



Quarterly Report
Condensed Interim Financial Information
For the 1st Quarter Ended September 30, 2020

Company Information

BOARD OF DIRECTORS	Mohomed Bashir Zain Bashir Mohammed Zaki Bashir Ziad Bashir Dr. Amjad Waheed Ehsan A. Malik Zeeba Ansar	- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non Executive Director - Non Executive Director - Independent Director - Independent Director
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	Ehsan A. Malik Mohomed Bashir Dr. Amjad Waheed Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Ehsan A. Malik Mohomed Bashir Zain Bashir Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
BANKERS	Allied Bank Limited Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited Bank of Khyber Bankislami Pakistan Limited Citi Bank Dubai Islamic Bank Pakistan Limited Industrial and commercial bank of China Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Industrial and Commercial Bank of China JS Bank limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank Of Pakistan Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank limited The Bank Of Punjab United Bank Limited	
AUDITORS	Kreston Hyder Bhimji & Co. Chartered Accountants	
INTERNAL AUDITORS	Grant Thornton Anjum Rahman Chartered Accountants	
LEGAL ADVISORS	A.K. Brohi & Co Advocates	
REGISTERED OFFICE	Plot No.82, Main National Highway, Landhi, Karachi-75120	
SHARE REGISTRAR	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106	
MILLS	Landhi Industrial Area, Karachi-75120	
E-MAIL	finance@gulahmed.Com	
URL	www.gulahmed.com	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for the 1st Quarter ended September 30, 2020.

ECONOMIC OVERVIEW

With the world still reeling from the impacts of COVID-19 and dealing with its consequences, the IMF predicts the economic outlook to remain uncertain against the backdrop of world GDP which is expected to contract by 4.4 percent. In the latest World Economic Outlook, the IMF has forecasted the growth to be much slower than previously expected as a result of lasting damage inflicted by the COVID-19. Advanced economies are projected to contract by 5.8 percent with United States contracting by 4.3 percent and Euro Region taking a bigger hit by contracting 8.3 percent. Emerging Markets and Developing economies are projected to contract by 3.3 percent with China portraying a growth of 1.9 percent whereas India's GDP shrinking by 10.3 percent. Low income, developing countries and Middle East and North Africa are forecasted to shrink by 1.2 percent and 5 percent respectively.

Projections for Pakistan are on the milder spectrum, with GDP growth to declining to 0.4 percent in 2020 and is expected to increase by 1 percent in 2021.

During the Quarter under review, despite challenging environment, the major indicators have remained resilient since outbreak of COVID-19. Financial conditions remained accommodative with low financing rates and series of targeted measures undertaken by Government of Pakistan (GOP) and State Bank of Pakistan (SBP). A flexible market-determined exchange rate was introduced in May 2019, that has played its role as a shock absorber on an overall basis for the economy as a whole. Low global oil prices and subdued domestic demand helped to reduce the current account deficit further. Recovery in exports and remittances have performed strongly, as well as the remittances witnessed a record high figure. These have helped to restore SBP's foreign exchange reserves to their pre-pandemic level of around US\$ 12.8 billion. As a result, Pakistan's reserve adequacy is now back above the important global benchmark of 3 months of import cover and the current account deficit remain at around 2 percent of GDP.

INDUSTRIAL OVERVIEW

Following a deep contraction between March and June, the large-scale manufacturing (LSM) index returned to expansion in July, however, the economic recovery remains uneven across industries, with the hospitality and certain services sectors especially lagging. According to trade data released by Pakistan Bureau of Statistics (PBS), the exports of the country registered nominal decline of one percent to \$5.46 billion during the quarter under review as compared with \$5.51 billion in the same quarter of the last fiscal year whereas the import bill of the country increased to \$11.26 billion during the first quarter of current fiscal year as compared with \$11.1 billion in the corresponding period of the last fiscal year.

On the contrary, the textile export registered a growth of 2.9 percent to US\$ 3.5 billion in 1st quarter of FY 2020-21 (US\$ 3.4 billion 1st quarter FY 2019-20). Towel, Knit Wear, Bed Wear and Readymade Garments saw an increase of 13.3 percent, 10.5 percent, 8.4 percent and 5.2 percent respectively; whereas Cotton

Yarn and Cotton Cloth declined by 42.6 percent and 8.5 percent respectively. The textile industry has yet to fully recover from the COVID-19 repercussions, dealing with internal and external challenges.

FINANCIAL PERFORMANCE

Key performance numbers are presented below:

	Units	1 st Quarter ended September 30, 2020	1 st Quarter ended September 30, 2019
Export sales	Rs. in millions	14,495	9,262
Local sales	Rs. in millions	5,163	4,940
Total sales	Rs. in millions	19,658	14,202
Gross profit	Rs. in millions	3,523	2,908
Profit before tax	Rs. in millions	841	530
Profit after tax	Rs. in millions	599	365
Earnings per share (EPS)	Rupees	1.40	1.02
Gross Profit Margin	%	17.9	20.5
Profit before tax Margin	%	4.28	3.7
Profit after tax Margin	%	3.05	2.6

Our company performed well in the quarter under review and demonstrated full recovery in the export markets that enabled full capacity utilization of our plants and machinery. The results were achieved by in-depth customer relationship management and a very dedicated effort of our entire management team. The company's exports have grown by 56.5% compared with first quarter of last year though the margins were slightly compromised. The newly introduced flexible market-determined exchange rate resulted in appreciation of PKR otherwise the export sales figures and gross margins would have been better. Our local yarn revenue as well as retail revenue have also revived during the quarter. However, the pace of recovery would have been far greater if it were not for the heavy torrential rains we received. Higher sales helped to achieve higher profits when compared to comparative quarter of last year. Though gross profit percentage was lower than the first quarter of last year but is higher than the margin of financial year 19-20. The revaluation in exchange rate has negatively impacted the gross profit value. Profit before and after tax are higher both in percentage terms as well as rupee value and resultantly the EPS has improved. Profit after tax would have been far higher but the GOP withdrew the tax credit on Investment in Machinery.

FUTURE OUTLOOK

With the impending threat of lockdowns following second wave of the pandemic, Pakistan's textile sector is facing uncertainty with respect to business operations. However, the continued support of the government policies and improved cooperation from China in the shape of reduced duties has increased business volume in textile sector.

