر منصوبہ بندی کی گئی اور اب پھر کاروباری افعال کا آغاز کیا گیا ہے۔

عالمی سطح پر جاری تجارتی جنگ اور عالمی اور مقامی سطح پر بڑھتے ہوئے مسابقتی ماحول بشمول COVID-19 کے اثرات کے باوجود آپ کی کمپنی گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران اپنی آمدن از برآمدات میں 3.54% کا اضافہ کرنے میں کامیاب رہی ہے۔ تاہم زیر نظر مالی سال کی چوتھی سہ ماہی کے دوران مقامی سطح پر فروخت میں واضح کمی کی وجہ سے گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران کمپنی کی مجموعی مقامی فروخت میں 11.04% کی کمی ریکارڈ کی گئی ہے۔ COVID-19 کے اثرات سے قطع نظر، مقامی سطح پر فروخت کا حجم بڑھ سکتا تھا اگر حکومت اور کاروباری طبقے (بالخصوص تاجروں) کے مابین پالیسی کے معاملات پر اتفاق رائے قائم ہو جاتا جس میں قومی شناختی کارڈ کو استعمال کرنے کا مسئلہ بھی شامل تھا۔ مزید برآں، یکم جولائی 2019 سے ایس آر او (1)1125 مجریہ 2011 کو منسوخ کئے جانے سے بھی مقامی سطح پر منفی اثرات مرتب ہوئے۔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