While countries are striving to minimize the economic slowdown due to lockdowns and sluggish economic activities, the damage would have been greater if the governments and banks around the world had not responded with sizable, swift and unprecedented policy measures and support strategies in the form of variety of fiscal countermeasures, efforts to cushion income losses, incentivize hiring, expand social assistance, guarantee credit and implementing SOPs. Consequently, the IMF projects world GDP to grow by 5.2 percent in 2021 as economies recover from the depths of the great lockdown in April 2020. Amid the risk of widespread economic shutdowns and continued spread of the pandemic calls for continued backing from policy makers and government institutions in the form of wage support, cash payments and credit lines which will prove to be critical lifelines until recovery is more deep rooted. Nonetheless, it is imperative that a vaccine is developed in order to combat the novel coronavirus so that further economic losses and loss of life can be prevented.

The textile industry, being one of the major contributors in LSM and the backbone of exports, needs to focus on sustainability and survival in these unpredictable times. However, this would only be possible with the support of GOP with commitment to policy implementation, improved energy supply, helping exporters to build competitive cost advantage.

The Company has its focus on investment in the balancing and modernisation of production machinery, and measures to rationalise costs besides extending its reach to new markets as well as new customers. With the increase in production capacities, through technologically advance machinery, the sales and production efficiency would improve further given the condition that the health crisis facing the world is under control and surge in the spread of COVID-19 is curbed. The risks conceived now, which may impact profit includes, increasing cost of raw material, bad cotton crop, continuous appreciation of PKR against US\$, rising inflation, expected increase in gas prices and mark-up rates etc. However, our management would strive to achieve the best possible results like in past.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the 1st Quarter ended September 30, 2020 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) – UAE, GTM (Europe) Limited – UK, GTM USA Corp. – USA Sky Home Corporation USA, and Vantona Home Limited, UK are attached.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

October 26, 2020
Karachi

Mohomed Bashir
Chairman

Mohammad Zaki Bashir
Chief Executive Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Financial Position
As at September 30, 2020

		Un-Audited September 2020	Audited June 2020
	Note	-----Rupees in '000-----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
750,000,000 ordinary shares of Rs.10 each		7,500,000	7,500,000
Issued, subscribed and paid-up capital		4,277,946	4,277,946
427,794,630 ordinary shares of Rs. 10 each			
Reserves		10,284,673	9,685,254
		14,562,619	13,963,200
NON-CURRENT LIABILITIES			
Long term financing - Secured	4	16,488,322	13,445,600
Lease liability against right of use assets	5	2,217,522	2,191,703
Deferred liabilities			
Deferred taxation - net		56,826	35,167
Deferred government grant		82,553	35,220
Staff gratuity		137,289	136,760
		276,668	207,147
CURRENT LIABILITIES			
Trade and other payables		15,645,730	12,111,544
Accrued mark-up/profit		345,068	405,979
Short term borrowings		23,817,739	25,486,947
Current maturity of long term financing	4	1,133,446	420,113
Current maturity of lease liability against right of use asset	5	526,227	409,199
Current maturity of deferred government grant		96,671	48,921
Unclaimed dividend		9,714	9,739
Unpaid dividend		21,103	21,103
		41,595,698	38,913,545
CONTINGENCIES AND COMMITMENTS			
	6	75,140,829	68,721,195
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	26,927,847	23,936,017
Right of use Assets	8	2,395,325	2,314,161
Intangible assets	9	83,115	89,568
Long term investment	10	2,423,450	2,423,450
Long term loans and advances		63,343	58,720
Long term deposits		256,822	379,332
		32,149,902	29,201,248
CURRENT ASSETS			
Stores and spares		2,234,800	2,047,067
Stock-in-trade		23,871,101	25,829,952
Trade debts		9,473,765	5,701,537
Loans, advances and other receivables		1,857,890	1,273,805
Short term prepayments		163,509	241,765
Receivable from government		3,609,269	2,804,316
Taxation - net		1,070,287	1,132,621
Cash and bank balances	12	710,306	488,884
		42,990,927	39,519,947
		75,140,829	68,721,195

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Profit or Loss
For the quarter ended September 30, 2020

	Note	Un-Audited	
		July to September 2020	July to September 2019
		-----Rupees in '000-----	
Sales - net		19,658,208	14,201,930
Cost of sales		16,134,718	11,293,791
Gross profit		3,523,490	2,908,139
Distribution costs		1,102,228	1,084,689
Administrative costs		672,712	785,702
Other operating costs		109,509	58,634
		1,884,449	1,929,025
		1,639,041	979,114
Other income		(200,464)	(77,595)
Operating profit		1,438,577	901,519
Finance cost	11	597,731	371,774
Profit/loss before taxation		840,846	529,745
Taxation			
- Current	13	219,768	165,153
- Deferred		21,659	-
		241,427	165,153
Profit/loss after taxation		599,419	364,592
Re-stated			
Earning per share - basic and diluted (Rs.)		1.40	0.85

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Comprehensive Income
For the quarter ended September 30, 2020

	Note	Un-Audited	
		July to September 2020	July to September 2019
		-----Rupees in '000-----	
Profit/loss after taxation		599,419	364,592
Other comprehensive income		-	-
Total comprehensive income		<u>599,419</u>	<u>364,592</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Changes in Equity
For the quarter ended September 30, 2020

	Share Capital	Capital reserve - Share Premium	Revenue Reserve Unappropriated Profit	Reserves	Total
	----- Rupees '000-----				
Balance as at June 30, 2019 (Audited)	3,564,955	1,405,415	10,362,843	11,768,258	15,333,213
Profit after taxation for quarter ended September 30, 2019	-	-	364,592	364,592	364,592
Balance as at September 30, 2019 (Un-audited)	3,564,955	1,405,415	10,727,435	12,132,850	15,697,805
Transaction with owners					
Final dividend for the year ended June 30, 2019	-	-	(891,239)	(891,239)	(891,239)
Issuance of bonus shares	712,991	(712,991)	-	(712,991)	-
For the nine months ended June 30, 2020					
Loss after taxation	-	-	(843,957)	(843,957)	(843,957)
Other comprehensive income	-	-	591	591	591
	-	-	(843,366)	(843,366)	(843,366)
Balance as at June 30, 2020	4,277,946	692,424	8,992,830	9,685,254	13,963,200
Profit after taxation	-	-	599,419	599,419	599,419
Balance as at September 30, 2020 (Un-audited)	4,277,946	692,424	9,592,249	10,284,673	14,562,619

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the quarter ended September 30, 2020

	Un-Audited	
	September 2020	September 2019
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	840,846	529,745
Adjustments for:		
Depreciation on property, plant and equipment	613,292	465,325
Depreciation on right-of-use assets	141,813	-
Amortisation	6,453	5,049
Provision for gratuity	20,537	40,242
Finance cost	597,731	371,774
Provision for slow moving/obsolete stores and spares	6,299	5,726
Impairment allowance against doubtful trade debts	14,021	12,747
Loss on disposal of property, plant and equipment	46,638	21,673
Gain on disposal of property, plant and equipment	(9,971)	(8,727)
	<u>1,436,813</u>	<u>913,809</u>
Cash flows from operating activities before adjustments of working capital	2,277,659	1,443,554
Changes in working capital:		
Increase in current assets		
Stores and spares	(194,032)	(218,563)
Stock-in-trade	1,958,851	(947,658)
Trade debts	(3,786,249)	759,933
Loans, advances and other receivables	(584,085)	(13,935)
Short term prepayments	78,256	183,166
Refunds due from Government	(804,953)	(371,889)
	<u>(3,332,212)</u>	<u>(608,946)</u>
Increase in current liabilities		
Trade and other payables	3,534,186	865,187
	<u>201,974</u>	<u>256,241</u>
Cash generated from/(used in) operations before adjustment of following	<u>2,479,633</u>	<u>1,699,795</u>
Adjustments for:		
Gratuity paid	(20,008)	(11,089)
Finance cost paid	(658,642)	(460,163)
Income tax paid or deducted	(157,434)	(179,999)
Decrease in long term loans and advances	(4,623)	3,756
Increase in long term deposits	122,510	(20,928)
	<u>(718,197)</u>	<u>(668,423)</u>
Net Cash generated from Operating activities	<u>1,761,436</u>	<u>1,031,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(3,704,268)	(2,171,581)
Addition to intangible assets	-	(50,127)
Proceeds from sale of property, plant and equipment	62,479	49,103
Long term investments made during the period	-	(529,000)
Net cash used in investing activities	<u>(3,641,789)</u>	<u>(2,701,605)</u>
Balance carried forward	<u>(1,880,353)</u>	<u>(1,670,233)</u>

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the quarter ended September 30, 2020

	Un-Audited	
	July to September 2020	July to September 2019
Note		
	-----Rupees in '000-----	
Balance brought forward	(1,880,353)	(1,670,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	3,851,138	1,461,943
Long term financing repaid	-	(311,640)
Payments for lease liability against right of use asset	(80,130)	-
Dividend paid	(25)	(326)
Net cash generated from financing activities	3,770,983	1,149,977
Net decrease in cash and cash equivalents	1,890,630	(520,256)
Cash and cash equivalents - at the beginning of the period	(24,998,063)	(18,469,899)
Cash and cash equivalents - at the end of the period	12 (23,107,433)	(18,990,155)

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Un-consolidated
Financial Statements (Un-audited)
For the quarter ended September 30, 2020

1 LEGAL STATUS AND ITS OPERATIONS

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

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

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

The Company has the following subsidiaries:

Details of Subsidiaries

<u>Name</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>% of Holding</u>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA Corp. - Indirect subsidiary	March 19, 2012	U.S.A	100%
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home limited - Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 limited - Indirect Subsidiary	September 29, 2017	U.K	100%
Worldwide developers (Pvt) limited-Direct	December 22, 2014	Pakistan	54.84%

All subsidiaries are engaged in distribution/trading of textile related products except for Worldwide Developers (Pvt) Limited which was incorporated to carry on real estate business and currently it has rented out certain portion of its property to the Company for warehousing purpose.

- 1.2** Addresses of all lands owned by the Company are as follows;

<u>Unit</u>	<u>Area</u>	<u>Address</u>
Unit 1,2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi.
Unit 4 & 5	14.9 Acres	Survey No. 82, Deh Landhi, Karachi.
Unit 6,7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi.
MTF Plot	44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory. Deh Khanto Tapo Landhi, Karachi.
Plot	2 Kanal, 19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg, Lahore.
Plot	4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi.

- 1.3** Geographical locations and addresses of all factory building on rented premises are as follows;

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

- 1.4** As at September 30, 2020, the Company has 63 retail outlets, 27 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (June-2020:64 retail outlets, 29 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises).

2 BASIS OF PREPARATION

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

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

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

These condensed interim un-consolidated financial statements comprise of the condensed interim un-consolidated statement of financial position as at September 30, 2020 and the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of cash flows and condensed interim un-consolidated statement of changes in equity for the quarter ended September 30, 2020.

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

These condensed interim unconsolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2020.

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

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the quarter ended September 30, 2020

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2020; however, these do not have any significant impact on these unconsolidated condensed interim financial statements hence not detailed.

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim un-consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2020.

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2020.

4 LONG TERM FINANCING - SECURED

	Un-Audited September 2020	Audited June 2020
	-----Rupees in '000-----	
Opening balance	13,865,713	10,037,203
Add: Obtained during the period / year	2,835,972	4,364,980
Add: Financing for payment of salaries and wages under SBP Re-finance scheme	920,083	546,969
Less: Repaid during the period / year	-	(1,083,439)
	<u>17,621,768</u>	<u>13,865,713</u>
less: Current portion shown under current liabilities	(637,734)	(262,370)
Less: Current portion under SBP re-finance scheme	(495,712)	(157,743)
	<u>16,488,322</u>	<u>13,445,600</u>

5 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	Un-Audited September 2020	Audited June 2020
	-----Rupees in '000-----	
Present value of lease payments as at July 01, 2020	2,600,902	2,638,610
Less: Prepayments as at July 01, 2020	(55,164)	(87,237)
	<u>2,545,738</u>	<u>2,551,373</u>
Additions	354,383	324,079
Accretion of interest	92,920	368,205
Payments	(249,292)	(642,755)
As at Sep 30, 2020	<u>2,743,749</u>	<u>2,600,902</u>
Current	526,227	409,199
Non -Current	<u>2,217,522</u>	<u>2,191,703</u>
	<u>2,743,749</u>	<u>2,600,902</u>

5.1 Lease liabilities are payable as follows

	Minimum Lease payments	Interest	Present value of minimum lease payments
	-----Rs. 000s-----		
Less than one year	882,654	356,427	526,227
Between one and 5 years	3,362,202	1,424,478	1,937,724
More than five years	486,546	206,748	279,798
	<u>4,731,402</u>	<u>1,987,653</u>	<u>2,743,749</u>

6 CONTINGENCIES AND COMMITMENTS

Contingencies

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

- a) In the matter of Gas Infrastructure Development Cess (GIDC), there is no change in its status as disclosed in note 15.6 of the financial statements for the year ended June 30, 2020 except that the Company alongwith several other companies filed a suit in Honorable Sindh High Court challenging the chargeability of GIDC. The Honorable Court granted stay order and restrained Sui Southern Gas Company (SSGC) from taking any coercive action against non-payment of installments of GIDC.

Guarantees

- (a) Guarantees of Rs. 1,170 million (June-2020: Rs. 1,119 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 953 million (June-2020: Rs. 938 million).

- (b) Post dated cheques of Rs. 3,637 million (June-2020: Rs. 3,753 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 5,336 million (June-2020: Rs. 3,903 million).
- (d) Corporate guarantee of Rs 151 million (June-2020: Rs. 146 million) Rs.661.5 million (June-2020: 670 million) and Rs. 149.7 million (June-2020: 152 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- (a) The Company is committed for capital expenditure as at September 30, 2020 of Rs. 2,315 million (June-2020: Rs. 4,440.5million).

7 PROPERTY, PLANT AND EQUIPMENT

		Un-Audited September 2020	Audited June 2019
		-----Rupees in '000-----	
Operating fixed assets	7.1 7.2 & 7.3	21,257,564	21,507,415
Capital work in progress (CWIP)	7.4	5,670,283	2,428,602
		26,927,847	23,936,017

7.1 Additions during the period

	Un-Audited September 2020	Un-Audited September 2019
	-----Rupees in '000-----	
Buildings and structures on leasehold land	155,300	109,105
Plant and machinery	267,732	125,469
Furniture and fixtures	1,932	1,750
Office equipment	30,840	27,635
Vehicles	6,783	3,325
	462,587	267,284

- 7.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.177.6 million (2019: Rs.43.8 million)

	Un-Audited September 2020	Un-Audited September 2019
	-----Rupees in '000-----	
7.2 Disposals - operating fixed assets (at net book value)		Rupees in '000
Plant and machinery	95,435	57,726
Vehicles	3,708	9,421
	99,143	67,147
7.3 Depreciation charge during the period	613,295	465,326
7.4 Additions - capital work in progress (at cost)		
Machinery	2,923,370	1,710,252
Building	495,913	225,449
Others	-	-
	3,419,283	1,935,701

8 RIGHT OF USE ASSETS

	Un-Audited September 2020	Audited June 2020
	-----Rupees in '000-----	
Recognition as at July 01, 2020	2,314,161	2,638,610
Additions	222,977	324,079
Depreciation expense	(141,813)	(648,528)
Net book value as at September 30, 2020	2,395,325	2,314,161
Gross carrying amount as at September 30, 2020		
Cost	3,185,666	2,962,689
Accumulated Depreciation	(790,341)	(648,528)
	2,395,325	2,314,161

9 INTANGIBLE ASSETS

Intangible - net book value

Note	Un-Audited September 2020	Audited June 2020
	-----Rupees in '000-----	
9.1&9.2	83,115	89,568

9.1 Additions - intangibles (at cost)
Computer Software

Un-Audited September 2020	Un-Audited September 2019
-----Rupees in '000-----	
-	50,127

9.2 Amortization charge during the period

6,453	5,049
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10 LONG TERM INVESTMENT

Investment in Subsidiary - Gul Ahmed International Limited FZC
Investment in Associate - World Wide Developers (Pvt) Limited
Investment in Term Finance Certificate

Un-Audited September 2020	Audited June 2020
-----Rupees in '000-----	
58,450	58,450
2,295,000	2,295,000
70,000	70,000
2,423,450	2,423,450

11 FINANCE COST

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

Un-Audited September 2020	Un-Audited September 2019
-----Rupees in '000-----	
348,100	183,512
136,282	88,513
92,920	-
52,745	97,780
(32,316)	1,969
597,731	371,774

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances
Short term borrowings

Un-Audited September 2020	Un-Audited September 2020
-----Rupees in '000-----	
710,306	525,657
(23,817,739)	(19,515,812)
(23,107,433)	(18,990,155)

13 TAXATION

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

14 SEGMENT INFORMATION

The Company's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the four reportable business segments:

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
- b) **Weaving:** Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.
- c) **Retail and Distribution:** On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.
- d) **Processing, Home Textile and Apparel** Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

14.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019
-----Rs. 000s-----												
Sales	4,740,802	3,396,594	836,482	816,284	5,351,931	4,030,133	13,994,681	10,861,230	(5,265,687)	(4,902,311)	19,658,208	14,201,930
Cost of sales	4,220,681	3,073,796	663,255	690,473	4,059,667	2,910,710	12,456,804	9,521,123	(5,265,687)	(4,902,311)	16,134,718	11,293,791
Gross profit	520,121	322,798	173,228	125,811	1,292,264	1,119,423	1,537,877	1,340,107	-	-	3,523,490	2,908,139
Distribution cost and Administrative cost	44,151	38,430	27,504	25,779	1,012,906	1,038,905	690,380	767,277	-	-	1,774,940	1,870,391
Profit before tax and before charging following	475,970	284,368	145,724	100,032	279,359	80,518	847,497	572,830	-	-	1,748,550	1,037,748
Finance Cost											597,731	371,774
Other operating cost											109,509	58,634
Other income											200,464	77,595
Profit before taxation											907,704	508,003
Taxation											840,846	529,745
Profit after taxation											241,427	165,153
											599,419	364,592

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019	Sept-2020	Sept-2019
-----Rs. 000s-----												
Depreciation and Amortisation Expense	231,353	124,756	80,467	79,527	235,480	79,885	214,258	186,206	-	-	761,558	470,374

14.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Sept-2020	June - 2020	Sept-2020	June - 2020	Sept-2020	June - 2020	Sept-2020	June - 2020	Sept-2020	June - 2020	Sept-2020	June - 2020
-----Rs. 000s-----												
Assets	19,380,845	17,967,254	5,338,803	4,270,692	11,595,428	12,284,442	33,008,994	31,107,650	5,816,759	3,091,157	75,140,829	68,721,195
Liabilities	9,927,317	8,264,759	4,069,534	2,758,394	5,120,899	4,815,246	17,153,076	14,273,075	24,307,385	24,646,521	60,578,210	54,757,995
Segment Capital & Intangible Expenditure	1,048,629	4,664,705	1,157,554	618,138	226,395	466,436	1,236,681	1,377,839	35,009	513,958	3,704,268	7,641,076

14.3 Unallocated items represent those assets and liabilities which are common to all segments and these include investment in subsidiary, long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

14.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

14.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.3,449 million (Sep-2019: Rs. 3,391 million).

14.6 Information by geographical area

	Revenue		Non-current assets	
	Sep-20	Sep-19	Sep-20	Jun-20
	-----Rupees in '000-----			
Pakistan	7,840,036	4,940,220	32,091,452	29,142,798
Germany	4,746,239	3,056,986	-	-
United States	2,504,026	1,598,262	-	-
France	813,515	399,327	-	-
Netherlands	1,042,693	741,856	-	-
United Kingdom	380,354	622,119	-	-
Italy	269,028	622,434	-	-
Spain	196,068	297,331	-	-
China	232,568	172,506	-	-
Sweden	386,191	201,092	-	-
United Arab Emirates	5,581	119,265	58,450	58,450
Other Countries	1,241,909	1,430,532	-	-
	19,658,208	14,201,930	32,149,902	29,201,248

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	Un-Audited	
		Sep-20	Sep-19
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Sale of goods	587,126	50,661
	Sales through subsidiaries acting as agents	217,138	468,998
	Commission paid	76,004	124,612
Associated Companies and other related parties	Purchase of goods	-	69,723
	Sale of goods	99	-
	Rent paid	15,729	7,906
	Fees paid	2,125	2,000
	Bills discounted	2,967,239	3,255,822
	Markup and other bank charges	29,125	59,464
	Company's contribution to provident fund	54,249	42,833
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Sep-20	Jun-20
		Rupees in '000	
Subsidiary companies	Long term investment	2,353,450	2,353,450
	Corporate guarantee issued in favour of subsidiary company	962,306	969,530
	Trade and other payables	155,900	155,227
	Trade debts	1,587,609	1,437,347
Associated companies and others related parties	Deposit with banks	93,445	44,564
	Borrowings from Banks	806,152	564,694
	Bank guarantee	953,586	938,326
	Trade and other payables	39,127	25,773
	Advance to supplier	65,678	-
	Trade debts	3,743	3,743
	Accrued mark-up	268	2,810
	Loans to key management personnel & executive	129,767	81,517
	Payable to employee's provident fund	22,004	13,096
	Prepaid Rent	17,177	2,863
	Prepaid fees	1,500	250

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending September 30, 2020 amounting to Rs. 335 million (2019: Rs.399 million) on account of remuneration.

16 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs are unobservable inputs for the asset or liability inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Company does not expect that unobservable inputs may have significant effect on fair values.

17 DATE OF AUTHORISATION

These financial statements were authorised for issue on 26 October, 2020 by the Board of Directors of the Company.

18 GENERAL

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer



Textile Mills Limited

Consolidated Accounts
Consolidated Condensed Interim Financial Information
For the 1st Quarter Ended September 30, 2020

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Financial Position
As at September 30, 2020

		Un-Audited September 2020	Audited June 2020
	Note	Rupees in '000	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
750,000,000 ordinary shares of Rs.10 each		7,500,000	7,500,000
Issued, subscribed and paid-up capital		4,277,946	4,277,946
427,794,630 ordinary shares of Rs. 10 each			
Reserves		10,772,568	10,166,196
Equity attributable to the owners of the Holding Company		15,050,514	14,444,142
Non-controlling interest		1,885,603	1,883,317
Total equity		16,936,117	16,327,459
NON-CURRENT LIABILITIES			
Long term financing - Secured	4	16,488,322	13,445,600
Lease liability against right of use assets	5	2,224,259	2,198,535
Deferred liabilities			
Deferred taxation		56,826	49,532
Deferred government grant		82,553	35,220
Defined benefit plan-Staff gratuity		139,716	140,219
		279,095	224,971
CURRENT LIABILITIES			
Trade and other payables		16,087,133	12,310,931
Accrued mark-up/profit		345,068	405,979
Short term borrowings		24,350,448	25,995,109
Current maturity of long term financing	4	1,133,446	420,113
Current maturity of lease liability against right-of-use asset	5	527,955	411,526
Current maturity of deferred government grant		96,671	48,921
Unclaimed dividend		9,714	9,739
Unpaid dividend		21,103	21,103
Provision for taxation		4,300	3,792
		42,575,838	39,627,213
CONTINGENCIES AND COMMITMENTS			
	6		
		78,503,631	71,823,778
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	26,943,685	23,951,846
Right of use Assets	8	2,404,414	2,323,849
Investment Property		4,599,000	4,599,000
Intangible assets	9	223,452	232,449
Long Term investment	10	70,000	70,000
Long term loans and advances		64,438	59,830
Long term deposits		261,953	388,669
Deferred taxation		3,717	3,801
		34,570,659	31,629,444
CURRENT ASSETS			
Stores and spares		2,234,800	2,047,067
Stock-in-trade		24,559,370	26,653,635
Trade debts		9,429,306	5,150,748
Loans, advances and other receivables		1,930,887	1,362,721
Short term prepayments		177,769	270,346
Receivable from Government		3,609,269	2,804,316
Taxation - net		1,070,287	1,132,621
Cash and bank balances	12	921,284	772,880
		43,932,972	40,194,334
		78,503,631	71,823,778

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Profit or Loss
For the Quarter Ended September 30, 2020

		Un-Audited	
		Quarter Ended	
	Note	September	September
		2020	2019
		-----Rupees in '000-----	
Sales - net		20,322,550	14,931,102
Opening stock of finished goods		17,482,242	13,326,847
Cost of goods manufactured		16,163,844	13,596,155
Purchases and processing charges		355,897	416,531
Closing stock of finished goods		(17,375,954)	(15,515,408)
Cost of sales		16,626,029	11,824,125
Gross profit		3,696,521	3,106,977
Distribution cost		1,112,460	1,126,251
Administrative cost		754,989	984,148
Other operating cost		109,509	58,634
		1,976,958	2,169,033
		1,719,563	937,944
Other income		(188,144)	(47,410)
Operating profit		1,531,419	890,534
Finance cost		591,302	378,491
Profit before taxation		940,117	512,043
Taxation			
- Current	13	221,300	165,153
- Deferred		21,659	-
		242,959	165,153
Profit after taxation		697,158	346,890
Attributable to:			
Equity holders of Parent Company		694,872	-
Non-controlling interest holders		2,286	-
		697,158	-
Earning per share - basic and diluted (Rs.)		1.63	0.81
		Re-stated	

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Comprehensive Income
For the Quarter Ended September 30, 2020

	Un-Audited	
	Quarter Ended	
	September	September
	2020	2019
	-----Rupees in '000-----	
Profit after taxation	697,158	346,890
Other comprehensive income for the period		
Items that will be reclassified to profit and loss account subsequently	-	-
Exchange difference on translation of foreign subsidiaries	(88,500)	(9,327)
Total comprehensive income	608,658	337,563
Attributable to:		
Equity holders of Parent Company	606,372	-
Non-controlling interest holders	2,286	-
	608,658	-

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Changes in Equity
For the Quarter Ended September 30, 2020

For the Quarter Ended September 30, 2020									
	Share capital	Capital reserve - Share Premium	Reserves				Total equity attributable to the owners of Holding Company	Non-Controlling Interest	Total
			Revenue reserve						
			General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary	Unappropriated profit			
-----Rupees '000-----									
Balance as at June 30, 2019 (Audited)	3,564,955	1,405,415	-	285,542	19,827	10,607,627	12,318,411		15,883,366
Transfer to unappropriated profit	-	-	-	-	-	-	-		-
Transaction with owners									
Final dividend for the year ended June 30, 2018	-	-	-	-	-	-	-		-
Total comprehensive income for the first quarter ended September 30, 2019 (un-audited)									
Profit after taxation	-	-	-	-	-	346,890	346,890		346,890
Other comprehensive loss	-	-	-	(9,327)	-	-	(9,327)		(9,327)
	-	-	-	(9,327)	-	346,890	337,563		337,563
Balance as at September 30, 2019 (Un-Audited)	3,564,955	1,405,415	-	276,215	19,827	10,954,517	12,655,974	-	16,220,929
Transaction with owners									
Final dividend for the year ended June 30, 2019	-	-	-	-	-	(891,239)	(891,239)	-	(891,239)
Issuance of bonus shares	712,991	(712,991)	-	-	-	-	(712,991)	-	-
	712,991	(712,991)	-	-	-	(891,239)	(1,604,230)	-	(891,239)
Non-Controlling Interest on business combination	-	-	-	-	-	-	-	1,883,317	1,883,317
Total comprehensive (loss) / income									
Profit after taxation	-	-	-	-	-	(972,652)	(972,652)		(972,652)
Other comprehensive income	-	-	-	86,513	-	591	87,104		87,104
	-	-	-	86,513	-	(972,061)	(885,548)		(885,548)
Balance as at June 30, 2020	4,277,946	692,424	-	362,728	19,827	9,091,217	10,166,196	1,883,317	16,327,459
Total comprehensive income for the first quarter ended September 30, 2020 (un-audited)									
Profit after taxation	-	-	-	-	-	694,872	694,872	2,286	697,158
Other comprehensive loss	-	-	-	(88,500)	-	-	(88,500)	-	(88,500)
	-	-	-	(88,500)	-	694,872	606,372		608,658
Balance as at September 30, 2020 (Un-Audited)	4,277,946	692,424	-	274,228	19,827	9,786,089	10,772,568	1,885,603	16,936,111

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Quarter Ended September 30, 2020

Note	Un-Audited	
	Quarter Ended	
	September 2020	September 2019
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	940,117	512,043
Adjustments for:		
Depreciation on property, plant and equipment	756,327	465,920
Amortisation	8,997	7,192
Provision for gratuity	20,537	40,242
Finance cost	591,302	378,491
Finance cost on leased liability against right of use asset	-	-
Provision for slow moving/obsolete stores		
spares and loose tools	6,299	5,726
Impairment allowance against doubtful trade debts	28,234	12,747
Gain on disposal of property, plant and equipment	(9,971)	(8,727)
Loss on disposal of property, plant and equipment	46,638	21,673
	1,448,363	923,264
Cash flows from operating activities before adjustments of working capital	2,388,480	1,435,307
Changes in working capital:		
Increase/(decrease) in current assets		
Stores and spares	(194,032)	(218,563)
Stock-in-trade	2,094,265	(833,855)
Trade debts	(4,306,792)	184,733
Loans, advances and other receivables	(568,166)	(5,875)
Short term prepayments	92,577	186,660
Refunds due from Government	(804,953)	(371,889)
	(3,687,101)	(1,058,789)
Increase in current liabilities		
Trade and other payables	3,776,202	1,218,989
	89,101	160,200
Cash generated from/(used in) operations before adjustment of following	2,477,581	1,595,507
Adjustment for:		
Gratuity paid	(21,040)	(14,584)
Finance cost paid	(652,213)	(466,880)
Income tax paid or deducted	(172,739)	(198,410)
Increase/(decrease) in long term loans and advances	(4,608)	3,839
Decrease in long term deposits	126,716	(20,733)
	(723,884)	(696,768)
Net cash generated from/(used in) operating activities	1,753,697	898,739
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(3,704,900)	(2,171,581)
Addition to intangible assets	-	(50,250)
Proceeds from sale of property, plant and equipment	62,479	49,103
Long term Investment	-	(529,000)
Net cash used in investing activities	(3,642,421)	(2,701,728)
Balance carried forward	(1,888,724)	(1,802,989)

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Quarter Ended September 30, 2020

	Un-Audited	
	Quarter Ended	
	September 2020	September 2019
Note	-----Rupees in '000-----	
Balance brought forward	(1,888,724)	(1,802,989)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	3,851,138	1,461,943
Long term financing repaid	-	(311,640)
Payments against lease liability against right of use asset	(80,824)	-
Dividend paid	(25)	(326)
Net cash generated from/(used in) financing activities	3,770,289	1,149,977
Exchange difference on translation of foreign subsidiaries	(88,500)	(9,327)
Net decrease in cash and cash equivalents	1,793,065	(662,339)
Cash and cash equivalents - at the beginning of the period	(25,222,229)	(18,440,586)
Cash and cash equivalents - at the end of the period	12 (23,429,164)	(19,102,925)

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Consolidated
Financial Statements (Un-audited)
For the Quarter Ended September 30, 2020

1 LEGAL STATUS AND ITS OPERATIONS

1.1 Gul Ahmed Group ("the Group") comprises the following:

- Gul Ahmed Textile Mills Limited
- Gul Ahmed International Limited (FZC) - UAE
- GTM (Europe) Limited - UK
- GTM USA Corp. - USA
- Sky Home Corp.- USA
- Vantona Home Limited
- JCCO 406 Limited
- Worldwide Developers (Pvt) Limited

Gul Ahmed Textile Mills Limited (The Holding Company) was incorporated on 1st April 1953 in Pakistan as a private limited company, converted into public limited company on 7th January 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. The Holding Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

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

Gul Ahmed International Limited (FZC) -UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA Corp., Sky Home Corp., Vantona Home Ltd. and JCCO 406 Ltd. are wholly owned subsidiaries of GTM (Europe) Limited.

The Group is a subsidiary of Gul Ahmed Holdings (Private) Limited and owns 66.78% shares of the Group.

1.2 Basis of consolidation

The financial information include the financial information of the Group.

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

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

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

Details of Subsidiaries

<u>Name</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>%of Holding</u>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA - Indirect subsidiary	March 19, 2012	U.S.A	100%
Sky Home- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home Limited-Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 Limited-Indirect Subsidiary	September 29, 2017	U.K	100%
Worldwide Developers (Pvt) Limited-Direct subsidiary	December 22, 2014	Pakistan	54.84%

All subsidiaries are engaged in distribution/trading of textile related products except for Worldwide Developers (Pvt) Limited which was incorporated to carry on real estate business and currently it has rented out certain portion of its property to the Company for warehousing purpose.

1.3 Addresses of all lands owned by the Group are as follows;

<u>Unit</u>	<u>Area</u>	<u>Address</u>
Unit 1, 2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi Karachi
Unit 4 & 5	14.9 Acres	Survey No.82, Deh Landhi, Karachi
Unit 6, 7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
MTF Plot	44.04 acres	P. U. No. 48, 49, 50, & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
Plot	2 Kanal, 19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg Lahore
Plot	4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi

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

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

1.5 As at September 30, 2020, the Group has 63 retail outlets, 27 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (June-2020:64 retail outlets, 29 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises).

2 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position of Gul Ahmed Textile Mills Limited, its direct subsidiary Worldwide Developers (Pvt.) Limited and its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Vantona Home Limited which is the wholly owned subsidiary of GTM (Europe) Limited and JCCO 406 Limited which is the wholly owned subsidiary of GTM (Europe) Limited as at September 30, 2020 and the related consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof for the period then ended. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

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

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

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

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of Financial Position as at September 30, 2020 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the quarter ended September 30, 2020.

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

These condensed interim consolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2020.

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

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the quarter ended September 30, 2020

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2020; however, these do not have any significant impact on these consolidated condensed interim financial statements hence not detailed.

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2020.

The Group's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2020.

4 LONG TERM FINANCING - SECURED

Opening balance
Add: Obtained during the period / year
Add: Financing for payment of salaries and wages under SBP Re-finance scheme
Less: Repaid during the period / year

Less: Current portion shown under current liabilities
Less: Current portion under SBP re-finance scheme

Un-Audited September 2020	Audited June 2020
-----Rupees in '000-----	
13,865,713	10,037,203
2,835,972	4,364,980
920,083	546,969
-	(1,083,439)
17,621,768	13,865,713
(637,734)	(262,370)
(495,712)	(157,743)
16,488,322	13,445,600

5 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Present value of lease payments as at July 01, 2020
Less: Prepayments as at July 01, 2020

Additions
Accretion of interest
Payments
As at Sep 30, 2020

Current
Non -Current

Un-Audited September 2020	Audited June 2020
-----Rupees in '000-----	
2,610,061	2,650,039
(54,635)	(87,954)
2,555,426	2,562,085
354,383	324,079
93,001	368,465
(250,596)	(644,568)
2,752,214	2,610,061
527,955	411,526
2,224,259	2,198,535
2,752,214	2,610,061

5.1 Lease liabilities are payable as follows

Less than one year
Between one and 5 years
More than five years

Minimum Lease payments	Interest	Present value of minimum lease payments
-----Rs. 000s-----		
885,245	356,704	528,541
3,369,327	1,425,452	1,943,875
486,546	206,748	279,798
4,741,118	1,988,904	2,752,214

6 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2020 remained unchanged during the current period except following;

- a) In the matter of Gas Infrastructure Development Cess (GIDC), there is no change in its status as disclosed in note 15.6 of the financial statements for the year ended June 30, 2020 except that the Holding Company alongwith several other companies filed a suit in Honorable Sindh High Court challenging the chargeability of GIDC. The Honorable Court granted stay order and restrained Sui Southern Gas Company (SSGC) from taking any coercive action against non-payment of installments of GIDC.

Guarantees

- (a) Guarantees of Rs. 1,170 million (June-2020: Rs. 1,119 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 953 million (June-2020: Rs. 938 million).
- (b) Post dated cheques of Rs. 3,637 million (June-2020: Rs. 3,753 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 5,336 million (June-2020: Rs. 3,903 million).
- (d) Corporate guarantee of Rs 151 million (June-2020: Rs. 146 million) Rs.661.5 million (June-2020: 670 million) and Rs. 149.7 million (June-2020: 152 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed Internation FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- (a) The Group committed for capital expenditure as at September 30, 2020 of Rs. 2,315 million (June-2020: Rs. 4,440.5million).

Note	Un-Audited September 2020	Audited June 2020
	Rupees in '000	

7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	21,273,402	21,523,244
Capital work in progress (CWIP)	7.4	5,670,283	2,428,602
		<u>26,943,685</u>	<u>23,951,846</u>

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

7.1 Additions during the period

Buildings and structures on leasehold land	155,300	109,105
Plant and machinery	267,732	125,469
Furniture and fixtures	2,564	1,750
Office equipment	30,840	27,635
Vehicles	6,783	3,325
	<u>463,219</u>	<u>267,284</u>

- 8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.177.6 million (2019: Rs.43.8 million)

Un-Audited September 2020	September 2019
Rupees in '000	

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

Plant and machinery	95,435	57,726
Vehicles	3,708	9,421
	<u>99,143</u>	<u>67,147</u>

	Note	Un-Audited	
		September 2020	September 2019
		Rupees in '000	
7.3 Depreciation charge during the period		613,915	465,920
7.4 Additions - capital work in progress (at cost)			
Machinery		2,923,370	1,710,252
Building		495,913	225,449
Others		-	-
		3,419,283	1,935,701
		Un-Audited	Audited
		September 2020	June 2020
		Rupees in '000	
8 RIGHT OF USE ASSETS			
Recognition as at July 01,2020		2,323,849	2,650,039
Additions		222,977	324,079
Depreciation expense		(142,412)	(650,814)
Foreign currency retranslation difference		-	545
Net book value as at September 30, 2020		2,404,414	2,323,849
Gross carrying amount as at September 30, 2020			
Cost		3,195,354	2,974,118
Accumulated Depreciation		(790,940)	(650,814)
Foreign currency retranslation difference		-	545
		2,404,414	2,323,849
9 INTANGIBLE ASSETS			
Intangible - net book value	9.1 & 9.2	223,452	232,449
		223,452	232,449
		Un-Audited	
		September 2020	September 2019
		Rupees in '000	
9.1 Additions - intangibles (at cost)			
Computer Software		-	50,250
9.2 Amortisation charge during the period		8,997	7,192
10 LONG TERM INVESTMENT			
		Un-Audited	Audited
		September 2020	June 2020
		Rupees in '000	
Investment in Term Finance Certificate		70,000	70,000
		70,000	70,000
11 FINANCE COST			
		Un-Audited	
		September 2020	September 2019
		Rupees in '000	
Mark-up/profit on short term borrowings		349,629	188,548
Mark-up/profit on long term financing		136,282	88,513
Bank and other charges		44,706	97,780
Exchange loss on foreign currency loans		(32,316)	3,650
Markup on Finance lease obligation		93,001	-
Markup on workers' profit participation fund		-	-
		591,302	378,491
		Un-Audited	
		September 2020	September 2019
		Rupees in '000	
12 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprises of:			
Cash and bank balances		921,284	557,831
Short term borrowings		(24,350,448)	(19,660,756)
		(23,429,164)	(19,102,925)
13 TAXATION			
Provision for current taxation has been made on the basis of normal tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.			

14 SEGMENT INFORMATION

The Group's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the four reportable business segments:

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
b) **Weaving:** Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.
c) **Retail and Distribution:** On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.
d) **Processing, Home Textile and Apparel:** Processing of greige fabric into various types of finished fabrics for sale as well as to manufacture and sale of made-ups and home textile products.
e) **Subsidiary Companies.:** All subsidiaries are engaged in distribution/trading of textile related products except for worldwide Developers (Pvt) Limited which was incorporated to carry on real estate business and currently it has rented out certain portion of its property to the Company for warehousing purpose.

Transactions among the business segments are recorded at cost.

14.1 Segment profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total	
	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019
	-----Rupees '000-----																									
Sales	4,740,802	3,396,594	836,482	816,284	5,351,931	4,030,133	13,994,681	10,861,230	77,368	139,278	629,672	42,318	-	-	55,931	32,372	-	4,138	464,797	562,257	-	-	(5,773,182)	(4,921,130)	#####	14,931,102
Cost of sales	4,220,681	3,073,796	663,255	690,473	4,059,667	2,910,710	12,455,894	9,521,123	67,007	129,021	589,032	42,318	-	-	38,079	32,065	-	4,138	470,242	458,600	-	-	(9,899,657)	(4,963,736)	#####	11,824,125
Gross profit	520,121	322,798	173,228	125,811	1,292,264	1,119,423	1,537,877	1,340,107	10,361	10,257	41,640	42,318	-	-	17,852	307	-	-	(5,445)	103,657	-	-	126,475	42,606	3,696,521	3,106,977
Distribution costs and administrative costs	44,151	38,430	27,504	25,779	1,012,906	1,038,905	690,380	767,277	13,114	21,168	27,054	62,839	-	-	12,145	16,289	250	-	46,542	139,712	546	-	(7,142)	16,289	1,867,449	2,110,399
Profit/(loss) before tax and before charging the following	475,970	284,368	145,724	100,032	279,359	80,518	847,497	572,830	(2,753)	(10,911)	14,586	(20,521)	-	-	5,707	(15,982)	(250)	-	(51,987)	(36,055)	(546)	-	133,617	26,317	1,829,072	996,578
Other operating costs																									109,509	58,634
Other income																									188,144	47,410
Finance costs																									591,302	378,491
Profit before taxation																									888,955	484,535
Taxation																									940,117	512,043
Profit after taxation																									242,959	165,153
																									697,158	346,890

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total	
	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019	Sep-2020	Sep-2019
	-----Rupees '000-----																									
Depreciation and Amortisation Expense	231,353	124,756	80,467	79,527	235,480	79,885	214,258	186,206	1,604	1,165	127	619	-	-	1,678	-	-	-	357	-	-	-	-	-	765,324	472,158

14.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Unallocated		Total Group	
	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020	Un-Audited Sep-2020	Audited June - 2020
	-----Rupees '000-----																									
Assets	19,380,845	17,967,254	5,338,803	4,270,692	11,595,428	12,284,442	33,008,994	31,107,650	546,227	409,767	1,258,614	738,578	74,575	72,467	479,008	463,763	13,339	15,029	650,593	708,504	4,436,213	4,430,537	5,617,760	3,091,900	#####	75,560,583
Elimination of intragroup balances																									(3,896,770)	(3,736,805)
																									#####	71,623,778
Liabilities	9,927,317	8,264,759	4,069,534	2,758,394	5,120,899	4,815,246	17,153,076	14,273,075	42,626	47,290	1,687,861	1,327,259	-	-	100,307	109,668	2,311	13,333	454,148	428,544	454,368	453,754	24,285,726	24,660,886	#####	57,152,208
Elimination of intragroup balances																									(1,752,316)	(1,655,889)
																									#####	55,496,319
Segment Capital Expenditure	1,048,629	4,664,705	1,157,554	618,138	226,395	466,436	1,236,681	1,377,839	632	2,046	-	1,078	-	-	-	-	-	-	-	6,802	-	-	35,009	514,157	3,704,900	7,651,201

14.3 Unallocated items represent those assets and liabilities which are common to all segments and these include long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

14.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

14.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.3,449 million (Sep-2019: Rs. 3,391 million).

14.6 Information by geographical area

	Revenue		Non-current assets	
	For the first quarter ended (Un-audited)		Un-Audited	Audited
	Sep - 2020	Sep - 2019	Sep - 2020	Jun - 2020
-----Rupees in '000-----				
Pakistan	7,840,036	4,940,220	34,393,030	31,447,050
Germany	4,746,239	3,056,986	-	-
United States	2,944,260	2,164,657	5,770	9,988
Netherlands	1,042,693	741,856	-	-
Italy	269,028	622,434	-	-
United Kingdom	527,094	645,618	122,860	125,408
Spain	196,068	297,331	-	-
France	813,515	399,327	-	-
Sweden	386,191	201,092	-	-
China	232,568	172,506	-	-
United Arab Emirates	82,949	258,543	48,999	46,998
Other Countries	1,241,909	1,430,533	-	-
Total	20,322,550	14,931,102	34,570,659	31,629,444

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Group	Nature of transactions	Un-Audited	
		Sep - 2020	Sep - 2019
		Rupees in '000	
Associated Companies and other related parties	Purchase of goods	-	69,723
	Sale of goods	99	-
	Rent paid	15,729	7,906
	Fees paid	2,125	2,000
	Bills discounted	2,967,239	3,255,822
	Markup and other bank charges	29,125	59,464
	Holding Company's contribution to provident fund	54,249	42,833
Relationship with the Group	Nature of outstanding balances	Un-Audited	Audited
		Sep - 2020	Jun - 2020
		Rupees in '000	
Associated companies and others related parties	Deposit with banks	93,445	44,564
	Borrowings from Banks	806,152	564,694
	Bank guarantee	953,586	938,326
	Trade and other payables	39,127	25,773
	Trade debts	3,743	3,743
	Accrued mark-up	268	2,810
	Advance to supplier	65,678	-
	Loans to key management personnel & executive	129,767	81,517
	Payable to Holding Company's employee's provident fund	22,004	13,096
	Prepaid Rent	17,177	2,863
	Prepaid fees	1,500	250

There are no transactions with directors of the Holding Company and key management personnel other than under the terms of employment for the period ending September 30, 2020 amounting to Rs.360 million (September 30, 2019: Rs.460 million) on account of remuneration.

16 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Holding Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs are unobservable inputs for the asset or liability inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Holding Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except freehold land, leasehold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Holding Company does not expect that unobservable inputs may have significant effect on fair values.

17 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 26, 2020 by the Board of Directors of the Group.

18 GENERAL

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer