





# ICON OF RESILIENCE

With over a year impacted by COVID-19, the definition of how we measure success changed. Gul Ahmed, as a family comprising of thousands of co-workers, stood strong despite unprecedented conditions and continued to provide value to its customers, employees, partners and stakeholders alike, building on its intrinsic resilience that has risen to many challenges for more than seven decades.





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Form of Proxy

Form of Proxy (Urdu)



# **COMPANY INFORMATION**

**BOARD OF DIRECTORS** 

Mohomed Bashir Zain Bashir

Mohammed Zaki Bashir Ziad Bashir Dr. Amjad Waheed

Ehsan A. Malik Zeeba Ansar

**CHIEF FINANCIAL OFFICER** 

**COMPANY SECRETARY** Salim Ghaffar

**AUDIT COMMITTEE** 

Ehsan A. Malik Mohomed Bashir Dr. Amjad Waheed Salim Ghaffar

Abdul Aleem

HUMAN RESOURCE AND REMUNERATION COMMITTEE

**BANKERS** 

Ehsan A. Malik Mohomed Bashir Zain Bashir Salim Ghaffar

Al Baraka Bank (Pakistan) Limited Allied Bank Limited

Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited

Bankislami Pakistan Limited

Citibank

Dubai Islamic Bank Pakistan Faysal Bank Limited Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of China

JS Bank limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Samba Bank Limited Silkbank Limited

Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited

Summit Bank limited The Bank of Khyber The Bank Of Punjab

United Bank Limited

**AUDITORS** Kreston Hyder Bhimji & Co.

Chartered Accountants

**INTERNAL AUDITORS** Grant Thornton Anjum Rahman

Chartered Accountants

A.K. Brohi & Co **LEGAL ADVISORS** 

Advocates

REGISTERED OFFICE Plot No.82,

Main National Highway, Landhi, Karachi-75120

FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, **SHARE REGISTRAR** 

P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106

Landhi Industrial Area, **MILLS** 

Karachi-75120

E-MAIL finance@gulahmed.Com URL www.gulahmed.com

- Chairman

Vice Chairman / Executive Director
 Chief Executive Officer
 Non Executive Director

- Non Executive Director

Independent DirectorIndependent Director

- Chairman & Member

- Member - Member

- Secretary

- Chairman & Member

- Member - Member

- Secretary





# **VISION**

Enriching Lives by Inspiring Change.

# **MISSION**

To deliver value to our stakeholders through innovative technology, teamwork and by fulfilling our social and environmental responsibilities

# **VALUES**



## INTEGRITY

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



## **RESPECT**

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



## **PASSION**

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



## **QUALITY**

We demonstrate quality and strive for excellence through all our actions.



## **TEAMWORK**





# **OBJECTIVES & STRATEGIES**

### **Objectives**

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

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

#### **Strategies**

- 1. Improving HR policies and practices enabling hiring and retaining competent thus ensuring willingness to work and quality output
- 2. Prioritizing female work force in certain areas to benefit from their acumen and dedication
- 3. Leading through innovation both by technology acquisition and phased out balancing
- 4. Adding facilities essential to our business and eliminating capacity imbalance thus improving smooth supply and reducing 7. production cost
- 5. Adding new product range both for international and domestic customers
- 6. Diversification of products is the core strategy. The Company focuses on fulfilling requirements of different customers in line with the latest fashion trends.
- 7. Nurturing creative talent and skills in relevant human resource who can visualize and create new fashion trends

- 8. Multi-brand strategy to cater for the different categories of customers both in terms of purchasing power and local customs
- 9. Strong quality management system to ensure that products not only meet the customers' requirements but are also safe for use both by adults and children
- 10. Creating shareholder's value by securing highest growth rates in terms of sales and earnings per share
- 11. Invest in state of the art machinery to ensure quality

#### **Tactics**

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





# STATEMENT OF BUSINESS CONDUCT AND ETHICS CODE

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

#### **ETHICAL DECISION MAKING**

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

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

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

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

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

# COMPLIANCE WITH LAWS, POLICIES AND PROCEDURES

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

#### **INTEGRITY AND RESPECT FOR OTHERS**

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

#### CONFIDENTIALITY

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

5. If anyone has a question about the use of patented or proprietary information, including the computer software of third parties, he/she should contact Legal Department. In order to use copyright material such as articles, charts, maps, films, and music, permission must be obtained from the copyright owner.

#### **AVOIDING CONFLICT OF INTEREST**

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

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

vendors are acceptable and do not create a conflict of interest. Consult with Legal Department to learn about the guidelines.

#### **INSIDER TRADING**

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

#### **COMPANY RECORDS AND INTERNAL CONTROLS**

- I. The Company's books and records must be prepared accurately and honestly, both by our accountants who prepare records of transactions and by any of us who contribute to the creation of business records.
- The Company shall maintain accounting records and issue financial statements as required by the local laws to ensure transparency of information on the Company's financial performance.
- 3. Reliable internal controls are critical for the security of the Company's assets, proper, complete and accurate accounting, and financial reporting. Everyone must understand the internal controls relevant to his/her position and follow the policies and procedures related to those controls. Everyone is encouraged to talk to their managers or supervisors immediately if ever in a doubt that a control is not adequately detecting or preventing inaccuracy, waste, or fraud.
- 4. Audits performed by internal and external auditors help ensure compliance with established policies, procedures, and controls. Audits also help identify potential weaknesses so these may be fixed promptly. Everyone is required to cooperate fully with internal and external auditors. This means always providing clear and truthful

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- information and cooperating fully during the audit process.
- 5. Engaging in any scheme to defraud anyone of money, property or honest services violates Company's policy and carries severe penalties. These consequences apply to all dishonest or fraudulent activities, including misusing or stealing assets. The Company relies on its internal controls and the personal integrity of all its directors, employees and contractors to protect assets against damage, theft and other unauthorized use.

#### **DEALING WITH VARIOUS STAKEHOLDERS**

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

#### 1. Customers

- a. Treat customers fairly and honestly.
- b. Provide high standards of services and quality products.
- c. Operate effective complaint processes to deal with situations where these standards are challenged.
- d. Aim to provide and promote a range of products and services that meet customer requirements and needs.
- e. Maintain the confidentiality of customer information, except where the law requires/permits disclosure, or the customer has given prior written consent.

#### 2. Employees

- a. The Company has maintained a suitable working environment that provides appropriate training, transparent career growth opportunities and competitive remuneration packages including benefits that are also in compliance with the employment-related laws and regulations of Pakistan as well as other relevant countries.
- b. It is ensured that all the values and standards required by our business practices are communicated to each employee.

- c. Provide a clean, healthy and safe work environment, stressing the obligation on all employees to take every reasonable precaution to avoid injury to themselves, colleagues and members of the public.
- d. Provide appropriate facilities to fulfill the needs of special employees
- e. The Company follows the laws that prohibit discrimination in employment practices. It is Company's policy to provide equal employment opportunities and to treat applicants and employees without bias. It is our policy that no one is ever subject to discrimination on the basis of:
  - Race
  - Religion
  - Color
  - · National origin
  - Age
  - Sex
  - Disability
  - Personal/Political preference

### 3. Suppliers of Goods and Services

- a. Encourage dealing with those suppliers/ vendors who operate with values and standards similar to those of the Company.
- b. Work together with suppliers/vendors following the laws and policies to improve all aspects of performance.
- c. Agree terms of payment when orders for goods and services are placed and pay in accordance with those terms.
- d. No one shall engage in unfair, deceptive or misleading practices including receiving or demanding of any favors or benefits from a supplier as an advantage for him to win a bid or contract.

#### 4. Communities

a. Contribute to the social and economic

- wellbeing of communities connected to the places of business of the Company.
- b. Encourage employees to participate in projects and initiatives for the welfare of these communities.
- c. Work and plan operations of business to minimize adverse environmental impact.

#### 5. Competitors

- a. Conduct business in accordance with the Code and compete vigorously but honestly.
- b. Avoid disclosing any confidential information except as required by the law.
- c. The Company competes fairly and complies with all applicable competition

laws wherever the Company operates. These laws often are complex and vary considerably from country to country. Penalties for violation can be severe. Therefore, directors/employees should seek legal advice.

#### 6. Governments and Regulators

- a. Comply with all applicable laws, rules and regulations under which the Company operates.
- b. Maintain a constructive and open relationship with regulators to foster mutual trust, respect and understanding.



## **KEY PERFORMANCE INDICATORS**

## **Financial Performance Indicators**

## **Objective:** Increase shareholder's wealth















# NON-FINANCIAL PERFORMANCE INDICATORS

#### I. Internal Efficiency and Effectiveness

Objective: Promote Company's image by working ethically.

#### • Compliance with Local Laws

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

### • Compliance with policies and procedures

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

#### Zero tolerance against unethical practices

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

Objective: Achieving production efficiencies.

#### Reduction in cost of manufacturing

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

#### Outsourcing of activities and revisiting of inhouse capabilities

A review of activities that can be partially outsourced has been undertaken and would continue to be undertaken to determine as to what extent and what activities may more conveniently and economically be outsourced or otherwise to save both cost and time. Similar exercise is also periodically undertaken

to determine if certain activities can be carried internally or outsourced completely depending on the market rates vs cost comparison. Decisions for temporary closure are taken immediately after management consultation, whereas decision for permanent closure are based on experience over the period.

# • Certifications from independent organizations for quality management

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

**Relevance:** These KPIs will remain relevant in future.

#### II.Long-Term Development and Innovation

**Objective:** To be the industrial leader.

#### Technological Advancement

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

#### • Product development and diversification

The Company is continuously engaged in product research and development.

#### Update MIS

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

**Relevance:** These KPIs will remain relevant in future.

20 Similar exercise is also periodically undertaken 21



# **COMPANY'S PROFILE**

#### **Company Overview**

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

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

#### **Group Structure**

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

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

- 1. Gul Ahmed International Limited (FZC) incorporated in the UAE on December 11, 2002.
- 2. GTM (Europe) Limited incorporated in the United Kingdom (UK) on April 17, 2003 is a wholly-owned subsidiary of Gul Ahmed International Limited (FZC).
- 3. GTM USA Corp. and Sky Home Corp., both incorporated in the United States of America (USA) and JCCO 406 Limited incorporated in the United Kingdom are wholly-owned subsidiaries of GTM (Europe) Limited. Whereas Vantona Home Limited is a 100% subsidiary of JCCO 406 Limited, UK
- 4. Company acquired 54.84% shares of Worldwide Developers (Private) Limited (WWDL), a company incorporated under the laws of Pakistan. WWDL is a subsidiary of Gul Ahmed Textile Mills Limited.

The above is summarized as under:
Gul Ahmed Holdings (Pvt.) Ltd.

67.10%

Gul Ahmed International Ltd. (FZC) - UAE`

100%

GTM (Europe) Ltd. UK

100%

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

100%

Vantona Home Limited, UK

100%

Worldwide Developers (Private) Limited

54.84%

#### **Nature of Business**

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

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

offering a diverse range of products from home accessories to fashion clothing.

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

#### **Association**

The Company is a member of the following Associations:

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



## **PRODUCT STEWARDSHIP**

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

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

#### **PRODUCT PORTFOLIO**

The production of textile is a mix of technical expertise and creative art required to make products acceptable to the valued customers. At Gul Ahmed, there's an emphasis on continuous learning, improvement, and innovation through consistent efforts and a drive for growth. The Company is also equipped with the most advanced technology in the industry that enables it to cater to a vast spectrum of product varieties.

#### Yarn

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

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

#### **Fabric**

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

#### Made-ups

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

#### **Home Textiles**

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

This section includes:

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

#### **Apparel and Garments**

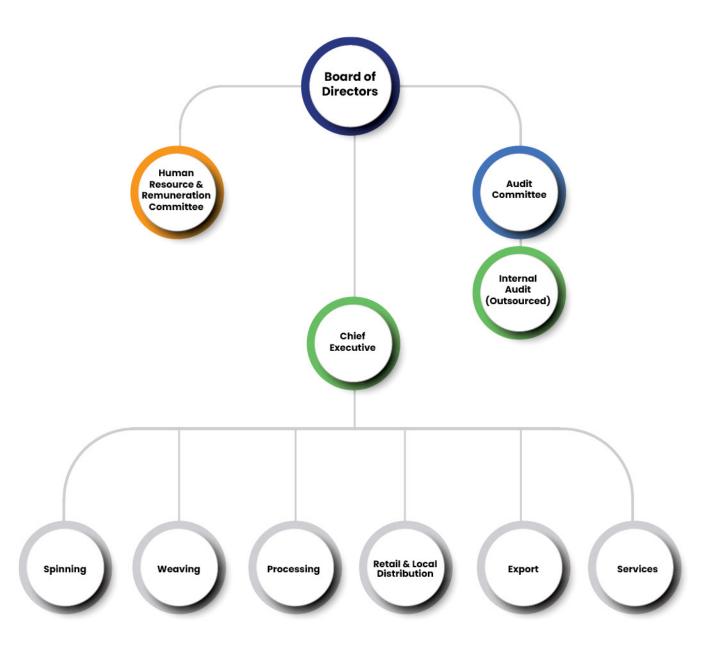
We have always kept alive the passion of creative designers and invited young talented individuals to showcase their skills in various forms of designs. In doing so, the Company encourages such talented individuals while benefiting from their ideas simultaneously. Our value creation process and our human resource have never let us down. The passion of our customers to rush to the stores on every new launch is a testament to our success in creating appealing designs and new fashion trends.

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

During the FY 2020, the Company also entered into the production and export of:

- · Doctors' Gown
- · Patient Suits
- · Textile Face Mask

# **ORGANOGRAM**





# **DIRECTORS' PROFILE**

#### MR. MOHOMED BASHIR

Chairman

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

In recognition of his services, he has been awarded the Sitara-e-Imtiaz by the President of Pakistan in 2006 and has also been conferred as Justice of Peace. On April 7, 2017 Mr. Mohomed Bashir has also been awarded the Grade d'Officer in the National Order of Merit by the President of the French Republic. On February 19, 2020 Mr. Mohomed Bashir was awarded the Knight of King, Northern Star Order, first- class by the King of Sweden, Mr. Carl Gustaf.

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

- · Pakistan Business Council
- · Gul Ahmed Energy Limited
- · Habib Metropolitan Bank Limited
- GTM (Europe) Limited UK
- Gul Ahmed International Limited (FZC) UAE
- GTM USA Corp USA
- Habib University Foundation
- Education Fund for Sindh
- Gul Ahmed Holdings (Private) Limited
- International Cotton Association Limited
- Textile International Manufacturers Federation (ITMF)

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

- Honorary Consul General of Sweden Sindh / Baluchistan
- Member National Export Development Board (NEDB)
- Member Pakistan China Business and Investment Forum
- · Member of The Prime Minister's Council of Business Leaders, Government of Pakistan.

Ministry of Commerce and Textile.

- · Member on the Task Force on Textile Policy, Government of Pakistan, Ministry of Commerce and Textile.
- Member, Pakistan France Business Council
- Member, Pakistan German Business Council
- · Member, Pakistan Swedish Business Council

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

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

#### **Mr. ZAIN BASHIR**

Vice Chairman/Executive Director

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

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

#### MR. MOHAMMED ZAKI BASHIR

Chief Executive Officer

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

Mr. Mohammed Zaki Bashir is a member of Executive Committee of All Pakistan Textile Mills Association (APTMA). He is also a member of the Pakistan Textile Council. Mr. Mohammed Zaki Bashir has also been a member of the Entrepreneurs Organization since 2014. The Entrepreneurs Organization (EO) is a global, peer-to-peer network of more than 12,000+ influential business owners with 173 chapters in 54 countries. He is also a member of the Pakistan Textile Council and serves on its board as a director.

Through his thorough knowledge of the Company, he has contributed to the overall growth of the Company. He is also serving on the board of the following companies:

- Arwen Tech International Limited (FZC) UAE
- Gul Ahmed Power Company (Private) Limited
- Gul Ahmed International Limited (FZC) UAE

- GTM (Europe) Limited UK
- GTM USA Corp. USA
- Gul Ahmed Holdings (Private) Limited
- Worldwide Developers (Private) Limited
- Sky Home USA Corp. -USA
- · Pakistan Textile Council

Non - Executive Director

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

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

Over the years, he has served as Chairman of Landhi Association of Trade and Industry and on the Board of Central Managing Committee of All Pakistan Textile Mills Association (APTMA). He has also served as a President of Young Presidents Organization (YPO) Pakistan and Executive Committee of the Pakistan Board of Investment.

Furthermore, he is currently serving on the Prime Ministers Economic Advisory Committee overseeing two key areas of Domestic Commerce and Information Technology. With the aim of promoting provincial trade and investment, he has been associated with the Punjab Board of Investment and Trade for almost a decade. He is also member of various committees on the Federal Board of Revenue to enhance the capability of the tax system and overall uplift of the economy.

#### **Dr. AMJAD WAHEED**

Non - Executive Director

Dr. Amjad Waheed joined the Board as an independent non-executive director on March 31, 2011. He is also the member of the Audit Committee of the Company. Dr. Amiad Waheed holds a Doctorate in Business Administration with a major in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial



Analyst (CFA). Since the inception of the company Syria, and Sudan as well as Unilever's Head Office (sixteen years ago), Dr. Amjad Waheed has been the CEO of NBP Fund Management Limited (NBP Funds), which is a subsidiary of National Bank of Pakistan with Baltoro Growth Fund as the other joint venture partner. NBP Funds is presently managing 27 mutual funds, 6 pension sub-funds and several Advisory portfolios. Total assets under management of NBP Funds are presently around Rs.190 billion. NBP Funds is one of the largest and highest rated Asset Management Company in Pakistan.

Before joining NBP Funds, Dr. Amjad was Head of Equity Mutual Funds & Portfolios at Riyadh Bank, Saudi Arabia, for about five years where he was managing USD 7.5 billion invested in 22 mutual funds. Prior to that he was Head of Investments at NIT, and Chief Operation Officer of FC-ABN AMRO Equities for several years.

Before moving back to Pakistan, Dr. Amjad Waheed was Assistant Professor of Finance at Tennessee State University, USA and he has published several articles in top journals of the world such as Journal of Banking & Finance and Financial Management.

Dr. Amjad Waheed has served or is serving on the boards of various companies including Siemens (Pakistan), Nishat Mills, PICIC, Askari Bank, Millat Tractors, Fauji Fertilizer, Pakistan Tobacco, Management Association of Pakistan, LRBT, BankIslami, Telenor Microfinance Bank, Institute of Financial Markets of Pakistan (IFMP), International Steels and Chairman of Mutual Fund Association of Pakistan (MUFAP).

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

#### Mr. EHSAN A. MALIK

Independent Non - Executive Director

Mr. Ehsan A. Malik joined the Board of Directors of the Company as an independent non-executive director in June 2016. He is also the Chairman of the Audit Committee and the Human Resources and Remuneration Committee of the Company. Mr. Ehsan A. Malik is a certified director from the Pakistan Institute of Corporate Governance (PICG). He is currently serving as the Chief Executive Officer of Pakistan Business Council. From 1st September 2006 to 31st October 2014, Mr. Ehsan A. Malik was the Chief Executive Officer of Unilever Pakistan Limited and a Director of Unilever Pakistan Foods Limited. Prior to this he was Chairman and CEO, Unilever Sri Lanka Limited and his earlier International appointments covered Unilever's regional businesses in Egypt, Lebanon, Jordan,

in UK. These preceded senior commercial and financial roles at Unilever Pakistan. He is also a Member of the Board of Directors of Abbott Laboratories Pakistan Limited, National Foods Limited, and Standard Chartered Bank Pakistan

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

#### **MS. ZEEBA ANSAR**

Independent Non - Executive Director

Ms. Zeeba Ansar joined the Board as an independent non-executive director in April 2020. She has over 28 years of private and corporate banking experience. She did her bachelor's in economics and Statistics from the University of Punjab and then completed her MBA in Marketing and Finance from the Institute of Business Administration. In her career, as a banker, she has worked with Deutsche Bank AG as Manager Corporate Banking Department and Faysal Bank as Senior Vice President and Corporate Head-South. She then joined UBL as Executive Vice President and Regional Corporate Head-South and retained the position for 10 years. Her most recent professional engagement was with NIB Bank as Group Head-Corporate and Investment Banking where she worked till 2017. She is also a member of the Board of Directors of Cherat Cement Company Limited and SAMBA Bank Limited. She is a certified director from Pakistan Institute of Corporate Governance.

# **BOARD COMMITTEES**

#### **AUDIT COMMITTEE**

#### 1. Composition

- Dr. Ehsan A. Malik Chairman and Member
- Mr. Mohomed Bashir Member
- Dr. Amjad Waheed Member
- Mr. Mohammed Salim Ghaffar Secretary

#### 2. Terms of Reference

The committee shall be responsible for:

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

#### Major judgmental areas:

- · Significant adjustments resulting from the audit;
- · The going concern assumption;
- · Any changes in accounting policies and practices:
- · Compliance with applicable accounting standards;
- · Compliance with listing regulations and other statutory and regulatory requirements;
- Review of preliminary announcements of results prior to publication;
- · Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

- Review of the management letter issued by external auditors and management's response thereto:
- · Ensuring coordination between the internal and external auditors of the Company;
- · Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- · Consideration of major findings of internal investigations and management's response thereto:
- Ascertaining that the internal control system including financial and operational controls. accounting system and reporting structure are adequate and effective;
- Review of the Company's statements on internal control system prior to endorsement by the Board of Directors:
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and considering remittance of any matter to the external auditors or to any other external
- Determination of compliance with relevant statutory requirements.
- · Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;
- · Consideration of any other issue of matter as may be assigned by the Board of Directors.

#### **HUMAN RESOURCE AND REMUNERATION** COMMITTEE

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





#### **Terms of Reference**

#### The committee shall be responsible for:

- Recommend to the Board for consideration and approval a policy framework for determining the remuneration of directors (both executive and non-executive directors and members of senior management). The senior management shall include the first layer of management below the chief executive officer level;
- Undertaking annually a formal process of evaluation of the performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing 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 Head of Internal Audit;
- Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and
- Where human resource and remuneration consultants are appointed, their credentials shall be known by the Committee and a statement shall be made by them as to whether they have any other connection with the Company.
- Ensuring that appropriate procedures exist to assess the remuneration levels of the Chairman, Chief Executive Officer (CEO), Non-Executive Directors, Executive Directors, Board Committees and the Board of Directors as a whole.
- Ensuring that the Company adopts, monitors and applies appropriate remuneration policies and procedures.
- Ensuring that reporting disclosures related to remuneration meet the Board's disclosures objectives and all relevant legal requirements.
- Making recommendations to the Board on appropriate remuneration, in relation to both

the amount and its compositions, for the Chairman, CEO, Non-Executive Directors, Executive Directors and Senior Executives.

- Developing and recommending to the Board performance-based remuneration incentive programs such as bonus schemes, long-term incentive plans.
- Developing, maintaining and monitoring appropriate Human Resource Policies and Procedures.
- Developing, maintaining and monitoring appropriate talent management programs including succession planning, recruitment, development, retention and termination policies and procedures for senior management.
- Developing remuneration related disclosure objectives for the Company and ensuring that publicly disclosed information meets those objectives, all legal requirements, and is accurate; and
- Developing and monitoring Workplace Health and Safety metrics and initiatives to ensure a safe working environment.

# **CHAIRMAN'S REVIEW**

It gives me immense pleasure to communicate with our valued members and stakeholders to present the financial report and other information for the year ended June 30, 2021, and to appraise them on the overall performance of the Board and the effectiveness of the role played by the Board in achieving the Company's objectives.

After difficult circumstances impacted by COVID-19, your Board focused on preparing the Company to manage challenging conditions. The new strategy was to increase our flexibility and maintain liquidity. This was done for efficient financial management; supply chain control, smart warehousing and inventory allocation; reduced time to market; creating new product categories; introducing omni channels for retail; special commitments to sustainability; separation of critical skills and rapid acceleration of digitization. As a result, the year 2021 is a benchmark for our company in many respects.

Amongst other strategic measures, the Board also approved the Scheme of Arrangement involving separating the retail segment, merger of one subsidiary and the acquisition of strategic assets from two companies. The Scheme is currently in Court and expected to be accorded an approval shortly. The Scheme once approved would benefit the Company on multiple levels.

Your Board remained fully cognizant of the fact that the success and profitable continuity of the Company is dependent upon the capacity of its members to provide the vision and the direction needed. To perform this statutory role, fulfill it obligations and to guide the management under all conditions, the Board:

- a. ensured that directors have the necessary skills, capabilities, and experience in achieving the Company's objectives
- b. conducted an annual review of performance both individually and collectively, seeking ways to improve the Board's contribution to the sustainable growth of the Company. Furthermore, an annual evaluation of the Board in compliance with the Code of Corporate Governance was conducted.
- c. strived to maintain and strengthen a high level of corporate governance, transparency and corporate value
- d. established a strategy and business model

- which promotes long-term value for shareholders and ensures the availability the right resources
- e. had continuous interaction with the Chief Executive, working effectively during the entire year through its committees
- embedded effective risk management, considering both opportunities and threats, throughout the Company, reframed the risk management policy and reassessed the risk anticipation
- g. has identified priorities for improvement in results as well as key indicators and ensured that the same is on the agenda of the Chief Executive
- h. strengthened and devised a KPIs based strategic measure for new investments, opportunity management, and effective credit line management, which helped in providing a more efficient and effective platform to position the Company for sustained growth
- recognized the value of stakeholders and social responsibility, and their impact for long term success

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

#### **Mohomed Bashir**

Chairman

Karachi: October 28, 2021



# چيئر مين كاجائزه

میں نہایت مسرت کےساتھ 30 جون 2021 کوختم ہونے والے مالی سال کے لئے مالیاتی اور دیگر معلومات اپنے معز زارا کین اوراسٹیک ہولڈرز کےروبروپیش کررہا ہوں ،اس موقع پر کمپنی کے مقاصد کے حصول میں بہترین کارکردگی دکھانے پر میں بورڈ کی کارکردگی کواز حدسرا ہتا ہوں۔

0-COVID سے متاثرہ مشکل صورتحال کے ماوجود، آپ کے بورڈ نے مشکل حالات برقابو ماپنے کے لیے کمپنی کومستعدا ورتیارر کھنے پراپی توجیم کوزر کھی۔ نئی حکمت عملی ہماری کچک کو بڑھا نااور کیکو یڈ بٹی کو برقرار رکھنے تھی۔ یہ سب کچھموٹر مالیاتی انتظام، سپلائی چین کنٹرول، اسارٹ گودام اورانو نیٹری مختص، مارکیٹ میس کم وقت، نئی مصنوعات کی تخلیق، ریڈیل کے لیےاو منی چینلز متعارف کروانا؛ ، پائیداری کے لیے خصوصی عہد، اہم مہمارتوں کی علیحدگی اورڈ بحیبلا کرنیش کی تیزر فقاری کے لیے کیا گیا تھا۔ نتیجیاً مسال 2021 ہماری کمپنی کے لیے کئی حوالوں سے قابلی ذکرر ہاہے۔

دیگراسٹر پنجگ اقدامات کےعلاوہ،بورڈ نے ریٹیل سیگھنٹ کوالگ کرنے،ایک ذیلی تمپنی کےانضام اور دو کمپنیوں سےاسٹر پنجگ اثاثوں کےحصول پرمشتل اسکیم کےانتظامات کی بھی منظوری دی۔اسکیم فی الحال عدالت کےروبرو ہےاورامید ہے کہ جلدہی اس کی منظوری مل جائے گی۔اسکیم کی منظوری کے بعد کمپنی کومتعدد سطحوں پرجھرپورفائدہ پنچے گا۔

آپ کا بورڈ اس حقیقت سے پوری طرح باخبرر ہا کہ مطلوبہ نقط نظراور درست سمت فراہم کرنے کے لیے کمپنی کی کامیا بی اورمنافع بخش تسلسل اس کے ممبران کی صلاحیتوں پر مخصر ہے۔اس قانونی کر دار کوانجام دینے ،اس کی ذمہ داریوں کو بورا کرنے اور تمام شرائط کے تحت انتظامیہ کی رہنمائی کے لیے،، بورڈ نے:

(الف) اس بات کونٹینی بنایا کہ ڈائر مکٹرز کے پاس کمپنی کے مقاصد کے قصول کے لیے در کار ضروری مہارتیں، صلاحیتیں اور تجربہ ہے

(ب) کمپنی کی پائیدارتر قی میں بورڈ کے تعاون کو بہتر بنانے کے طریقے تلاش کرتے ہوئے انفرادی اوراجتا می طور پر کارکردگی کا سالانہ جائزہ لیا۔مزید برآں،کوڈ آف کارپوریٹ گورننس کی قبیل میں بورڈ کا سالانہ جائزہ لیا گیا۔

(ج) کار پوریٹ گورننس،شفافیت اورکار پوریٹ ویلیو کی اعلیٰ سطح کو برقر ارر کھنےاورمضبو ط کرنے کی کوشش کی

- (د) ایک حکمت عملی اور کاروباری ماڈل قائم کیا جوصص یافتگان کے لیے طویل مدتی قدر کوفر وغ دیتا ہے اور صحیح وسائل کی وستیابی کویشینی بنا تا ہے۔
  - (ہ) چیف ایگزیکٹو کے ساتھ مسلسل را لبطے میں رہا،اپنی کمیٹیوں کے ذریعے پورے سال موژ طریقے سے کام کر تارہا۔
- (ز) تمام کمپنی میں موثر رسک مینجنٹ نے مواقع اورخطرات دونوں پرغور کرتے ہوئے رسک مینجنٹ کی پالیسی اور در پیش خطرات کااز سر نو جائز ہ لیا۔
- (ح) نتائج میں بہتری کے لئے اہم عوامل اوران کی ترجیحات کی نشاند ہی کی ہے تا کہ پیقینی بنایاجا سکے کہ وہ چیف ایگزیکٹو کے ایجنڈ اکے مطابق ہیں۔
- (ط) حکمتِ عملی کے اقدام کےطور پر، کاروبار کے کچھ حصوں،مواقعوں کے انتظام،کریڈٹ لائن کےموثر انتظام وغیرہ میں خاطرخواہ نئی سرمایہ کاری کی منظوری دی گئی۔جس نے زیادہ کارآ مداورموثر پلیٹ فارم رکھنے اور کمپنی کوشتھ کم ترقے کئے مقام فراہم کرنے میں معاونت کی۔
  - (ی) وسیع تراسٹیک ہولڈرزاورمعاشرتی ذمہ داریوں اوران کے مضمرات کوطویل مدتی کامیابیوں کے لئے خاص طوریر مذاخر رکھا گیا۔

میں اس موقع پر تبهدل ہےا ہے اراکین اور دیگراسٹیک ہولڈرز کاشکر بیا دا کرتا ہوں، جنہوں نے ہمیشہ کمپنی اور مینجنٹ کواپنا بھرپور تعاون فراہم کیا اوراعتا داس طور پر قائم رکھا۔

محمد بشیر چیئر مین

كراجي: مورخه 28 اكتوبر 2021 ء

# **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2021 together with the auditors' report...

#### **ECONOMIC AND INDUSTRIAL OVERVIEW**

After more than a year impacted by the pandemic, the world is still facing the effects of the widespread conditions. Global economy has grown but has widened the gaps between advanced economies and many emerging markets and developing countries, especially like Pakistan. Vaccine access and administration has emerged as the principal factor in determining the path towards economic recovery where countries with high vaccination rates are on the path of normalization of activities. The World Bank has measured world economic growth at 6%.

Pakistan's economic growth rebounded to 3.9% in the fiscal year (FY) 2021. According to the Asian Development Bank, Pakistan's economic growth in FY2021 was supported by improved COVID-19 containment strategies through the second and third waves of infections. Inflation declined to 8.9% in FY2021, though food price inflation remained high due to supply chain disruptions, increased prices for wheat and sugarcane, and an extended wet monsoon. The rising international oil prices boosted energy price inflation.

Amidst the ambiguous global economic environment, Pakistan's external sector has proven to be a key cushion for resilience. The balance of payment position had sported a surplus for the first half of FY 2020-21 on account of robust remittances and sustained recovery in exports. However, the revival of economic activity in the second half of the year led to an erosion of current account surplus, and as a result, the Current Account Deficit (CAD) registered a decrease of 58% to USD 1.8 billion in FY 2020-21. Exports grew by 14% to USD 25.6 billion, while imports grew by 23% to USD 53.8 billion. Workers' Remittance posted a historically high growth of 27% to USD 29.4 billion in FY 2020-21.

Foreign currency reserves also posted and increment by 39% to USD 17.5 billion in FY 2020-21.

#### **TEXTILE INDUSTRY**

Despite continued challenging conditions brought forward by subsequent waves of COVID-19, the industry continued to thrive while registering an increase in all categories. In FY 2020-21, textile exports increased by 23% to USD 15.4 billion as compared to USD 12.5 billion last year. with major contributors being Knitwear by 37%, Towels by 32%, Yarn (other than cotton yarn) by 30%, Bedwear by 29%, and Made-up Articles (excl Towels Bedwear) by 28% respectively.

On the contrary, Cotton production in the country has declined by 22.8% to 7.1 million tons in FY 2020–21 as compared to 9.1 million tons last year due to both reduction in cotton production as well as yield per acre. The misery of decline in cotton production aggravated as the textile sector had to substantially import cotton, which besides reducing the net inflow of foreign currency, also contained the profitability of the textile sector

The Company is amongst the Country's largest composite textile mills and a leading exporter of value-added textile products and has contributed approximately 7% in bed wear exports of the country.

#### **PERFORMANCE OVERVIEW**

Your Company successfully and smoothly sailed during the year 2020-2021 after demonstrating a strong resilience against COVID-19 challenges and returned to profitability. This trend continued for the whole of the financial year, resulting in better-than-expected profitability and the year 2020-2021 has become a yardstick for our Company. Our results reflected the yield from investments made in machinery, inventories, marketing channels, human capital, and choosing the right options available in the financial sector. The following comparison of key figures for 2020 - 2021 reveals a remarkable improvement



Description	Units	2021	2020
Export sales	Rs. in millions	54,489	34,231
Local sales	Rs. in millions		
Gross profit	Rs. in millions	16,883	9,069
Profit before tax (PBT)	Rs. in millions	6,117	(76)
Profit after tax (PAT)	Rs. in millions	5,133	(479)
EBITDA	Rs. in millions	11,891	4,751
Earnings per share (EPS)	Rupees	10	(0.93)
Debt to equity	Time	1.01	0.97
Current ratio	Time	1.10	1.02
Break-up value per share	Rupees	43.7	32.64
Gross profit margin	%	19.53%	16.81%
Profit (loss) before tax margin	%	7.08%	(0.14)%
Profit (loss) after tax margin	%	5.9%	(0.89)%

The above results were achieved despite challenges like unpredictable and strange movements in PKR Vs US\$ parity, continued increase in raw material prices, increase in utility prices, challenges in logistic front, enhanced supply chain cost, and a continuously growing inflation. During the year, your Company was conferred with the required volume of export orders which enabled a full utilization of available capacities, while the local retail sector operated within restricted timings throughout the year on account of precautionary measures taken by Federal and Provincial Government.

AAs a result of increased demand and resumption of the economic activity in the country post COVID-19 lockdowns, as at June 30, 2021, our inventory and short-term borrowina levels went up. Accordingly, the liquidity position showed a similar picture with a quick/acid test ratio of 0.45 (2020: 0.29).

#### **SUBSEQUENT EVENTS**

meeting held on October 28, 2021 has not recommended any dividend or other results in the coming years as well. appropriation of prior profit.

#### **FUNDS MANAGEMENT**

As a result of the revival in export demand and resumption of economic activity, considerable investment in inventory and debtors was made. However, the same was managed through effective and efficient monitoring of working capital requirements and cash flow forecasts and short-term borrowing levels were kept manageable. Accordingly, our liquidity position showed a similar picture with a current ratio of 1.10 (2020: 1.03) and debt to equity ratio of 1.01 (2020: 0.97) as at June 30, 2021.

The Company, throughout the year, managed to meet its cash obligations including debt servicing and payment of dividend to shareholders. The Company also managed liquidity risk by maintaining sufficient cash and ensuring that adequate short-term credit facilities are available. At the year-end, the Company had Rs. 839 million (2020: Rs. 3,079 million) unutilized credit lines and Rs. 620 million (2020: Rs. 488 million) cash in hand and balances in banks to cover any temporary gaps.

#### **SCHEME OF RECONSTRUCITON**

#### **BUSINESS SEGMENTS**

#### Spinning

New investments in the spinning segment resulted in sales increase by 89% to Rs. 26.2 billion, while gross profit and operating profit increased three folds as compared to last year.

Spinning	2021	2020	Change	
	Rs. in millions			
Sales	26,245	13,896	89%	
Cost of sales	(20,822)	(12,649)	65%	
Gross profit	5,423	1,247	335%	
Distribution & Admin expenses	(280)	(173)	62%	
Operating profit / of the segment before other operating expenses	5,144	1,074	379%	

With further plans for expansion with state-of-The Board of Directors of the Company in its the-art technology, the Management is confident that this segment will show improved

#### Weavina

This business segment primarily caters to inhouse requirements, though a minor portion is also offered for commercial weaving. The balancing and modernization in the segment has resulted in sales revenue increased by 40% when compared with last year. Financial performance, improved by more than 100% and is summarized below:

Weaving	2021	Change		
	Rs. in millions			
Sales	4,299	3,079	40%	
Cost of sales	(3,323)	(2,600)	28%	
Gross profit	976	479	104%	
Distribution & Admin expenses	(125)	(104)	20%	
Operating profit of the segment before other operating expenses	850	375	127%	

#### **Retail and Distribution**

This segment is engaged in retail sales through our chain of IDEAS retail outlets and its Gul Ahmed is one of the leading names in the distribution channels. The segment's profitability had suffered because of restrictions on working days as well as working hours throughout the year. This year the segment has bounced back with a 12% increase in sales and 160% increase in creatively. All the while maintaining the operating profit, as compared to last year.

Retail and Distribution	2021 2020		Change
	Rs		
Sales	21,463	19,184	12%
Cost of sales	(14,693)	(14,377)	2%
Gross profit	6,770	4,807	41%
Distribution & Admin expenses	(5,274)	(4,231)	25%
Operating profit of the segment before other operating expenses	1,496	576	160%

#### **Processing, Home Textile and Apparel**

This segment deals in the processing of valueadded textiles, which are mainly exported and also sold in the local market. Last year on the

backdrop of lockdown both in customers' destination and Pakistan, the segment suffered a delay in order fulfillment and a significant capacity loss which resulted in a complete erosion of profit. However, this year the segment took a turnaround by reporting three-folds profit as compared to last year. The profit of the segment would have been much higher, but was restricted due to xchanges in PKR VS. US\$ and higher international freight.

Processing, Home Textile and Apparel	2021	2020	Change
	Rs		
Sales	55,931	37,294	50%
Cost of sales	(52,217)	(34,768)	50%
Gross profit	3,714	2,526	47%
Distribution & Admin expenses	(3,048)	(2,723)	12%
Operating profit / loss of the segment before other operat- ing expenses	666	(197)	438%

#### **MANAGEMENT OBJECTIVES AND STRATEGIES**

textile industry of Pakistan. This has been made possible only through our commitment to increase shareholders' value while improving quality standards, technologically and company's commitment to the environment and the societies we operate in.

Our objectives and related strategies are discussed separately in detail on page 14 of the Annual Report.

#### **Materiality approach**

Authorization for transactions and delegation of powers have been clearly defined and documented through formalized processes in the Company. The Company has an approved materiality policy which is reviewed annually to confirm its relevance.

#### **RISK MANAGEMENT AND OPPORTUNITIES**

The Company operates in a challenging environment as discussed and analyzed in detail in SWOT and PESTEL analysis on pages 76 and 77 of the Annual Report, respectively. The management has set up a robust mechanism



for identification, evaluation, and mitigation of risks which enables smooth operations and ensures focus on business growth.

#### a. Credit Risk

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

#### b. Market Risk

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

## c. Liquidity Risk

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

The Risk Management System of the Company comprises:

#### The Board of Directors and its Committees

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

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

Details with respect to the names of directors, the composition of the BoD and committees are mentioned on pages 26-29 of the Annual Report.

#### **Policies and Procedures**

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

#### **Information and Monitoring System**

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

#### Internal audit

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

Risk management is discussed in detail on page 78 of the Annual Report.

#### **HUMAN RESOURCE (HR)**

Our unique products and services provide a competitive advantage, but the advantage that stands the test of time is our people. The performance and commitment of our The Board periodically reviews major risks employees to innovate lead and achieve has contributed the most towards our success. Our aim is to maintain a high-performing organization that attracts, develops and retains talented resources.

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

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

## Information Technology (IT)

IT has become a vital and integral part of every business and is more than just a support Hence, a Business Continuity Plan (BCP) is in function to maximize a competitive edge. place which is an action plan formulated in Understanding its importance, the company has also invested in its IT framework which is stoppage of important and crucial company upgraded as and when required. Better systems operations or restoring and restarting them in and use of technology have strengthened the as little time as possible if they are interrupted control environment and have made financial and operational reporting more accurate while as a natural disaster or an incident. A improve business processes.

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

#### **IT Governance Policy**

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

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

- monitor and improve performance;
- provide up-to-date information, aiding in strategic decisions;
- verify and demonstrate departmental effectiveness; and
- create service-wide checks and balances safeguard assets and ensure accountability.

#### **BUSINESS CONTINUITY PLAN (BCP)**

We are amongst the largest composite textile mills in the industry, having several production locations running with systems, fixed assets and

we realize that some disasters may cause severe losses to the company and its operations.

advance with the aim of preventing the by the occurrence of an unexpected event such providing an opportunity to continuously comprehensive schedule has been implemented to impart training to employees including mock exercises to prepare for any situation, where business continuity may be compromised.

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

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

#### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility is discussed in detail on page \_52\_ of the Annual Report.

#### **HOLDING COMPANY**

subsidiaries that are engaged in trading of textile-related products.

#### **SUBSIDIARY COMPANIES**

The Company has the following wholly-owned subsidiaries that are engaged in trading of textile-related products

- 1. Gul Ahmed International Limited (FZC) incorporated in UAE on December 11, 2002.
- 2. GTM (Europe) Limited incorporated in United Kinadom (UK) on April 17. 2003 is a whollyowned subsidiary of Gul Ahmed International Limited (FZC).
- GTM USA Corp. incorporated in United States of America (USA) on March 19, 2012 is a whollyowned subsidiary of GTM (Europe) Limited.

inventories worth billions of rupees. Accordingly, 39

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- 4. Sky Home Corporation incorporated in USA on February 28, 2017 is a wholly-owned subsidiary of GTM (Europe) Limited
- 5. JCCO 406 Limited incorporated in USA on September 29, 2017 is a wholly-owned subsidiary of GTM (Europe) Limited
- 6. Vantona Home Limited Incorporated in UK on April 22, 2013 is a wholly-owned subsidiary of JCCO 406 Limited

The Company also holds 54.84% shares in Worldwide Developers (Pvt) Ltd. which is enagged in renting out properties for warehousing.

#### CODE OF CORPORATE GOVERNANCE (CCG)

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

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The directors of the Board are well aware of their duties and responsibilities as outlined by corporate laws and listing regulations. In compliance with the provisions of the Listing Regulations, six of our directors have attended and completed the Corporate Governance Leadership Skills program under the Board Development Series of Pakistan Institute of Corporate Governance (PICG).
- One director, i.e., the Chairman, with the compulsory knowledge and experience is exempt from the requirement of attending the directors' training program.
- There are no significant doubts about the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance. as detailed in the listing regulations.
- The value of investment of provident fund based on its unaudited accounts as on June 30, 2021 is Rs. 1,492.23 million (FY2020: as per audited accounts Rs. 1,2040.51million)
- Statements regarding the following are annexed in the notes to the financial statements:
- · Number of Board meetings held and attendance by directors.
- Key financial data for the last six years.
- · Pattern of shareholding.
- · Trading in shares of Company by its Directors, Chief Executive, Chief Financial Officer, and Company Secretary and their spouses and minor children.

#### **Investors' Grievance and complaints**

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

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

#### **BOARD'S EVALUATION**

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

#### **Conflict of Interests**

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

Further ore, there is an approved Code of The CEO also represents the Company to Business Ethics which, in addition to compliance with regulatory requirements, requires formal disclosure of interests if any, to allow avoidance of known or perceived conflict of interests.

#### **Review of Related Party Transactions**

In compliance with the Companies Act. 2017. CCG, and other applicable laws and regulations, details of all related party transactions are placed periodically before the Audit Committee and upon their recommendation, the same are placed before the Board for review and approval. The details of transactions where the majority of directors are interested are also placed annually before the members for 1. approval.

#### **CEO'S PERFORMANCE REVIEW**

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

#### **ROLE OF CHAIRMAN AND CEO**

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

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

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

## **ISSUES RAISED IN LAST ANNUAL GENERAL** MEETING (AGM)

The Annual General Meeting of the Company was held on October 28, 2020. All the following agenda items of the meeting were approved without any specific issues raised by the members:

- Audited consolidated and unconsolidated financial statements for the year ended June 30, 2020 together with the Directors' and Auditors' report thereon.
- Appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants as statutory auditors for the year ended June 30, 2021 and fixation of their remuneration.

#### **AUDITORS**

The present auditors of the Company M/s Kreston Hyder Bhimji & Co., Chartered Accountants have completed the annual audit for the year ended June 30, 2021 and have issued an unaualified audit report. The auditors will retire at the conclusion of the Annual General Meeting of the Company and being eligible; have offered themselves for reappointment for the year ending June 30, 2022.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Financial Statements for the year ended June 30, 2021 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) UAE, GTM (Europe) Limited UK, GTM USA Corporation USA Sky Home Corporation USA, and Vantona Home Limited, UK, Worldwide Developers (Pvt) Ltd. are attached.

#### **PATTERN OF SHAREHOLDING**

Please refer page 175 of the Annual Report.

#### FORWARD LOOKING STATEMENT

The business of the Company is directly linked with economic activity in Pakistan and its exporting countries. The landscape for international trade has though changed post lockdown and economies, while being in their recovery period are treading carefully with respect to COVID-19

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so that any possible lockdown in the future Country's growth rate at 4.2pc which is lower can be avoided. The management however is geared up for challenges such as uncertainties in the economic environment, fluctuation in exchange rates, higher raw material cost, higher borrowing cost, tough competition, logistic issues including cost.

regularly reviewed to ensure that the Company stays on the path of growth and progress. The focus is on stringent controls on the cost of production mainly through modernizing and replacement of old machines, lesser interruptions and abnormal wastages, and process improvements using the Kaizen approach all the while adhering to the guidelines and SOPs necessary to ensure the health and safety of human resources. We are optimistic that the Company's performance will sustain and further improve in the next FY, in terms of revenue, profits and liquidity positions.

#### **FUTURE OUTLOOK**

The World Economic Forum (WEO) projected global growth at 4.9% in 2022 with increasing risks to the global economy and complex policy trade-offs. However, economists in International Monetary Fund (IMF) are of the view that the risks to economic prospects have increased and policy trade-offs have become more complex. It has further opined that the dangerous divergence in economic prospects across countries remains a major concern, expecting the aggregate output for the advanced economy group to regain its prepandemic trend path in 2022 and exceed it by 0.9% in 2024. By contrast, aggregate output for the emerging market and developing economy group (excluding China) is expected to remain 5.5% below the pre-pandemic forecast in 2024. resulting in a larger setback to improvements in their living standards.

For Pakistan, the IMF has recently forecasted a growth rate of 4%, which is exactly the same as projected by the Asian Development Bank (ADB). Fitch Solutions had projected the than the budgeted target of 4.8%. State Bank of Pakistan (SBP) has anticipated GDP growth at a higher side of 4 to 5 percent. WEO projected the average rate of inflation at 8.5%, current account deficit at 3.1% of GDP and unemployment rate at 4.8% during the current fiscal year.

Accordingly, strategies are in place and are The Government of Pakistan is fully aware of the challenges faced by the world as well as the country and while devising strategies, keeps both controllable and uncontrollable factors under consideration. As a patriotic Pakistani, the Board is a believer in the country as well as in the efforts made by the Government to keep the country not only coping with challenges but also growing as far as possible.

> For the year 21-22, the major challenges your Company will face primarily include pressure on the economy in the form of a wide spreading trade deficit resulting in PKR losing more worth, higher borrowing cost, higher inflation, risk as to the availability of natural gas and global logistic challenges. With changes in strategies to deal with these risks, lessons learned over the past vears, the prevailing economic climate, and the significant steps we have taken to invest in our future growth, we continue to maintain our commitment to serving our shareholders.

#### **ACKNOWLEDGEMENT**

We acknowledge and recognize the outstanding performance of our employees and the continued support of our customers, financial institutions, shareholders, and members of the Board of Directors.

For and on behalf of the Board

October 28, 2021

Karachi

**Mohomed Bashir** Chairman

Mohammad Zaki Bashir **Chief Executive Officer** 

پيٹرن آ فشيئر ہولڈنگ: براهِ كرم سالانه ريورٹ كاصفحه نمبر 198 ملاحظه كرس۔

کمپنی کا کاروبار پاکتان اوراس کے برآمدی مما لک میں معاشی سرگرمیوں سے منسلک ہے ۔اگر جیدمین الاقوامی صورتحال کے لئے منظرنامے نے لاک ڈاؤن کے بعد کی صورتحال اور معیشتوں کو خاصی حد تک . تبدیل کردیا ہے، جبکہ بحالی کی مدت میں رہتے ہوئے COVID-19 کے حوالے ہے اختیاط سے چل رہے ہیں تا کہ مستقبل میں کئی بھی لاک ڈاؤن سے بحا جاسکے۔ تاہم انظامیہ کومعاشی ماحول میں غیریقینی ب ہیں۔ صورتحال، زرممادلہ کی شرح میں اتار چڑھاؤ، خام مال کی زیادہ قیت،قرض لینے کی زیادہ لاگت،خت مسابقت،لاگت سمیت لاجیئک مسائل جیسے چیلنجوں کے لیے تیار ہے۔ اس کے مطابق، حکمت عملی اپنی جگہ پر ہے اوران کا ہا قاعدگی سے جائزہ لیا جاتا ہے تا کہ بیقتی بنایا جاسے کہ پنی ترقی اور ترقی کی راہ پرگامزن رہے۔ بنیادی طور پریرانی مشینوں کوجدید بنانے اور تبدیل کرنے، تم ر کاوٹوں اور غیر معمولی ضیاع کے ذریعے بیداوار کی لاگت پر سخت کنٹر دل پر توجہ مر کوز کی گئے ہے، نیز انسانی وسائل کی صحت و حفاظت کو بیٹنی بنانے کے لیے ضروری ہدایات اور SOP پر عمل کرتے ہوئے K a izen ایروچ کااستعال کرتے ہوئے عمل میں بہتری لاناہے۔ہم برامید ہیں کہ مینی کا کارکرد گی برقر اررے گی اورا گلے مالی سال میں آمد نی منافع اور کیویڈیڈی پوزیشنز کے لحاظ سے مزید بہتر ہوگی۔

## مستقبل کے خدوخال:

ورلڈا کنا مک فورم (WEO) نے عالی معیشت کو بڑھتے ہوئے خطرات اور پیچیدہ پالیسیٹریڈ آف کے ساتھ 2022 میں عالمی نمو 4.9 فیصدر بنے کا اندازہ لگایا ہے۔ تاہم، بین الاقوامی مالیاتی فنڈ ۔ ( آئیا یم ایف ) کے ماہرین اقتصادیات کاخیال ہے کہ اقتصادی امکانات کے لیے خطرات بڑھ گئے ہیں اور یالیسی ٹریڈ آف زیادہ پیچیدہ ہوگئے ہیں۔اس نے مزیدرائے دی ہے کہ تمام تما لک میں اقتصادی امکانات میں خطرناک حدتک انحراف ایک بڑی تنویکش کاباعث بناہوا ہے،جس کی تو قع ہے کہ ترقی یافتہ اقتصادی گروپ کے لیے مجموعی پیداوار 2022 میں وبائی مرض سے پہلے کے اصل رجمان کی راہ پر واپس آجائے گی اُور2 20 2 میں 0.9 فیصد سے تجاوز کر جائے گی۔اس کے برغکس جموعی اجبرتی ہوئی مارکیٹ اورتر تی پذیراقتصادی گروپ (چین کوچپوڑ کر) کی پیداوار 2 0.2 میں وہائی امراض ہے پہلے کی پیش گوئی ہے 5.5 فیصد کم رہنے کی تو تع ہے، جس کے نتیجے میں ان کے معیار زندگی میں بہتری کو ہڑا دھچا لگے گا۔

پاکستان کے لیے، آئی ایم ایف نے حال ہی میں شرح نمو 4 فیصد کی بیش گوئی کی ہے، جو کہ ایشیائی ترقیاتی بینک (A D B) کے اندازے کے میں مطابق ہے۔ فی سلوشنو نے ملک کی شرح نمو 4.2 ۔ نیمدر ہے کاتخیندگایا تھا جوکہ 4.8 فیصد کے بجٹ مدف ہے کم ہے۔امٹیٹ بینک آف یا کتان نے جی ڈی پی کی شرح نمو 4 سے 5 فیصد کی بلندی پرمتوقع ہے۔ڈوبلیوا کی اونے رواں ماکی سال کے دوران مہزگائی کی اوسط شرح 5. 8 نیصد ، کرنٹ اکاؤنٹ خسارہ ہی ڈی لی کے 1. 3 فیصد اور بے روزگاری کی شرح 8 . 4 فیصدر بنے کا ندازہ لگایا ہے۔

حکومت پاکستان دنیا کے ساتھ ملک کور دیش جیکنجز سے پوری طرح آگاہ ہاور حکست عملی وضع کرتے ہوئے قابل کنٹرول اور بےقابود ونو ل€ول کوزیر خور کھتی ہے۔ایک محتب دطن یا کستانی ہونے کے نا طے بورڈ ملک کے ساتھ ساتھ حکومت کی طرف سے ملک کونہ صرف چیکٹنجز سے نبردا ؔ ز ماہو نے بلکہ جہاں تک ممکن ہوتر تی کرنے کی کوششوں میں یقین رکھتا ہے۔

سال 21-22 کے لیے، آپ کی کمپنی کوجن بڑے چیلنجوں کا سامنا کرنا پڑے گا،ان میں بنیادی طور پروسیع چھلتے ہوئے تجارتی خسارے کی صورت میں معیشت پر دیاؤشامل ہے جس کے نتیجے میں زیادہ مالیت،قرض لینے کی زیادہ لاگ ،زیادہ افراط زر،قدرتی اشاء کی دستیابی کے لیےخطرات کی صورت میں پاکستانی روپیہ قدرکھودےگا ۔گیس اورعالمی لا جٹک چیکنجز جیسے ان خطرات سے نمٹنے کے لیے حکمت عملیوں میں تبدیلیوں کے ساتھ، گزشتہ برسوں میں بیھے گئے اسباق، موجودہ معاثی ماحول،اورہم نے اپنی مشتقبل کی ترقی میں سرماییکاری کے لیے جواہم اقدامات کیے ہیں، ہم اپنے شیئر ہولڈرز کی خدمت کے لیےایے عزم کو برقرارر کھتے ہیں۔

۔ ہم اپنے ملاز مین کی کاوشوں اور ساتھ ہی اپنے کسٹمرز ، مالیاتی اواروں جھھ یافتگان اور پورڈ آف ڈائر یکٹرز کے اراکین کی جانب ہے معاونت کوم اپنے ہوئے ان کاشکر یہ اوا کرتے ہیں۔

مورخه 28 اكتوبر 2021ء

Annual Report 2021



#### کاروباری تنگسل کامنصوبه (BCP):

جیسا کہ ہمارا شارٹیکسٹائل کے شعبے میں سب سے بڑی جامع ٹیکسٹائل ملز میں ہوتا ہے، جس کی متعدد پروڈکشن لوکیشنز پرقائم فیکٹریاں ایک مربوط نظام کے تحت، غیرمنقولہ اثاثہ جات اورار بوں رویے کی انوینٹر بز کے ساتھ کام کررہی ہیں اوراس کے مطابق ،ہم ہیں جھتے ہیں کہ کسی بھی قتم کی آفات ہمارے آپریشنز کوشدید نقصان پہنچا شکتی ہیں۔ لبنزا، ایک کاروباری تشامل کامنصوبہ (BCP) موجود ہے جو کہ ایک ایک شن پلان ہے جو نہیلے سے تیار کیا گیا ہے جس کا مقصد کمپنی کے اہم اوراہم کاموں کورو کئے ہے رو کنا ہے یا اگران میں رکاوٹ پیدا ہوتی ہے توانہیں کم ہے کم وقت میں بحال اور دوبارہ شروع کرنا ہے کسی غیر متو تق واقعیکا رونما ہونا جیسے قدرتی آفت یا کوئی واقعہ۔ ملاز مین کوتر بیت فراہم کرنے کے لیے ایک جامع شیڈول نافذ کیا گیا ہے جس میں ۔ سی بھی صورت حال سے نمٹنے کے لیےفرضی مشقیں شامل ہیں، جہاں کاروبار کے شکسل سے مجھوتہ کیا جاسکتا ہے۔

ر ریکارڈ ز ،جس میں اکا ؤنٹس کی کتب ہمیکریٹری، قانونی ،معاہدہ ٹیکسیشن ،اور دیگر معاملات ہے متعلق دستاویزات شامل ہیں ،کو مدتوں کے لئے قانونی ضرورت اور حفاظتی نقطہ نظر ہے محفوظ کر دیا جا تا ہے۔ہم نے اپنے ریکارڈ کینگ آپریشنز کواس کی محفوظ سنجال اورآ سان حصول کونیٹی بنانے کے بعد بیرونی ذرائع کی خدمات بھی حاصل کی ہیں۔

اس حوالے سے EMCVNX سیریز کا کامیابی کے ساتھ اطلاق کیا جا دیکا ہے اور تمام ابتدائی ڈیٹا کاریموٹ بیک اپ بھی قائم کیا جاچا ہے۔

#### ادارے کی ساجی فرمہداری:

ادارے کی ساجی ذمہ داری کی تفصیل صفح نمبر 52 بردی گئی ہے جو کہ سالانہ رپورٹ کا جزوہے۔

کمپنی بدستورگل احمہ بولڈنگز (یرائیویٹ) کمبیٹے ( دی ہولڈنگ کمپنی ) کاذیلی ادارہ ہے جو کہ کمپنی کے 67.10 فیصد تصص کی مالک ہے۔

. تىپنىڭ كے ياس مندرجەذىل ملكىتى ذىلى كېنيال بىن جونيك ئائل سے متعلقەم صنوعات كى تجارت مىں مصروف عمل بىن:

1- گل احدا نزیشنل کیپٹر (FZC)۔ 11 دسمبر2002 کو متحدہ عرب امارات میں قائم کی گئی۔

G T M-2 (یورپ)لمیٹڈ۔ 17 اپریل 2003 کوانگلینڈ میں قائم کی گئی، جو کہ گل احمدانٹر پیشنل کمیٹڈ (F Z C) کانگل ملکیتی ادارہ ہے۔

USA) GTM-3) کمیٹر کارپوریش- 19 مارچ 2012 کوامر یکامیں قائم کی گئی، جو کہ GTM (پورپ) کمیٹر کی گل ملکتی ممبنی ہے۔

4۔اسکائی موم کار پوریشن جس کا آغاز 28 فروری 2017 کوامر یکا میں کیا گیااور یا M GT (پورپ) کمیٹر کی کل مللیتی مپنی ہے۔

406 JCCO-5 لمیٹڈ، 29 ستبر2017 کوامر یکامین شامل GTM (پورپ) کمیٹڈ کی گل ملکیتی سمپنی ہے۔

6۔وینٹو ناہوم کمیٹٹران کارپوریٹڈ، 22 اپریل 2013 کوانگلینٹر میں قائم کی گئی، جو کہ 406 JCC کمیٹٹر کاذیکی ادارہ ہے۔ 7۔مزید ریکہ پنی نے سال کے دوران ورلڈوائڈ ڈیولپرز (یرائیوٹ) کمیٹڈ میں 4 8 . 54 فیصد تصف بھی حاصل کرلئے ہیں، جوگودام کے لیے برایرٹیز کرائے پردینے میں مصروف عمل ہے۔

#### كودُ آف كاربوريك كورننس ( C C G ):

کمپنی کی انتظامیہا چھی کارپوریٹ گورنش کونا فذکرنے اور بہترین طریقوں کا قبیل کرنے کے لیے برعزم ہے۔جیسا کہ کارپوریٹ گورنش کے ضابطہ کے تحت ضروری ہے، ڈائز میٹرز مندرجہ ذیل عوامل بھید

کیپنی کی انتظامیہ کی جانب سے تیار شدہ مالی گوشوارے،اس کےمعاملات،اس کے آپریشنز کےنتائج،ز رِنقداورا یکو پٹی میں تبدیلی کی واضح طور پرنشاندہ کی کرتے ہیں۔

• مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیز کا مسلسل اطلاق کیا گیاہے نیز تخیینہ جات محقول اور دانشمندانہ فیصلے برینی ہیں۔

• مالی گوشواروں کی تیاری میں، یا کستان میں لا گومین الاقوامی مالیاتی رپورٹنگ کے معیارات کی میروی کی گئی ہے۔

• اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار ہے بہت مشحکم ہے،جس کا موڑ اطلاق کیا گیاہے اوراس کی با قاعدہ مگرانی کی جاتی ہے۔

• بورڈ کے ڈائر بکٹرز کارپوریٹ قوانین اور Listing Regulations میں مذکوراپنے فرائض وذمہ داریوں ہے بخوبی آگاہ ہیں۔ فہرست سازی کے ضوابط کی روسے ہمارے چھڈائر بکٹر حضرات یا کتان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG)

کی بورڈ ڈیویلیمنٹ سیریز کے تحت کارپوریٹ گورمنس لیڈرشپ اسکلزیروگرام ممل کر چکے ہیں۔

•ایک ڈائر بکٹر، بعنی چیئر مین، لازمی علم اور تجربے کے ساتھ، ڈائر بکٹرز کے تربیتی پروگرام میں شرکت کی شرط ہے مشتیٰ ہے۔

• شمینی کی G'oing Concern قابلیت پرکسی قتم کا کوئی شک وشینہیں ہے۔

درج شدہ منصل قواعد میں سے کار پوریٹ گورننس کی بہترین مثق ہے کسی بھی قتم کا مادی انخلاء رونمانہیں ہوا ہے۔

• پروویڈنٹ فنڈ کی سرمایدکاری کی مالیت 30 جون 2021 کوان کے 22.29 برا ملین (مال سال 2020: آڈٹ شدہ اکاؤنٹس کےمطابق 1 5.0 40 2, 1 ملین روپے) کےغیرآ ڈٹ شدہ اکاؤنٹس پر

مندرجہ ذیل ہے متعلق گوشوارے مالی گوشواروں کے نوٹس کے ساتھ بطور ضمیمہ منسلک ہیں:

🖈 بورڈ کیمیٹنگز کی تعدا داور ڈائر بکٹرز کی حاضری

🖈 گزشتہ چھسال کےاہم مالی کوائف

الله يبيرن آف شيئر مولدُنگ

🖈 کمپنی کے ڈائر کیٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسراور کمپنی کیریٹری نیزان کے اہل خانداور چیوٹے نابالغ بچوں کی جانب سے کمپنی کے حصص کی تجارت

#### سرمایددارول کے اعتراضات اور شکایات:

کمپنی تمام حصّ یافتگان بشمول متوقع سرمایی کار کمیٹی کے آپریشنز کی تفصیلی یا معلومات ،مع ان کی مخصوص سرمایی کاری ہے متعلق تفصیل ،منافع منقسمہ یاقوا ند کی اشاعت کے حوالے ہے کمپنی کو کال کرنے اور مکمل رسائی کی اجازت دیتی ہے۔مطلوبہمعلومات فوری طور پرفراہم کی جاتی ہیں نیز <sup>س</sup>ی بھی قتم کا مسئلہ یااعتراض موجود ہ راہنمااصولوں کےمطابق فوری حل کیا جاتا ہے۔ سرماییکار کے اعتراضات کوایک مرکزی طریقہ کار کے ذریعے موثر طریقے سے حل کیا جاتا ہے۔

کوڈ آف کارپوریٹ گورنٹ ،7 1 20 کی تغییل کرتے ہوئے بورڈ نے اپنی کارکردگی کی جانچ کے لیےایک جامع طریقہ کارکی منظوری دی ہے۔ کمپنی نے ایک سوالنامہ متعارف کرایا ہے جس میں بورڈ کے دائر ہ کار،مقاصد، کام،اورکمپنی کی کارکرد گی اورگرانی کااحاطہ کیا گیاہے۔بورڈنے ہرڈائر بکٹرےموصول ہونے والی معلومات کی بنیاد پرتمام عوائل کا جائزہ لیا ہے۔

بورڈ کی کاروائیوں میں تمام ڈائر بیٹرزاینے مقررہ اختیارات کواستعال کرتے ہوئے حصہ لیتے ہیں اورعمومی طور پر فیصلہ اتفاق رائے سے کئے جاتے ہیں کسی بھی کلتہ یا ایجنڈے پر بورڈ کے اراکین کی جانب سے کیئے جانے والےاعتراض کوا جلاس کی کاروائی میں با قاعدہ طور پرتح ریکیا جاتا ہے۔

مزید برآل منظورشده کارپوریٹ کوڈ آف گورنس اور قانونی چارہ جوئی کی تبکیل کے ساتھ ساتھ مفادات کارسی انکشاف کیا جاتا ہےتا کہ کسی بھی نامعلوم مفادات کے تصادم سے بچاجا سکے۔

## متعلقہ یارٹی کے مالی لین دین کا جائزہ:

کمپینزا یک 2017 کے مطابق CCG، گرقابل اطلاق قوانین اور ضوااط کاقیل میں ،تمام متعلقہ فریق کی لین دین آڈٹ کمیٹی کےسامنے پیش کی جاتی ہے اوراس کی منظوری پراہے بورڈ کےسامنے منظوری اورنظر ثانی کے لئے رکھا جا تاہے۔

مالی لین دین کی تفصیلات جہاں ڈائر بکٹروں کی اکثریت دلچیوں رکھتی ہے ہرسال ارکان کے سامنے بھی منظوری کے لئے رکھی جاتی ہے۔

### C E O کی کارکردگی کا جائزہ:

ہرسال بورڈ کمپنی کےمشن کوحاصل کرنے کے لیے اہداف اور حکمت عملیوں کی ایک فہرست قائم کرتا ہے۔ کارکردگی کا اندازہ لگانے کے لیے ہرسنگ میل کواس طرح نایا جاتا ہے۔اس سے بیرجائزہ لینے میں مدد ملتی ہے کہ س طرح ہر مقصد کمپنی کی ترقی میں حصہ ڈال رہا ہے۔ جنعوامل کا تجزیہ کیا جاتا ہے ان میں مثن کا حصول، طویل اور مختصر المدت مقاصد، طویل المدت نفتی کو کیٹنی بنانے کاعمل جھھ یافتیان کی مالیت میں اضافہ، بہترین ضابطہ اخلاق اور قانون کےمطابق رپورننگ شامل ہیں۔ بورڈC E O کے کردار کومضبوط بنانے اوراس کے ارتقاء کے لئے اپنی دیانت داراندرائے کا اظہار کرتا ہے۔

چیئر مین، بورڈ اوراسٹیک ہولڈر کی جانب سے کمپنی کے گمران کے طور پر کام کرتا ہے۔ یہ بورڈ آف ڈائر کیٹرز کی سربراہی کرتا ہے اور بورڈ کی تا تیز کویٹنی بنانے کا ذمہ دار ہے۔ چیئر مین کاروبار کی ترقی اور کمپنی اور اس کے ذیلی اداروں کی خیرسگالی کے تحفظ کو یقنی بنا تا ہے۔ یہ بورڈ کی رکنیت کو تلف کا روباری آپریشنز اورا قتصادی نیز کا روباری باریک بنی کو طاہر کرنے کے حوالے ہے متواز ن رکھنے کو بھی یقنی بنا تا ہے۔ ں استعمال میں میں اور طویل مدتی اہداف کوآ گے بڑھانے کی اولین ذمددار CE کی جانب سے میں اور طویل مدتی اہداف کوآ گے بڑھانے کی اولین ذمددار کا CE کی جانب سے بورڈ سے گفت وشنید کرتا ہے۔ C E O مجمئینی کی روز بروز کے امور کے انتظام وانصرام اور طویل المعیا دلائح عمل منصوبہ بندی اور حصص یافتیگان کی مالیت میں اضافے کے لئے بجیٹ پڑنمل درآمد کی ذمہ داری

CEO کے حصص یا فتگان،سرکاری حکام اورعوام کے سامنے کمپنی کی نمائندگی کرتا ہے۔ در حقیقت CEO ایک راہنمااور فیصلہ ساز کے طور پر کام کرتا ہے جوملاز مین میں جبتجو پیدا کرتا ہے، کمپنی کو بہتری کی جانب لے جاتا ہے اور ترقیاتی اہداف کو حاصل کرنے کے لئے فیصلے کرتا ہے۔

#### گزشته سالاندا جلاس عام ( A G M ) میں سامنے لائے جانے والے معاملات:

1- پر تال شدہ مجموعی (C onsolidated ) اور غیر مجموعی (U n c onsolidated) بالیا گوشوارے برائے 30 جون 202 کوختم ہونے والے سال بمع ڈائر کیٹرزاورآ ڈیٹرز کی رپورٹ۔ 2- 30 جون 202 کوختم ہونے والے سال کے لئے میسرز کریسٹن حیدر جھیم جی ایٹڈ کمپنی جارٹرڈ اکاؤمٹنٹس کا بطور قانونی آڈیٹر نظر راوران کے مشاہرے کا تعین۔

کمپنی کےموجودہ آڈیٹرزمیسرزکریسٹن حیررسیم بی اینڈ کمپنی چارٹرڈا کاوئٹٹس نے 🛭 30 جون 2021 کوئمل ہونے والےسال کے لئے سالانہ آڈٹ کممل کرلیا ہےاورا یک غیرمشر وط آڈٹ رپورٹ تیار کی ہے۔ آڈیٹرز کمپنی کے سالاندا جلاسِ عام کے اختتام پرریٹائر ہوجائیں گے اورخودکو 30 جون 2022 کوختم ہونے والے سال میں دوبارہ تقرری کے لئے پیش کرنے کے اہل ہوں گے۔

#### مجوعی (Consolidated) گوشوارے:

0 و جون 2021 کوختم ہونے والے سال کے لئے ممپنی اوراس کے فیلی اوارول کل احمد اخر جیشل کمیٹٹر (FZC) بواسای، GTM (پورپ) کمیٹٹر یوک، GTM بوالیس اے کارپوریشن USA اور اسکائی ہوم کار پوریشن USA اوروینٹونا ہوم کمیٹڈ UK کے ساتھ منسلک ہیں۔



#### (ب)ماركيث رسك:

کمپنی کا منافع اپنے بنیادی غام مال جیسے کپاس اورسوت کی قیمتوں میں تبدیلی کی شرح ہے۔اس کا انتظام اسٹاک لیونز کی پلانگ اورمناسب وقت اورو تففے پرمختلف ذرائع سے خریداری کے ذریعے سے کیاجا تا ہے، مزید بدکہ انجینی ریٹ میں اتار چڑھاؤفائش انسٹر ومنٹس جیسے فارورؤ کنٹریکٹس، بلز ڈسکاؤ منٹک ، FCY کریڈٹ اورنیٹ ایکسپوزر کی مانیٹر نگ وغیرہ کے ذریعے کیاجا تا ہے۔

#### (ج) ليكودُ يڻي رسك:

کمپنی نے ادا نیکیوں اوروصولیوں کے توازن کو برقر ارر کھنے کے لئے وافر سرمائے کا انتظام اور متعددا ہم مینکوں کی معاونت حاصل کررکھی ہےتا کہ عمومی کاروباری آپریشنز وغیرہ کویقیتی بنایاجا سکے۔ سمینی کارسک مینجمنٹ سٹم مندرجہ ذیل پرمبنی ہے۔

### بورد آف دائر يكشرزاوراس كى كميشيان:

بورڈ وقناً فو قناً کاروبارکودر پیش پڑنے خطرات کا جائزہ لیتا ہے اور ضرورت بڑنے پراقدامات کرتا ہے۔ جبکہ آ ڈے کمیٹی مالی اور کمپلائنس رِسک برنظر ثانی کرتی ہے۔مشاہرہ اورافرادی قوت کےحوالے سے قائم سمیٹی ہنر منداور تجربہ کار عملے و برقر ارر کھنے اور رغبت ولائے کے لئے مار کیٹ سے مطابقت کے مل کو چینی بنانے کے لئے مشاہرہ اور ریوارڈ کی پالیسیز پرنظر ٹانی کرتی ہے۔ نان ایگزیکٹوڈائر بکٹرز کےمشاہرے حالیہ مارکیٹ کی ادائیگی کی شرح اور کمپنی کی کاروباری ضروریات کومد نظر رکھتے ہوئے بورڈ آف ڈائر بکٹرز کی جانب سے مقرر کئے گئے ہیں۔ ڈائز کیٹران کےناموں کی تفصیلات، بورڈ آف ڈائز کیٹرزاور کمیٹیوں کی تفکیل سالا نہ رپورٹ کی صفح نمبر ۔ 29 – 33 پرمندرج ہے۔

#### ياليسيال اورطريقه كار:

، بورڈ نے متعلقہ خطرات کی شناخت کے بعد مخصوص پالیسیاں اورطریقہ کاروضع کئے ہیں اوران پرعملدرآ مرکیا ہے جس سے تجارت کو رہیش نئے خطرات کی تشخیص کا وقباً فو قباً جائزہ لے کرئے اقدامات کئے جاتے

## معلوماتی اورنگهداشت کاانتظام:

ہماراجد بدمعلوماتی نظام بروقت ٰاوردرست معلومات فراہم کرتا ہے جوانظامیہ کی موثر انداز میں نتائج اورتغیرات کی جانچ میں معاونت کرتا ہے۔

اندرَونی معاملات پرموژ کنفرول رکھنے کے لئے انفرل آڈٹ فنکشنز کی راپورٹ آڈٹ کمیٹل کو پیش کی جاتی ہے اور ساتھ ہی بہتری کے لئے مزیدموزوں اقد امات کی تجویز بھی دی جاتی ہے۔ وقاً فو قناً آڈٹ ر بورٹس آ ڈٹ ممیٹی کوان کے مشاہدے کے لیے پیش کی جاتی ہیں۔

الندر پورٹ کے صفحہ 8 پررسک مینجنٹ پر تفصیل سے بحث کی گئے ہے۔

مروی رہے کر ہے۔ منفر داور غیر معمولی پراڈ کٹس اور سروسز مسابقتی فائدہ پہنچاتی ہیں، تاہم اس کا سب سے بڑا فائدہ ہمارے لوگوں کو ہوتا ہے۔جدت، کاوش اور حصول کے لئے ہمارے ملاز مین کا خلوص اور کئن ہی ہماری کا میا بی ہے۔ہمار امقصدا کیک ایسےاعلیٰ کارکردگی والے ادارے کی بخلیق ہے جوفن مہارت کے حامل افراد کومواقع فراہم کرتے ہوئے باصلاحیت وسائل کواپی طرف متوجہ، ترتی اور برقر اررکھتی ہے۔

ہمارے ملاز مین کی انفرادی تربیت وتر تی کے لئے انہیں اعلیٰ عہدوں کے ساتھ اختیارات تفویض کئے جاتے ہیں تا کہ شکل مراعل میں فیصلہ سازی پرعبور حاصل ہو۔انہیں مسلسل رہنمائی بھی مہیا کی جاتی ہے۔ ہم کلمل طور کام کے باہمی تعاون اورمتنوع ماحول پر پختہ بھین رکھتے ہیں اورگزشتہ برسوں میں بہی ہماری کا میا بی کا اہم سبب ہے۔

آئی ٹی کے نظم وصنیط کی پالیسی نقصانات اورمعلومات تک غیرمجاز رسائی کے خلاف حفاظت کے ساتھ سائیر سیکیو رٹی کے خطرات سے نبردآ زماہونے کی پالیسی ہے۔اس پالیسی کے ذریعے سے تحفظات کی تگرانی اوران میں بہتری لائی جاتی ہے۔اس یالیسی کامقصد تخلیق ،اسٹورتی ،استعال ،آر کا ئیونگ کی تنتیخ کی راہنمائی کرتا ہے۔

صارفین کی ضروریات اورکاروباری کامیابی میں آئی ٹی کے کردار کے پیش نظر نمینی با قاعد گی ہے بنجنٹ انفار میشن سٹم پرنظر ثانی کرتے ہوئے اسے بہتر بناتی ہے جس سے مندرجہ ذیل فوائد حاصل ہوتے ہیں۔ • روال کار کردگی کی نگرانی اوراس میں بہتری۔

تاز ہرین معلومات کی فراہمی ،جس کی بنیاد پر منصوبے کے تحت فیصلہ سازی ہو۔

شعبول میں کارکردگی کی تصدیق اورمظاہرہ؛ نیز

• اٹا ثہ جات کے تحفظ اور احتساب کولیٹنی بنانے کی غرض سے سروس کے لحاظ سے چیک اینڈ بیلنس کے نظام کی تخلیق۔

#### ریٹیل اور ڈسٹری ہیوشن:

بیشعبہ ہمارے ID E A S رمٹیل آؤٹ کیٹس اوراس کے ڈسٹری بیوٹن چیٹز کے ذریعے رمٹیل سیلز میں مصروف عِمل ہے۔سال بھر کے کاروباری ایام کے ساتھ ساتھ کام کے اوقات کار پر پابندیوں کے باعث اس شعبہ کے منافع کونقصان پہنچا۔گذشتہ سال کے مقابلے میں سال رواں اس شعبہ نے فروخت میں 30 فیصداضا نے اورآ پریٹنگ منافع میں 219 فیصداضا نے کے ساتھ واپسی کاسفرشروع کیا ہے۔

تبديلي	2021	2 0 2 0 روپے ملین میں	ریٹیل اور ڈسٹری ہوثن
30 فيصد	18,848	24,560	سيلز
25 فيصد	(14,133)	(17,723)	سيلز کې لا گټ
45 فيصد	4,715	6,836	مجموعى نفع
24 فيصد	(4,217)	(5,247)	ترسيل اورا نتظامی اخراجات
219 فيصد	498	1,589	دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا
			آپریٹنگ نفع آپریٹنگ نفع

## يروسيسنگ، هوم شيكسٹائل اورا پيرل:

پیشعبه ویلیوا ٹیڈ ٹیکسٹاکلز کی پروسینگ ہےمتعلق ہے، جو کہ بنیا دی طور پر برآمد کیے جاتے ہیں اور مقامی مارکیٹ میں فروخت بھی ہوتے ہیں۔گزشتہ سال صارفین کی منزل اور یا کستان دونوں جگہوں پر لاک ڈاؤن کے لیں منظر میں ،اب شعبہ کوآرڈرزی پھیل میں تاخیر کا سامنار ہااوراورصلاحیت میں نمایاں کی کا سِامنا کرنا پڑا جس کے نتیج میں منافِع مکمل طور پڑختم ہوگیا۔ تاہم ،سال روال اس شعبہ نے چھیلے سال کے مقابلے میں تین گنامنافع کی نویدسنائی جوایک مثبت تبدیلی ہے۔ اس شعبہ کامنافع بہت زیادہ ہوتا البکین پاکستانی روپے کے مقابلے امریکی ڈالری شرح تبادلہ میں اضافے اور زائد بین الاقوامی فریٹ کی

ېروسىينگ، بوم ئىكىشائل اوراپېرل	2 0 2 0 روپے ملین میں	2021	تبريلي
يلز	55,292	37,630	47 نصد
سیز کی لاگت	(51,576)	(35,002)	47 فيصد
مجموعى نفع	3,716	2,628	41 فيصد
ترسيل اورانتظامی اخراجات	(3,093)	(2,747)	13 فيصد
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا ہمر بھے نفعہ	622	(119)	622 فيصد

### انتظامی مقاصداورحکمت عملی:

گل احمد کا شار پاکستان کی ٹیکسٹائل انڈسٹری کے اہم ناموں میں ہوتا ہے۔ بیسب کچھ صرف تصصی یافتگان کے سرمائے میں پُر قدراضا نے کے لئے مینجنٹ کے عزم اور کئن نیز جدت، کواٹی کے معیاراور بہترین ٹیکنالوجی کے استعال کومز بیر بہتر بنانے کے باعث ہی ممکن ہوسکا ہے۔ تاہم،اس سے مینی کی راہ میں ماحول اورسوسائٹ کے لئے اپنی خدمات بیش کرنے میں کوئی رکاوٹ حاکل نہیں ہے۔ سالا ندر پورٹ کے سختی نمبر 19 پرہمارے اہداف اور متعلقہ حکمت عملیوں کے حوالے سے ملیحدہ بحث کی گئی ہے۔

میں۔ مادیت ( M aterialitity )سطحول کا تعین کرنامشر وط کام ہے اور بیٹنلف اداروں کے لحاظ سے مختلف ہوتا ہے۔ کمپنی میں باضابطۂمل کے ذریعے لین دین اوراختیارات کی تفویض کی اجازت کو اضح طور پر بیان اوروستاویز کیا گیا ہے۔ کمپنی کے پاس ایک منظور شدہ مکپنی نے مادیت ( M aterialitity ) کے حوالے سے پالیسی کی منظور کی دی ہے جس پرمطابقت کے لئے سالانہ نبیاد پرنظر خانی کی جاتی ہے۔

کمپنی ایک چیلنجگ یا حول میں کام کرتی ہے جیسا کہ بالتر تیب سالا ندر پورٹ کے صفحات 80 اور 81 پر SWOT اور SWOT کے PESTEL جو پیمیں تفصیل ہے بحث اور تجزید کیا گیاہے۔اتظامیہ نے خطرات کی شاخت تشخیص اور تخفیف کے کیے ایک مفبوط طریقہ کارتر تیب دیاہے جوہموار آپریشنز کوقابل عمل بناتا ہے اور کاروبار کی تر توجہ کو بیٹی بناتا ہے۔

#### (الف) كريدك رسك:

سمپنی اپنی مقامی فروخت کے لئے وصول کنندگان کے ڈیفالٹ ہوجانے کے خطرے سے نمٹنے کے لئے بالکل تیار ہے(ریٹیل سیلز کےعلاوہ جو کہ صرف نقد بنیاد پر ہیں )۔اس طرح کے امور کا انتظام مکمل مطلوبہ احتیاط سے ان کسٹمرز کے ساتھ کیا جا تا ہے جن کے لئے قرض کو بڑھایا جارہا ہو۔ دیگرواجہات پہلے سے کی جانے والی ان ادائیکیوں یا مناسب سیکیورٹیز کے ساتھ کی جاتی ہیں۔

# شیئر ہولڈرز کے لئے ڈائر یکٹرزر پورٹ

آپ کی مپنی کے ڈائز کیٹر زنہایت مسرت کےساتھ 30 جون 202 کوختم ہونے والے مالی سال کے لئے سالا ندرپورٹ اور پڑتال شدرہ مالیاتی صابات بمعدآ ڈیٹر زرپورٹ پیش کررہے ہیں۔

#### اقتصادی اور صنعتی جائزه:

وبائی امراض سے متاثرہ صورتحال کے ایک سال سے زائد کے بعد، دنیا کواب بھی اس کے وسیع تر حالات کے اثرات کا سامنا ہے۔ عالمی معیشت نے ترقی کی ہے کینن خاص طور پر پاکستان کی طرح ، ترقی یا فتہ معیشتوں اور بہت ی امجرتی ہوئی منڈیوں اور ترقی پذیریما لک کے درمیان کلیج کو ہڑھا دیا ہے۔ دیکسین کی رسائی اوران ظامیہ معاثی بحال کی سامی کا بند شرح میاں کی ہے۔ ویکسین کی بلند شرح والے ممالک سرگرمیاں معمول پرلانے کی راہ پرگا مزن میں ۔ عالمی مینک نے عالمی اقتصادی ترقی کی شرح 6 فیصد بیان کی ہے۔

(مالی سال) 1 2 0 2 میں پاکستان کی اقتصادی تر تی 9. 3 فیصد تک پُٹی گئی۔ایشیائی ترقیاتی ہیئک کے مطابق، مالی سال 2 0 2 میں پاکستان کی اقتصادی ترقی کوانفیکشن کی دوسری اور تیسری لہر کے دوران PCOVID-19 پرقابو پانے کی بہتر تھکست عملی سے بھر پورمدد کی ۔مالی سال 2 2 0 میں مہم بھائی کی شرح کی کے بعد 9. 8 فیصر ہوگئی،اگرچہ سالی گئی جیس میں تفطل، اگندم اور گئی قیمتوں میں افراط زرخاصہ بلندر ہا۔تیل کی بڑھتی ہوئی بین الاقوامی قیمتوں کے اور کا میں افراط زرخاصہ بلندر ہا۔تیل کی بڑھتی ہوئی بین الاقوامی قیمتوں میں افراط زرکو بڑھایا۔

مبہم عالمی اقتصادی ماحول کے درمیان، پاکستان کا بیرونی شعبہ مزاحت کا کلیدی گوشہ ثابت ہوا ہے۔ادائیگی کے قرازن کی پوزیشن نے مالی سال 2020 کی پہلی ششاہی میں زبروست ترسیات زراور برآمرات میں مسلسل بحالی کی وجہ سے سریلس کا مظاہرہ کیا۔تاہم،سال کی دومری ششاہی میں اقتصادی سرگرمیوں کی بحالی کے نتیج میں کرنٹ اکاؤنٹ سریلس میں کی واقع ہوئی، اوراس کے نتیج میں، کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2020-12 میں 8 فیصد کی کے ساتھ 1.8 مجلین امریکی ڈالر تک بھی ڈالر تک بھی ان کے اس کی فیصد اضافے سے 8 کہ 5 بلین امریکی ڈالر تک پہنچا گئیں۔ورکرز کی ترسیلات زرنے مالی سال 2020-12 میں تاریخی طور پر 27 فیصد کی بلند ترین نمو 4 . 29 مبلین امریکی ڈالر تک پہنچاد کے۔ کے ذیار تبھی مالی سال 2020-11 میں 39 فیصد سے بڑھ کر 7.5 میلی اگریت جا پہنچے۔

#### ٹیکسٹائل کی صنعت

covid-19 کی اہروں کے باعث پیش آنے والے مسلس چیلنجنگ حالات کے باوجود، تمام زمروں میں نمایاں اضافہ درج کرتے ہوئے صنعت ترقی کی منازل طے کرتی رہی۔ مالی سال 21-2000 میں ٹیکسٹائل کی ہرآ مدات گزشتہ سال 12.5 بلین امریکی ڈالر کے مقالم بلی میں 23 فیصد، بلی میٹر کے بلین امریکی ڈالرہوکئیں۔ بڑے شراکت داروں کے ساتھ نے ویئر میں 37 فیصد، تو لیے میں 32 فیصد، یارن (سوتی دھاگے کے علاوہ) میں 30 فیصد، بیڈو میئر میں 29 فیصد، اور تیار شرہ اشیاء(تو لیے کے بیڈو میئر کے علاوہ) میں بالتر تیب 28 فیصداضافہ رونماہوا۔

اس کے برعکس، کیاس کی پیدادار اور فی ایکڑ پیدادار دونوں میں کمی کی وجہ ہے ملک میں کیاس کی پیدادارگزشتہ سال 1.9 ملین ٹن کے مقالبے میں مالی سال 2020 میں 22.8 فیصد ہے کم ہوکر 7.1 ملین ٹن رہ گئی۔ کیاس کی پیدادار میں کمی کی مشکلات میں مزیداضا فیہوا کیونکہ ٹیکٹیائل سیکٹر کا کمان فع بھی دینٹ میں ا

# برآ مدات میں تمپنی کامار کیٹ شیئر:

کمپنی ملک گ سب سے بڑی جامع ٹیکسٹائل ملز میں سے ہےاورویلیوا ٹیڈ ٹیکسٹائل مصنوعات کی ایک سرکردہ برآ مدکنندہ ہےاوراس نے ملک کی بیڈوئیر کی برآ مدات میں تقریباً 7 🛚 فیصد کا حصہ ڈالا ہے۔

## کارکردیگی کامجموعی جائزہ:

آپی کی مینی نے سال 2020-202 کے دوران COVID-9 چیلنجز کے خلاف مضبوط مزاحمت کا مظاہرہ کرتے ہوئے پا آسانی کا میابی کے ساتھ اپناسٹر جاری رکھااور منافع کی طرف والپس لوٹ آئی۔ یہ ربھان پورے مالی سال تک جاری رہا، جس کے بنیچے ہیں توقع سے زیادہ بہتر منافع ممکن ہوا اور سال 2020-2021 ہماری مینی کے لیے ایک معیار بن گیا۔ ہمارے سنافع ممکن ہوا اور سال 2020-2021 ہماری مینی کے لیے ایک معیار بن گیا۔ ہمارے مائیل ہیں کی گئی سرمایے کاری اور مالیاتی شخصے میں دستیا ہوئے اختیارات کے انتخاب سے حاصل ہونے والی پیداوار کو ظاہر کرتے ہیں۔ مالی سال 2021 - 2020 کے لیے اہم اعداو و شار کا درج ذیل مواز نہ ایک قابل ذکر بہتری کو ظاہر کرتا ہے:

2020	2021	يونش	مراحت
34,231	54,489	رو پے ملین میں	ا ئىسپور ئىسىز
19,710	31,936	روپے ملین میں روپے ملین میں	اوکل سیکز
9,069	16,882	رو نے ملین میں	مجموعي نفع
(76)	6,126	روپے ملین میں	(خساره)/ نفع قبل ازمحصول ( PBT)
(479)	5,002	روپےملین میں روپےملین میں	(خساره)/ نفع بعدازمحصول ( P A T )
4103	10217	رو پے ملین میں	EBITDA
(1.12)	11.69	رو یے	(خساره)/ آمدنی فی خصص (EPS)
0.97	1.01	تناسب	Debt to Equity
1.02	1.10	تناسب	Current Ratio
32.64	43.37	روپي	بريك أپ ويليو في حصص
16.81 فصد	19.53 فيصد	فيصد	مجموعي منافع كامارجن
(0.14) فيصد	7.09 فيصد	فيصد	(خساره)/ نفع قبل از میکس مارجن
(0.89) فيصد	5.79 فيصد	فيصد	( خساره )/ نفع بعداز ٹیکس مار جن

مندرجہ بالانتائج پاکستانی روپے بمقابلہ امریکی ڈالری برابری میس غیرمتوقع اورتجب خیزمحرکات، خام مال کی قیمتوں میں مسلسل اضافے ، پیٹیلیٹر قیمتوں میں اضافے ، لاجشک محاذ پر در پیٹر چیلنجز، سیلا کی چین کی بڑھتی ہوئی لاگت، اور مسلسل بڑھتی ہوئی مہنگائی چیے چیلنجوں کے باوجود حاصل سے گئے ۔سال کے دوران، آپ کی میٹی کی کوبر آمدی آرڈی مطلوبہ مقدار حاصل ہوئیں جس سے دستیاب صلاحیتوں کا مکمل استعال مکمن ہوا، جب کہ دوفاقی اورصوبائی تعلق میں جانب سے اٹھائے گئے احتیاطی اقدامات کی وجہ سے مقامی رشیل سیگر سرال بھرمی دواد قات میں کا م کرتا رہا۔

e-covid کے دوران ہونے والے لاک ڈائن کے بعد ملک میں بڑھتی ہوئی ما نگ اور معاشی سر گرمیوں کے از سرنوآغاز کے نتیجے میں ، 30 جون 202 تک، ہماری انوینٹری اوقلیل مدتی قرض لینے کی سطح میں اضافیہ ہوا۔ اس کے مطابق کیا کے بیٹر کی پوزیشن نے (2020: 0.29) 0.45 کے فوری/ تیز ابی طل تناسب کے ساتھ کیا ل تصویر چیش کی ۔

#### آئنده کا ماحاصل:

کمپنی کے بورڈ آف ڈائر کیٹرزنے 26 ستمبر2020 کوہونے والیا بنی میٹنگ میں پیشگی منافع کے سی ڈیویڈیڈیا دیگر تنصیص کی کوئی تجاویز پیش نہیں کیں۔

#### فنڈ ز کاانتظام وانصرام:

برآ مدی طلب میں بحالی اوراقتصا دی سرگرمیوں میں بہتری کے نتیجے میں ، انوینٹری اورقرض دہندگان کی مدمیں خطیر سر ما بیکاری کی گئی۔ تاہم ، اس کا انتظام ورکنگ کمپیولل کی ضروریات کی موثر اور بہتر گرانی کے ذریعے کیا گیا تھا۔ اس کے مطابق ، ہماری کیکو ٹیڈ پیل پوزیشن نے 30 جون 2021 تک (2020: 1.03) 1.10 کے موجودہ وتناسب اور (2020: 0.97) 1.01 کے قرض سے ایکو پی ٹی تناسب کے ساتھ کیسال تصویر پیٹن کی۔

کمپنی، پورے سال میں، قرض کی خدمت اورشیئر ہولڈرز کوڈ بویڈیڈ کی ادائیگی سمیت اپنی نقد ذ مدار بول کی تکمیل میں کا میاب رہی کمپنی نے کافی نقدر قم کو برقر ارر کھنے اورمناسب مختصریدت کے کریڈٹ کی کمپنی کے پاس 8 کا ملین روپے ( 0 2 0 2 : 7 0 , 3 ملین روپے ) عیر استعال شدہ کریڈٹ لائٹز اور 2 0 کا ملین روپے ( 0 2 0 2 : 8 کا کمپنی روپے) کمیشن اور پینک میں بقایا جات کی صورت میں موجود تنتے تا کہ کی بھی قتم کے عارضی عدم تناسب کو یورا کیا جا سکی۔

#### تغمیرنو کی اسکیم: کاروباری شعبه جات:

#### إسپننگ:

اً سینگ کے شعبہ میں نئیسر مایدکاری کے نتیجے میں سیلز 90 فیصد بڑھر کہ . 26 بلین روپے ہوگئی، جبکہ مجموق منافع اور آپریٹنگ منافع میں گزشتہ سال کے مقابلے میں تین گنااضافیہ وا۔

تبديلي	2020	2 0 2 1 روپے ملین میں	إسپنگ
90 فيصد	13,896	26,391	سيلز
66 فيصد	(12,649)	(20,965)	سیلز کی لاگت
335 فيصد	1,247	5,426	مجموعى نفع
62 فيصد	(173)	(280)	ترسيل اورا نتظامی اخراجات
379 فيصد	1,074	5,146	دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا
			آپریٹنگ نفع/(نقصان)

اسٹیٹ آف دا آرٹ توسیعی پس منظر کے ساتھ ، مینجنٹ پُر امبید ہے کہ آنے والے سالوں میں مشعبہ مزید بہتر نتائج دکھائے گا۔

#### و يونگ:

۔ بیکاروباری شعبہ نبیا دی طور پرائیسپورٹ ڈویژن کی اندرونی ضروریات کی شخیل میں اپنا کردارادا کرتا ہے،حالانکدا کیہ معمولی حصہ تجارتی ویونگ کے لیے بھی بیش کیا جا تا ہے۔سیکنٹ میں توازن اورجدت کے باعث گزشتہ سال کے مقالبے میں سیلز کی آمدن میں 3 3 فیصدا ضافہ ہواہے۔مالی کارکردگی ،0 10 فیصد سے زیادہ بہتر ہوئی ہے اوراس کا خلاصہ ذیل میں دیا گیا ہے:

ويونك	2 0 2 و پےملین میں	2020	تبديلي
سيز	4,149	3,079	35 فيصد
سیلز کی لا گت	(3,252)	(2,600)	25 فيصد
مجموعى نفع	897	479	87 فيصد
ترسيل اورا نتظامی اخراجات	(125)	(104)	20 فيصد
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا	772	375	106 فيصد
آ پریٹنگ نفع			





# **SUSTAINABILITY REPORT**

environmental limits while fulfilling social wants and needs has become an unparalleled platform for innovation on strategy, design, manufacturing and brand, offering massive opportunities to compete and to adapt to a rapidly evolving world.

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

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

As a socially responsible entity, Gul Ahmed Textiles Mills Limited (the Company) recognizes and duties. its duty towards the safety and protection of the environment. Safeguarding the environment for

While sustainability is about the future of our the human race is of utmost importance to the society, for today's industries and businesses, it Company. The Sustainability Policy of the is also about commercial success. The mandate Company provides the quidelines for to transform businesses to respect maintaining coherence to conduct naturefriendly practices. This report updates the stakeholders about the steps taken by the Company to ensure compliance.

#### **Better Cotton Initiative (BCI)**

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

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

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

The Company is a member of BCI and strictly promotes BCI's objective by purchasing cotton, which is produced according to its guidelines. The Company purchased BCI cotton equaling 18,996 tonnes in FY 2021 and 23,070 tonnes in FY

#### **Contribution to National Exchequer**

The Company is contributing to the national growth by sharing its revenues in the form of taxes, rates and duties and exports also contribute towards improving foreign reserves. Contribution by the Company was a total of Rs. 4.971 million in FY 2021 (FY 2020: 4.205 million) in various federal, provincial and local taxes, rates

#### **Education**

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

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

#### **Women Empowerment**

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

#### **Special Persons**

The company also gives importance to providing an opportunity with dignity to people with special needs who are trained to serve the company as valuable human capital. We have included a yearly quota for special persons as a part of our diverse human resources. In collaboration with Deaf Schools, PWDs and Combined Cycle Gas Turbines are running in SWADs, our special person programs connect competent and qualified disabled students with our organization.

#### **Conservation of Resources**

Pakistan is facing a severe energy crisis and efforts to increase power generation are yet to fully materialize. This is besides the everyday increasing drinking water shortage faced by the citizens. This is resulting in load-shedding and power shutdowns in all sectors whether The Company has installed two Caustic Industrial or Residential as well as weekly

scheduling of drinking water supply. Considering the importance of energy and water and to cater energy and water needs, the Company has been heavily investing in power generation which includes installation of turbines, fuelefficient generators and addition of energyefficient machines to our various manufacturing units, as well as using and converting to processes and machinery that require less water consumption.

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

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

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

#### **Combined Cycle Gas Turbine**

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

#### **Caustic Recovery Plant**

Recovery Plants (CRP) at its processing facility



to recover caustic from weak lye generated from the newly installed mercerizing machines. CRP helps in recovering caustic from wastewater and also helps in reducing chemicals cost required to control the pH of wastewater.

#### **Pollution Prevention and Control**

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

- Using good quality surfactants and avoiding using less-degradable surfactants (in washing and scouring operations).
- Using transfer printing for synthetics and water-based printing pastes to reduce and control water and chemical (dyes) usage.

- Using Dyeing Pad Steam which helps to reduce water and energy consumption.
- Using jet dyers instead of winch dyers to reduce water consumption.
- Avoiding the use of benzidine-based azo dyes and dyes containing cadmium and other heavy metals.
- · Avoid using chlorine-based dyes.
- Recovering and reusing process chemicals and dye solution.
- Using peroxide-based bleaches instead of Sulphur and chlorine-based in its processing process.

# **AUDIT COMMITTEE REPORT**

The Audit Committee (the Committee) has concluded its annual review of the conduct and operations of the Company during 2021 and reports that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with Company codes and policies have been affirmed by the members of the Board, the management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, for the financial year ended June 30, 2021, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- The Chief Executive and the Chief Financial Officer have endorsed the financial statements and consolidated financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Directors' Report is drafted and endorsed by the Board of Directors, and is presented in compliance with the requirements of Companies Act, 2017. The Committee has reviewed and endorsed the report as to the compliance with regulations and acknowledges that business of the Company is fairly discussed in the Directors' Report.
- Accounting estimates are based on reasonable and prudent judgment. Proper

and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.

- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors and Executives or their spouses were notified to the Company Secretary along with the required information which was notified by the Company Secretary to the Board. All such holdings /have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution to shareholders or any other business decision, which could materially affect the share price of the Company, along with maintenance of confidentiality of all business information.

#### **INTERNAL AUDIT**

- The internal control framework has been effectively implemented through an independent outsourced Internal Audit function established by the Board which is independent of the External Audit function.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

 The Audit Committee has reviewed material Internal Audit findings, taking appropriate attention where required.

The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to the management and the right to seek information and explanations.

Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

#### **EXTERNAL AUDITORS**

The statutory Auditors of the Company, Kreston Hyder Bhimji & Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2021 and shall retire on the conclusion of the 69th Annual General Meeting.

The Audit Committee has reviewed and discussed audit observations with the external auditors.

The Auditors have been allowed direct access to the Committee and the effectiveness, action or bringing the matters to the Board's independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meeting of the Company during the year and have confirmed attendance of the 69th Annual General Meeting scheduled for November 27, 2021 and have indicated their willingness to continue as Auditors.

#### Ehsan A. Malik

Chairman Audit Committee

Karachi: October 28, 2021





Gul Ahmed has installed both a Water Treatment Plant and a Water Recycling Plant. To ensure that waste water from our manufacturing units are treated, recycled and reused.







# **FINANCIAL HIGHLIGHTS**

Profit & Loss		2021	2020	2019	2018	2017	2016
Sales Gross profit Operating profit Earnings before interest and tax Profit before tax Profit / (loss) after tax Cash dividend Bonus share	Rs. Million Rs. Million Rs. Million Rs. Million Rs. Million Rs. Million Rs. Million	86,424 16,883 8,458 8,458 6,117 5,133 428 856	53,941 9,069 1,932 1,932 (76) (479) 891 713	57,288 11,982 5,482 5,482 4,008 3,609 891	45,626 9,576 3,315 3,315 2,328 2,075 891	40,066 7,207 1,686 1,686 809 818 356	32,275 7,306 2,245 2,245 1,335 1,141 555
Balance Sheet							
Property, plant and equipment Intangible Long term investment, loans,	Rs. Million Rs. Million	31,019 81	23,936 90	18,994 45	16,104 24	15,969 34	12,050 13
advances and deposits	Rs. Million	2,798	2,862	492	299	291	236
Net current assets	Rs. Million	4,888	1,017	4,819	3,193	2,088	1,394
Total assets employed	Rs. Million	38,786	27,905	24,350	19,620	18,382	13,693
Represented by:							
Share capital Reserves Shareholders' equity	Rs. Million Rs. Million Rs. Million	4,278 14,408 18,686	4,278 9,685 13,963	3,565 11,768 15,333	3,565 9,056 12,621	3,565 7,349 10,914	2,971 5,746 8,717
Long term loans Deferred liabilities	Rs. Million Rs. Million	18,571 155	13,446 172	8,857 158	6,912 87	7,146 322	2,197 4,630 345
Total capital employed	Rs. Million	37,412	27,581	24,348	19,620	18,382	13,692
Cash Flow Statement							
Operating activities Investing activities Financing activities	Rs. Million Rs. Million Rs. Million	43 (9,904) 6,424	(20) (8,806) 2,298	160 (4,899) 875	(1,083) (1,956) 100	2,071 (5,275) 4,097	(2,085) (4,159) 2,407
Cash and cash equivalents at the end of the year	Rs. Million	(28,434)	(24,998)	(18,470)	(14,606)	(11,665)	(12,559)

# **FINANCIAL RATIOS**

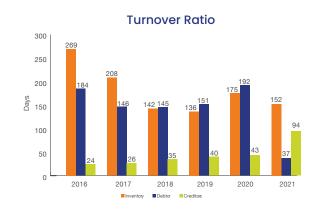
Financial Ratios		2021	2020	2019	2018	2017	2016
Profitabiltiy ratios Gross profit ratio Operating leverage ratio EBITDA margin to sales Net profit to sales Return on equity Return on capital emplyed	% Times % % %	19.53 5.61 12.95 5.94 31.44 26.03	16.81 11.09 7.61 (0.89) (3.27) 7.44	20.92 2.56 12.99 6.30 25.82 24.94	20.99 6.96 11.37 4.55 17.63	17.99 (1.03) 8.16 2.04 8.34 10.52	22.64 (1.86) 10.44 3.54 14.37 18.97
Liquidity ratios Current ratio Quick / acid test ratio Cash to current liabilities Cash flow from operations to sales		1.10 0.43 0.01 0.00	1.02 0.29 0.01 (0.00)	1.16 0.39 0.02 0.00	1.14 0.40 0.02 (0.02)	1.11 0.37 0.01 0.05	1.08 0.26 0.02 (0.06)
Capital structure ratios Financial leverage ratio Weighted average cost of debt Debt to equity ratio Interest cover ratio		2.69 0.05 0.99 3.61	2.82 0.06 0.96 0.96	1.89 0.05 0.58 3.72	1.85 0.04 0.55 3.36	1.81 0.04 0.65 1.92	2.06 0.04 0.53 2.47
Turnover ratios							
Inventory Inventory turnover ratio Debtor Debtor turnover ratio Creditors Creditors turnover ratio Fixed assets turnover ratio Total assets turnover ratio Operating cycle	Days Days Days	152 2.40 37 9.90 94 3.52 2.79 0.97	192 1.90 43 8.45 175 1.83 2.25 0.81 60	151 2.42 40 9.19 136 2.44 3.02 1.05 54	145 2.52 35 10.44 142 2.46 2.83 1.05 38	146 2.50 26 14.04 208 1.79 2.51 1.09 (35)	184 1.99 24 15.09 269 1.50 2.68 1.00 (61)
Investor information Earnings per share Price earning ratio Price to book ratio Dividend yeild ratio Cash dividend per share Bonus shares issued Dividend payout ratio Dividend cover ratio Break - up value per share * Market value per share	Rupees  Rupees  %  %  Times Rupees	10.00 5.07 0.24 0.02 1.00 2.00 (1.07) 10.00 43.68	(1.12) (25.56) 0.18 0.09 2.50 2.00 0.25 (0.45) 32.64	10.12 4.65 0.31 0.05 2.50 - 0.43 4.05 43.01	5.82 7.38 0.35 0.06 2.50 - 1.00 2.33 35.40	2.50 16.36 0.40 0.02 1.00 - 0.26 2.50 33.40	3.92 9.23 0.33 0.03 1.00 - 0.43 3.92 29.93
at the end of the year high during the year. low during the year EBITDA	Rupees Rupees Rupees Rs. Million	50.73 58.32 28.93 11,195	28.63 49.62 21.45 4,103	47.12 58.4 38.25 7,442	42.93 49.5 32.52 5,186	40.98 61.2 36.00 3,267	36.19 53.2 32.99 3,371



# **GRAPHICAL ANALYSIS**

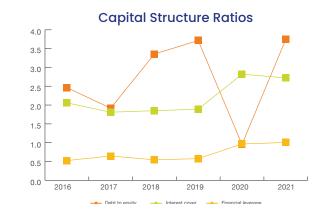




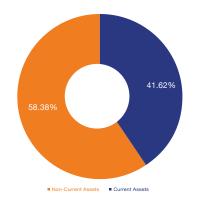




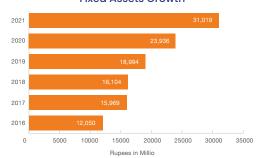


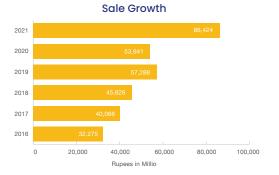




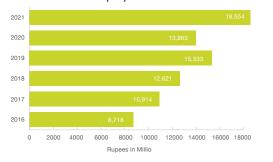




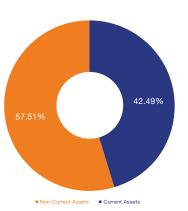




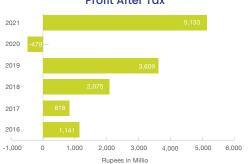
#### **Equity Growth**



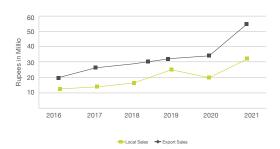
### Assets 2020



Profit After Tax



## Local and Export Sales



#### Market & Break value per share





# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

2021

			Rupees i	in '000		
Balance Sheet						
Total equity	18,685,936	13,963,200	15,333,213	12,620,727	10,913,917	8,718,239
Total non-current liabilities	23,469,145	13,652,747	9,014,948	6,998,726	7,468,625	4,975,661
Total current liabilities	47,397,065	38,504,346	30,104,046	23,643,992	18,336,130	18,475,363
Total equity and liabilities	89,552,146	66,120,293	54,452,206	43,263,445	36,718,672	32,169,263
Total non-current assets	37,268,573	26,887,087	19,530,496	16,427,027	16,294,109	12,299,727
Total current assets	52,283,573	39,519,947	34,921,711	26,836,418	20,424,563	19,869,536
Total assets	89,552,146	66,407,034	54,452,207	43,263,445	36,718,672	32,169,263

2020

2019

2018

2017

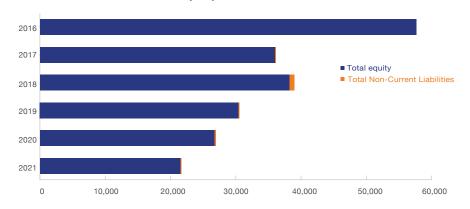
2016

#### Profit & loss account

Net sales
Cost of sales
Gross profit
Distribution expenses
Administrative expenses
Other expenses
Other income
Operating profit
Financial expenses
Profit before taxation
Income tax expense
Profit for the year

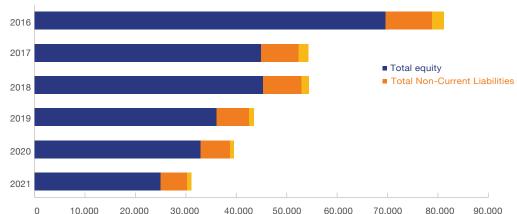
86,424,480	53,941,017	57,287,837	45,625,872	40,065,605	32,274,556
(69,541,627)	(44,871,541)	(45,305,673)	(36,049,884)	(32,858,312)	(24,968,291)
16,882,853	9,069,476	11,982,164	9,575,988	7,207,293	7,306,265
(5,879,355)	(4,528,465)	(4,648,383)	(3,940,730)	(3,483,858)	(3,242,285)
(2,846,912)	(2,712,937)	(2,677,242)	(2,310,347)	(2,304,764)	(1,833,967)
(581,844)	(264,192)	(311,783)	(208,043)	(58,377)	(137,554)
883,716	367,679	1,137,104	198,601	326,055	152,538
8,458,458	1,931,561	5,481,860	3,315,469	1,686,349	2,244,997
(2,341,076)	(2,007,673)	(1,473,407)	(987,076)	(877,587)	(910,488)
6,117,382	(76,112)	4,008,453	2,328,393	808,762	1,334,509
(984,466)	(403,253)	(399,233)	(253,420)	9,660	(193,079)
5,132,916	(479,365)	3,609,220	2,074,973	818,422	1,141,430

## **Equity & Liabilities**



#### 2021 2020 2019 2018 2017 2016 Rupees in '000 **Balance Sheet** (8.93)Total equity 33.82 21.49 15.64 25.18 21.60 (6.29)Total non-current liabilities 71.90 51.45 28.81 50.10 77.57 Total current liabilities 23.10 27.90 27.32 28.95 (0.75)23.40 21.43 25.86 17.82 14.14 28.97 35.44 Total equity and liabilities 18.89 38.61 37.67 0.82 32.48 33.47 Total non-current assets 32.30 13.17 30.13 31.39 2.79 26.33 Total current assets 34.85 21.95 17.82 14.14 28.97 Total assets 25.86 Profit & loss account (5.84)(3.24)Net sales 60,22 25.56 13.88 24.14 (0.96)(8.41)Cost of sales 54.98 25.67 9.71 31.60 (24.31)(1.35)Gross profit 86.15 25.13 32.87 19.89 (2.58)Distribution expenses 29.83 17.96 13.11 7.45 24.56 Administrative expenses 4.94 1.33 15.88 0.24 25.67 19.74 (15.26) (25.81)Other expenses 120.24 49.86 256.38 (57.56)140.35 (67.67)472.56 (39.09)113.75 (55.54)Other income (64.76)337.91 65.34 96.61 (24.88)6.02 Operating profit 36.26 49.27 (3.61)(31.76)Financial expenses 16.61 12.48 Profit before taxation (8,137.34) (101.90)72.16 187.90 (39.40)70.36 (2,723.40)(105.00)Income tax expense 144.13 1.01 57.54 8.24 (113.28)(28.30)Profit for the year (1,170.77) 73.94 153.53 88.68

#### **Current & Non-Current Assets**



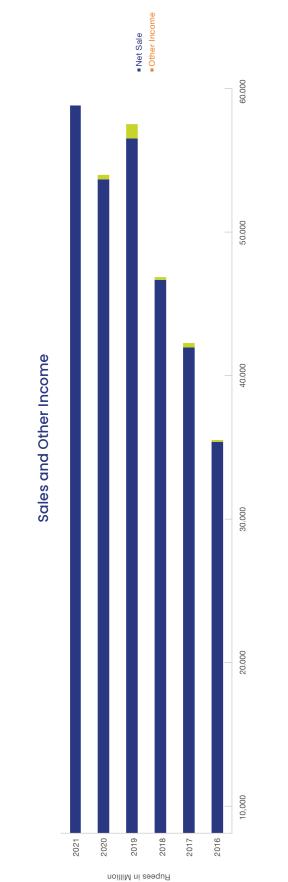
**62** 0 10,000 20,000 30,000 40,000 50,000 60,000 70,000 80,000 90,000 **63** 

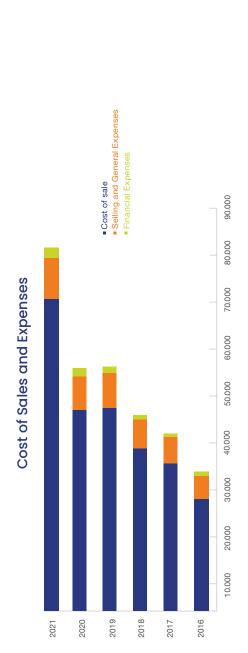


# **VERTICAL ANALYSIS OF FINANCIAL STATEMENTS**

	2021		2020		2019		2018		2017		2016	
	Rs. in 'ooo	%	Rs. in '000	%								
Balance Sheet												
Total equity	18,685,936	20.87	13,963,200	20.32	15,333,213	28.16	12,620,727	29.17	10,913,917	29.72	8,718,239	27.10
Total non-current liabilities	23,469,145	26.21	15,844,450	23.06	9,014,948	16.56	6,998,726	16.18	7,468,625	20.34	4,975,661	15.47
Total current liabilities	47,397,065	52.93	38,913,545	56.63	30,104,046	55.29	23,643,992	54.65	18,336,130	49.94	18,475,363	57.43
Total equity and liabilities	89,552,146	100.00	68,721,195	100.00	54,452,206	100.00	43,263,445	100.00	36,718,672	100.00	32,169,263	100.00
Total non-current assets	37,268,573	41.62	29,201,248	42.49	19,530,496	35.87	16,427,027	37.97	16,294,109	44.38	12,299,727	38.23
Total current assets	52,283,573	58.38	39,519,947	57.51	34,921,711	64.13	26,836,418	62.03	20,424,563	55.62	19,869,536	61.77
Total assets	89,552,146 100.00	100.00	68,721,195	100.00	54,452,207	100.00	43,263,445	100.00	36,718,672	100.00	32,169,263	100.00

Net sales	86,424,480	100.00	53,941,017	100.00	57,287,837	100.00	45,625,872	100.00	40,065,605	100.00	32,274,556	100.00
Cost of sales	(69,541,627)	(80.47)	(44,881,985)	(83.21)	(83.21) (45,305,673)	(79.08)	(36,049,884)	(19.01)	(32,858,312)	(82.01)	(82.01) (24,968,291)	(77.36)
Gross profit	16,882,853	19.53	9,059,032	16.79	11,982,164	20.92	9,575,988	20.99	7,207,293	17.99	7,306,265	22.64
Distribution expenses (5,8	(5,879,355)	(6.80)	(4,785,255)	(8.87)	(4,648,383)	(8.11)	(3,940,730)	(8.64)	(3,483,858)	(8.70)	(3,242,285)	(10.05)
Administrative expenses (2,8	(2,846,912)	(3.29)	(2,445,703)	(4.53)	(2,677,242)	(4.67)	(2,310,347)	(2.06)	(2,304,764)	(5.75)	(1,833,967)	(5.68)
Other expense (5	(581,844)	(0.67)	(212,860)	(0.39)	(311,783)	(0.54)	(208,043)	(0.46)	(58,377)	(0.15)	152,538	0.47
Other income	883,716	1.02	316,347	0.59	1,137,104	1.98	198,601	0.44	326,055	0.81	(137,554)	(0.43)
Operating profit 8,4	8,458,458	9.79	1,931,561	3.58	5,481,860	9.57	3,315,469	7.27	1,686,349	4.21	2,244,997	6.96
Financial expenses (2,3	(2,341,076)	(2.7J)	(2,007,673)	(3.72)	(1,473,407)	(2.57)	(987,076)	(2.16)	(877,587)	(2.19)	(910,488)	(2.82)
Profit before taxation	6,117,382	7.08	(76,112)	(0.14)	4,008,453	7.00	2,328,393	5.10	808,762	2.02	1,334,509	4.13
Income tax expense	(984,466)	(1.14)	(403,253)	(0.75)	(399,233)	(0.70)	(253,420)	(0.56)	099'6	0.02	(193,079)	(0.60)
Profit for the year 5	5,132,916	5.94	(479,365)	(0.89)	3,609,220	6.30	2,074,973	4.55	818,422	2.04	1,141,430	3.54







## **COMMENTS ON FINANCIAL ANALYSIS**

#### **EQUITY AND LIABILITIES**

#### • Shareholders' Equity

Total equity of the Company has increased by Rs. 4.7 billion as compared to the prior year due to the turnaround sales volume/value and profitability. As at June 30, 2021, total equity was Rs. 18.69 billion which indicates a growth of around 114% over the last six years. There is an increase in reserves in the current year due to higher profit earned, although interim dividend was also paid.

#### Non-current Liabilities

Due to the management's strategic decision to take maximum advantage of historically low markup rates which would remain locked over the term of loan, the company obtained further long-term financing of Rs. 7.67 billion under the State Bank of Pakistan's (SBP) concessionary financing for textile exporters. Further medium-term financing was also availed under the SBP scheme to support employment included in above figure. Company started repayment of loan after availing the deferment permitted by State Bank of Pakistan and Rs. 300 million was repaid during the year as per agreed terms. Although long-term loans have increased substantially over the years, it has benefitted the company many folds, including but not limited to enhanced capacity, the latest technology, operational excellence and remarkable improvement both in top and bottom lines. Deferred liabilities which include deferred taxation and staff retirement benefits have decreased due to tax credits up to 2020.

#### • Current Liabilities

Current liabilities have gone up by Rs. 8.48 billion i.e., 21.80% as compared to 2020 and are at highest level during the last six years. The increase is mainly attributable to short term borrowings, following by increase in

trade creditors and current maturity of long-term borrowings. The increase in commercial borrowings is due to higher credit sales of yarn and buying of additional inventory for enhanced spinning capacity. However, the increase in current liabilities is reciprocated by an increase in inventory and trade debts included in current asset. There has been an increase of about Rs. 28.9 billion in current liabilities over the last six years due to reasons mentioned above.

#### **ASSETS**

#### Non-current Assets

Non-current assets of the Company including property, plant and equipment, intangible assets and long-term investments reflected an increase of Rs. 8.06 billion as compared to the prior year. The increase is attributed to investment in property plant and equipment as well as in Worldwide Developers (Private) Limited (subsidiary to the extent of 54.84%). Additions during the year were of Rs. 6.36 billion as against Rs. 6.06 billion during 2020, however, there were lower disposals as well as lower depreciation charge during 2021 as compared to 2020. As mentioned above, the investment in property, plant and equipment was due to the management's decision to take advantage of currently prevailing interest rates, forecasted change in PKR valuation and availability of the most efficient version of machineries. During the year, the acquisition of strategic interest to the extent of 54.84% in Worldwide Developers (Private) Limited completed with the payment of balance amount. Over the last six years, noncurrent assets have grown by more than 2.03 times which indicates steady growth in the operational capability of the Company and results are evident of the same.

#### Current Assets

Current assets include trade debts, stock in trade, short term prepayments, cash and

# **COMMENTS ON FINANCIAL ANALYSIS**

bank balances and loans and advances. These have increased by around Rs. 12.76 billion mainly due to increase in the levels of inventory, trade debtors and refunds from government. Refunds from Govt. has increased by Rs. 1.28 billion whereas trade debtors increased by 6.05 billion. The current assets as on June 30th are highest in last six years and the management has a target to decrease the same in the ensuing year. The reduction in current assets would also result in reduction in the current level of current liabilities.

#### **PROFIT AND LOSS**

#### • Revenue and Cost of Sales

Export sales have gone up by Rs. 20.26 billion due to change in PKR/Dollar parity and management's decision to tap into new markets and concentrate on profitable orders. The local sales have increased by Rs. 12.23 billion as compared to last year due to reduced restrictions on account of COVID-19. The sales would have been higher if the reduced lock down had not taken place. Over the last six years, sales have increased by around 168% i.e., by Rs. 54.15 billion. Besides exports, the Company is also focusing on the local market through its chain of retail stores and sale of yarn in local market based on opportunity and better prices. Having stronger foot prints now due to its brand image, start of western wears & kids is planned as well as focus on customer ease and satisfaction by having robust quality management systems, the Company is expanding its target markets across the country.

#### Gross Profit

The increase in sales during the current year is around 60%, whereas gross profit margin has also increased to 19.53% from 16.79% in last year. Gross profit margin would have been higher but was restricted due to:

debtors and inventories was due to additio spinning capacities. Amount around Rs. I billion further blocked-in refunds which further blocked-in working capital.

- higher cost of raw material due to change in PKR/US\$
- unpredictable and sudden changes in PKR / US\$ parity during the year
- very competitive yarn market
- on and off restrictions as to timing and working days
- Immense competition in local and retail market has resulted in reduction of margin on each product category.

#### Profit before Tax

The Company has earned, historically the highest Profit Before Tax amounting to Rs. 6.13 billion. The increase in profit of about Rs. 4.79 billion is primarily a result of

additional spinning capacities coming online

major BMR in weaving setup

replacement of inefficient machinery in processing

revised smart stitching plans

#### CASH FLOWS

Cash and cash equivalents as at June 30, 2021 were Rs. (28.43) billion as compared to Rs. (24.99) billion as at June 30, 2020. During the year under review, more amount was invested in debtors and inventories, as well as blocked in refunds from government. CAPEX for which State Bank of Pakistan's concessionary financing was not available were also financed from internal generation which further enhanced the working capital requirement. Further, the Company has invested a balance agreed amount in a subsidiary company. Amount invested in debtors and inventories was due to additional spinning capacities. Amount around Rs. 1.28 billion further blocked-in refunds which further enhanced the investment in working capital.



# **COMMENTS ON FINANCIAL ANALYSIS**

#### **RATIO ANALYSIS**

#### • Profitability Ratios

CAPEX investment in prior years, in time investment in inventories, enhanced operational efficiencies has helped improve the Gross Profit ratio to not go below 19.53%. The increase of 2.72% in Gross Profit was in spite of increase in raw material prices, effective reduction in raw material prices, high finance cost, and general inflation, etc. The increase in gross profit also contributed to effective control over selling & distribution and administrative costs, the net profit to sales ratio increased to 5.94% from (0.89)% compared to last year. Though administrative costs were very effectively controlled but despite of same there was an increase in same due to change in operational level and inflation. Whereas increase in selling & distribution cost is due to change in PKR/US\$ parity besides, inflation. Return on capital employed is 26.03% showing an increased return when compared with last year.

#### Liquidity Ratios

Efficient fund management has helped in steady growth in the current ratio year by year as well as acid test ratio, though a little comprised during the year due to additional investment in working capital. On the contrary, cash flow from operations has reflected an increase in working capital requirement mainly due to further money tied up in inventories and government refunds for the reasons cited in above paragraphs. The improvement is also caused by higher margins and effective controls over unproductive cost and expenses.

#### Turnover Ratios

Both Inventory turnover and debtors' turnover ratio have increased due to further investment required for additional spinning production capacity. Along with this, higher yarn sales volume in local market with higher credit period and strategic non- discounting of export bills further added to the increase.

The inventory turnover is more or less at par with the last six years, whereas debtors' turnover days has decreased. Creditors' turnover ratio has increased as the Company had negotiated better credit terms from suppliers rather than relying on short term borrowings.

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

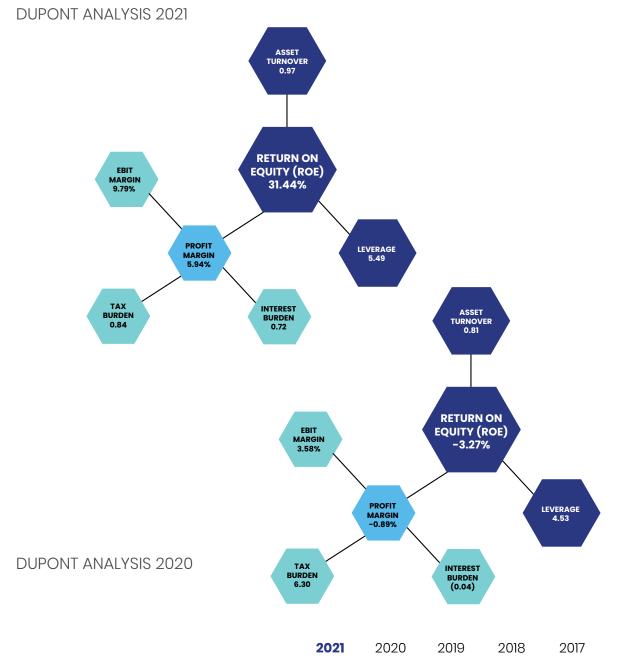
## • Investment/Market Ratios

Earnings per share had increased to Rs. 10.00 from Rs. (0.93) in the current year due to increase in profitability. Price earnings ratio decreased to 5.07 times from 30.66 times due to changes in market price of the shares. Market price was Rs. 50.73 at the end of FY 2021 as compared to Rs. 28.63 at the end of last financial year.

#### Capital Structure Ratios

Fresh long-term loans obtained during the year to undertake BMR as well as new projects with consideration to take advantage of the low markup rates have enhanced the total long-term borrowing levels by Rs. 7.67 billion to Rs. 18.57 billion despite the repayments during the year. However, the high volume of borrowings has enhanced the debt portion and debt to equity ratio was 50.2:49.8 as compared to 50:50 at the end of last year. Resultantly, the financial leverage ratio had also decreased to 2.69 times as compared to 2.82 times last year despite considerable increase in equity. Though the level of debt was high during the year the interest coverage ratio had increased to 3.61 from 0.96 last year.

# **DUPONT ANALYSIS**



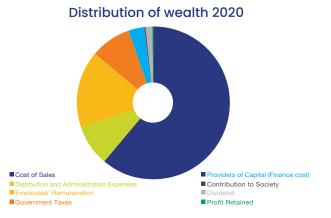
	2021	2020	2019	2018	2017	2016
Return on Equity (ROE)	31.44%	-3.27%	25.82%	17.63%	8.34%	14.37%
Asset Turnover	0.97	0.78	1.05	1.05	1.09	1.00
Leverage	5.49	4.69	3.90	3.68	3.74	4.05
Net Profit Margin	5.94%	-0.89%	6.30%	4.55%	2.04%	3.54%
Interest Burden	0.72	(0.04)	0.73	0.70	0.48	0.59
Tax Burden	0.84	6.30	0.90	0.89	1.01	0.86
EBIT Margin	9.79%	3.58%	9.57%	7.27%	4.21%	6.96%



### **OUR VALUE ADDITION AND ITS DISTRIBUTION**

	2021		2020	
	Rs. '000s	%	Rs. '000s	%
Value addition				
Net sales including Sales tax	92,787,400	99.06	57,722,022	99.45
Other operating income	883,716	0.94	367,679	0.63
	93,671,116	100.00	58,089,701	100.00
Value distribution				
Cost of sales (excluding employees' remuneration, duties and taxes)	60,659,319	64.74	34,044,553	62.70
Distrbution and administration expenses (Excluding employees' remuneration and taxes)	5,916,948	6.32	4,885,820	9.00
Employees' remuneration Government taxes (includes income tax,	11,202,173	11.96	9,110,965	16.77
WPPF, WWF, duties, federal & provincial taxes, Sales Tax etc.)	8,392,328	8.96	4,723,628	8.70
Providers of capital (Finance cost)	2,321,081	2.48	1,986,658	3.66
Dividend	427,795	0.46	891,239	1.64
Contribution to society - Donations	35,262	0.04	21,184	0.04
(Accumulated Loss) / Profit retained	4,705,121	5.02	(1,370,604)	(2.52)
	93,660,027	100.00	54,293,444	100.00







#### First Quarter ended September 30, 2020

After learning to cope with unforeseen threats in a post-pandemic scenario, the Company devised an improved strategy that initiated good progress while ensuring the safety measures in place. Compared to the corresponding quarter, overall sales went up by Rs. 5.456 billion, i.e., 38%. An increase in local sales was also contributed by yarn sales over and above the sale of textile products through chain of stores. Gross profit also improved by 21% due to both higher sales and full utilization of available capacities.

Higher gross profit and lean & efficient management helped to earn a higher profit before and after tax. PAT was higher by Rs. 235 million showing an improvement of 64% over the corresponding quarter of the last year. The million. higher profit resulted in improvement of critical ratios as well, e.g., EBITDA improved by 50% over the corresponding period of last year.

#### Second Quarter ended December 31, 2020

The Company continued to be on the path of improvement during the second quarter. Sales grew by 32% as compared to the corresponding period of last year. However, it was lower by 6% when compared to first quarter.

Restrictions placed on working days and hours for retail operations limited the possibility to achieve higher sales. And so, the gross profit was also 3% lower in comparison to the first quarter of the year. However, in comparison to the corresponding quarter of the previous year, containers for export primarily led to the gross profit remained 19% higher.

Profit after tax was 2% higher when compared with the first quarter of the year and was 66% higher when compared to the corresponding period of last year. EBITDA also showcased a 292% improvement over the corresponding period as well as material improvement over the previous two quarters of the year. Such improved results enabled the interim announcement in the form of both cash dividends and bonus shares.

#### Third Quarter ended March 31, 2021

Though on and off restrictions on working days and hours continued during the third quarter as well, the Company focused on yarn sales, on more capacities came to production and resultantly sales for the third quarter were 54% higher, amounting to an increase of Rs.7,734

Gross profit improved by 147% to Rs. 4,717 million as compared to Rs. 1,913 million during third quarter of last year. The remarkable improvement was the result of a higher margin on yarn sales and improved margins on other local and export sales. Net profit also improved when compared with the first two quarters of the year. EBITDA also continue to improve by 65% during the guarter over the corresponding period.

#### Fourth Quarter ended June 30, 2021

High prices of cotton and yarn, unexpected changes in PKR values, increased gas tariff, and increased freight due to severe shortages of compromised profitability in the fourth quarter.



With such prevailing conditions, the management's dedicated efforts and the Company's additional capacity for spinning helped overcome the negative impact and achieve similar, positive results as in the third quarter of the year.

Sales increased by 156% in comparison to the corresponding quarter of last year. Such drastic change was inevitable as operations were substantially closed due to the implementation of lockdown in the corresponding quarter of last year.

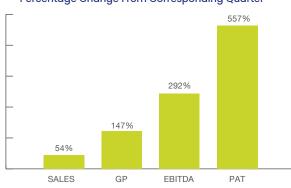
conditions, the efforts and the efforts and the acity for spinning ative impact and ults as in the third energy of the year, are the highest. On the other hand, Gross Profit, PAT, and EBITDA remained a little lower when compared with the third quarter of the year, although they were higher in comparison to the corresponding quarter of last year.

QTR 1
Percentage Change From Corresponding Quarter

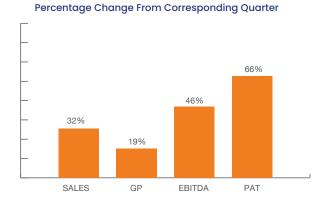


QTR 3

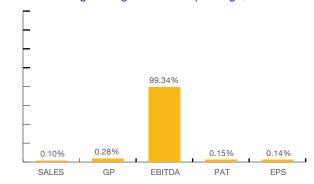
Percentage Change From Corresponding Quarter



QTR 2



QTR 4
Percentage Change From Corresponding Quarter



### **SHARE PRICE SENSITIVITY ANALYSIS**

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

Month	Company's Share Price	PSX 100 Index
July-20	34.5	39,258
Aug-20	40.53	41,111
Sep-20	37.32	40,571
Oct-20	34.1	39,888
Nov-20	32.48	41,069
Dec-20	36.75	43,755
Jan-21	43.47	46,385
Feb-21	54.25	45,865
Mar-21	47.3	44,588
Apr-21	48.74	44,262
May-21	54.76	47,896
Jun-21	50.73	47,356

Share Price Vs. KSE 100 Index



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

- 1. Any shortage/excess of Cotton in the market (local and international), may distort the profitability as at times the Company has to resort to buying on higher prices to meet demand.
- 2. Exchange Rate fluctuations affect the export sales of the Company in PKR and where the same does not float free it makes the Company uncompetitive with the regional competitors.
- 3. Interest Rate fluctuations affect the finance cost of the Company and also affect the decisions of the management to expand its operations/modernize its production facilities due to borrowing cost. The anticipated

increase would affect the profitability and hence may be the prices of shares.

- 4. Pronouncements by Government of Pakistan relating to rebates, taxes, duties, refinance rates, etc. are all price sensitive. These affect the performance of the Company and major decisions of the management.
- 5. Pronouncements by foreign governments such as award of 'GSP Plus Status' to Pakistan from European Union which may boost the export revenue of the textile industry. Other pronouncements from competing countries like subsidies to the industry in energy prices, lower tax or duties rates will affect the competitiveness of the industry in Pakistan if such facilities are not provided to the industry in Pakistan by the Government.
- Economic growth in the countries where the products are exported.



### STAKEHOLDER ENGAGEMENT AND INVESTOR **RELATIONS**

#### **STAKEHOLDER ENGAGEMENT**

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

#### **Employees**

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

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

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

Employee relationship is established in a way that adds to the staff's commitment, helps resolve disputes and address grievances. The Company has provided platform to employees to raise their concerns, complaints and grievances.

#### **Customers**

It was well said by the American author Michael LeBoeuf; "A satisfied customer is the best Company as well as the local community or

business strategy of all". We also maintain a good relationship with our customers by providing quality products and making deliveries on time. We also provide specialized services to our customers as per their requirements. To further strengthen our relationship, the Company organizes and attends various events and exhibitions, providing our customers with opportunities to interact, and obtains their feedback to understand their needs and requirements.

#### **Suppliers and Partners**

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

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

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

#### **Government Authorities**

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

#### **General Public and Local Community**

The Company is continuously contributing towards the betterment of the local community. While setting up a new mill or production facility we always plan to operate with hazard freeprocedures both for the human resource of the general public surrounding the premises. We makes it available on the Company's website environment green and conducive to the potential investors. community.

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

#### **INVESTOR RELATIONS**

#### **Shareholders**

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

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

#### **Annual General Meeting**

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

#### **Financial Reporting**

The Company, being a listed Company, publishes and circulates its periodic financial statements (annual, half-yearly and quarterly) to the shareholders and stock exchange. It also

deploy extra amount of resources to keep the for easy access for the shareholders and

#### Stock Exchange Notifications

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

#### Media

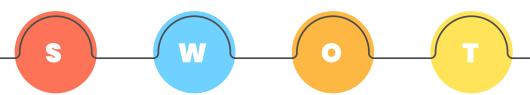
The Company disseminates information through print, electronic, social and other web media.

#### Website

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



### **SWOT ANALYSIS**



#### **STRENGTHS**

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

#### **WEAKNESSES**

- Export depends primarily on a few major customers
- Highly labor-intensive industry
- Labor productivity is very low
- Higher Utility requirement
- LeverageMultiple Locations

Current High Debt

#### **OPPORTUNITIES**

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

#### **THREATS**

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

### **ENVIRONMENTAL OVERVIEW**

#### **Political Factors**

- The political situation of the country remains unstable and is actively subjected to impulsive, anti-government movements.
- Law and order conditions though improved, however, there are concerns about the situation in two of the provinces and on the borders with India and Afghanistan.
- Practices like red-tapism, corruption, and tardy systems and procedures are big hurdles to efficient operations of the businesses

#### **Economic Factors**

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

#### **Social Factors**

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

 Customer loyalty is getting stronger day by day, hence, businesses have to make more efforts to maintain it.

#### **Technological Factors**

- Gul Ahmed prioritizes the need to stay up to date with the latest technological advancements by continuously monitoring changes in this front. In doing so, the company is able to swiftly adapt to modern practices. Currently, we are substantially using the latest, state-of-the-art production facilities.
- Gul Ahmed is enduring itself towards the integrated systems for management and storage of data and recently acquired Cloud for this purpose.
- Social media provides interactive engagement with consumers along with real-time results in order to stay connected with the customers and their needs.
- Online marketing is another important medium to interact with customers globally.
- Gul Ahmed is making the best of efforts to benefit from the increasing trends of online shopping, locally and internationally.

#### **Environmental Factors**

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

#### **Legal Factors**

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



### **RISK MANAGEMENT**

The rapidly changing and increasingly complex the intelligent assumption of risk, not its managing risks is not a new challenge. The maximum benefit. We, at Gul Ahmed: challenges and demands of contemporary markets, customers, regulatory authorities, employees and shareholders present organizations with an interesting paradox: It is • Reduce

global economy has created an expanding avoidance that creates value in a Company. array of risks that require effective management Risk management is no longer discretionary but to ensure the viability and success of the essential for managing in today's increasingly Company. Organizations face the task of complex and fast-paced world. It takes managing their risk exposures while remaining commitment from the top, a sound methodology, profitable and competitive and in this context and discipline in its application to obtain the

> Identify • Handle Avoid

 Retain Transfer

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

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

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





### **HUMAN RESOURCE**

Successful companies and brands are the fruit of the hard work and efforts of their employees, therefore, they prove to be the greatest asset of a company. At Gul Ahmed, our employees uphold the Company's goodwill and brand. We attract, develop and retain talented people who possess all the attributes necessary to propel the Company forward - helping it to achieve its current and future objectives.

#### **Succession Planning**

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

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

#### **Employee benefits**

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

#### **Training and Development**

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

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

#### Managing employee grievances

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

#### **Employee Privacy**

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

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

#### **Exclusive Rooms for Female Staff**

Separate Rooms for prayers, feeding, dining, etc. has been marked for exclusive use by Female Staff to ensure privacy.

#### **Harassment Policy**

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

#### **Diversity**

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

#### **Special Persons**

We recognize the right of special persons to earn a respectable living with dignity. We always

provide and reserve opportunity to hire special persons and train them to be valuable assets for the Company, their families and society. We had around three dozen individuals as a part of human resource at this yearend.

#### COVID 19

#### **Precautionary Measures and Education**

To ensure that our Human Capital stay safe we made below arranges:

- Presence with mask made compulsory
- Temperature checking at every entry point and randomly in gues and dining areas
- All staff members were required to get tested for COVID at Company's cost
- Ensuring those who were diagnosed with COVID stay at home and were only allowed to attend office once the negative report was submitted
- Placed sanitizer at each entrance and exist and in working areas
- Hand wash facilities created with pedal tap
- Ensuring social distancing in work areas, especially Mess and in Ques
- · Material providing awareness as to risk, taking precaution at work, during travel and while at home placed at numerous places

#### Vaccination

Arrangement for vaccination has been made with required facilties and trained medical staff. Not only all of our employees but also staff of contractors, whether engage in construction or maintenance services etc., were vaccinated. The vaccination drive is mandatory and those who were avoiding or reluctant were educated and persuaded to get the vaccination. After complete vaccination of our employees, those who are regularly attending our premises were also vaccinated to ensure that atmosphere within our premises remain safe and secure.



### **HEALTH SAFETY AND ENVIRONMENT (HSE)**

The Company follows strict adherence to HSE We aim to protect our people, the public, our policy and the same is ensured by way of integration of same into our operation and work and live. It is a commitment that is in the culture. The key beliefs observed are:

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

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

property and the environment in which they best interests of our employees and other stakeholders.

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

### WHISTLE BLOWING POLICY

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

#### **Guiding Principles**

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

- i. Ensure that the whistle-blower and/or the person processing the Protected Disclosure is not victimized for doing so;
- ii. Treat victimization as a serious matter, including initiating disciplinary action against such person(s);
- iii. Ensure complete confidentiality:
- iv. Not attempt to conceal evidence of the Protected Disclosure;
- v. Take disciplinary action, if anyone destroys or conceals evidence of the Protected Disclosure made/to be made: and
- vi. Provide an opportunity of being heard to the persons involved.

#### **Whistle Blowing Committee**

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

- i. Chief Financial Officer
- ii. Head of Human Resource
- iii. Head of Internal Audit

#### **Procedure - Raising Protected Disclosure**

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

- i. Confidential Call
- ii. Email: whistleblowing@gulahmed.com bol@qulahmed.com
- iii. Whistle Blower Drop Box

#### **Handling Protected Disclosures**

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



### **SHAREHOLDERS' INFORMATION**

#### **Annual General Meeting**

The Annual General Meeting of the shareholders' will be held on November 27, 2021 at 11:00 a.m at Moosa D. Dessai ICAP Auditorium. Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue. Clifton, Karachi and via Video Call. Shareholders as of November 20, 2021 are encouraged to participate and vote.

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

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

#### **Ownership**

On June 30, 2021 the Company has 5,684 shareholders.

#### **Stock Symbol**

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

#### Circulation of Annual Reports through CD/ DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 31, 2016, the Company shall circulate Annual Report to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2021 may send a request using a Standard Request Form placed on Company's website.

#### E-Dividend Mandate (Mandatory)

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

Pakistan Stock Exchange Share Prices 2020-21				
	Price in	Rupees		
Period	High	Low		
1st Quarter	42.50	28.50		
2nd Quarter	39.50	31.45		
3rd Quarter	61.60	36.75		
4th Quarter	56.80	45.01		

#### **Announcement of Financial Results**

The tentative dates of the announcement of financial results and payment of cash dividend (if any) for the year 2021–22 are as follows:

Period	Financial Results	Dividend Payment (if any)
lst Quarter	October 28, 2021	-
2nd Quarter	February 24, 2022	-
3rd Quarter	April 28, 2022	-
Annual Accounts	September 29, 2022	November 7, 2022

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

#### **Share Registrar**

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

#### **Web Reference**

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

Mr. Salim Ghaffar, Company Secretary

Email: salim.ghaffar@gulahmed.com UAN: (+92-021) 111-485-485 & 111-486-486

Fax: (+92-021) 35019802



### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 69th Annual General Meeting of Gul Ahmed Textile Mills Limited will be held at Moosa D. Dessai ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi and also through videolink facility on Saturday, November 27, 2021 at 11:00 a.m. to transact the following businesses:

#### **ORDINARY BUSINESS:**

- To receive, consider and approve the Audited Financial Statements for the year ended June 30, 2021 together with the Directors' and Auditors' Reports thereon.
- 2. To appoint Auditors for the financial year ending June 30, 2022 and to fix their remuneration.
- 3. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

#### **SPECIAL BUSINESS:**

4. To consider to pass the following resolutions as Special Resolution:

#### "RESOLVED that

- a. the transactions carried out in normal course of business with related parties as disclosed in Note No. 40 during the year ended June 30, 2021 be and are hereby ratified and approved,
- the Board of Directors of the Company be and are hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with related parties during the ensuing year ending June 30, 2022, and
- c. these transactions by the Board of Directors of the Company shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval."

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

By Order of the Board

**SALIM GHAFFAR**Company Secretary

Karachi October 28, 2021

#### **NOTES:**

- The Share Transfer Books of the Company will remain closed from November 20, 2021 to November 27. 2021 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers received in order at the office of our Share Registrar M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of the business on November 19, 2021 will be in time for the purpose of attending Annual General Meeting.
- 2. In the wake of Covid-19, SECP has instructed listed companies to modify their usual planning for General Meetings for the safety and wellbeing of the shareholders and public at large. Accordingly, the Company intends to convene this AGM by minimal physical interaction with the shareholders while ensuring compliance with the quorum requirements and requests the Members to consolidate their attendance and voting at the AGM through proxies.

The Company, furthermore, has made 7. arrangements to ensure maximum participation of shareholders in the AGM proceedings via video-link. Shareholders interested in attending the AGM through video-link are hereby requested to get themselves registered as provided in Note No.4 hereof.

The CDC Account holders/sub-account holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce his original CNIC at the time of attending the meeting for identification purpose.

4. The members / proxies who wish to attend the Annual General Meeting, via Video Link, are requested to get themselves registered by sending their particulars at the designated email address salim.ghaffar@gulahmed.com giving particulars as per below table by the close of business hours (5:00 p.m.) on November 24, 2021

Name of Member	CNIC No. / NTC No.	CDC Participant ID / Folio No.		Email Address
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- 5. The Video link will be emailed to the registered members / proxies who have provided all the requested information.
- 6. The members are also required to attach the copy of their CNIC and where applicable, copy of CNIC of member(s) of whom he / she / they hold proxy(ies) while sending the information with reference to Note 4 hereof. Without the copy of the CNIC, such member(s) shall not be registered for the Video link facility.
- 7. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting. A proxy must be a member of the Company.
- 8. CNIC number of the shareholders is mandatorily required for dividend distribution and in the absence of such information, payment of dividend shall be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
- 9. Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017,



it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company.

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

In the absence of a member's valid IBAN updated, the Company will be constrained to withhold payment of dividend to such member.

- 10. Securities and Exchange Commission of Pakistan vide its S.R.O.787(I)/2014 has facilitated the Companies to circulate Audited Financial Statements through email after obtaining prior written consent of its members. The members who intend to receive the Financial Statements through email are therefore, requested to kindly send their written consent alongwith email address to the Share Registrar of the Company.
- 11. In compliance with SECP notification No.1196 (3)/2019 dated October 3, 2019, the audited financial statements and reports of the Company for the year ended June 30, 2021 are being placed on the Company's website: www.gulahmed.com for the information and review of shareholders.
- 12. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective CDC participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.
- 13. Shareholders holding shares in physical form, are requested to notify any change in their

addresses immediately to the Share Registrar of the Company. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.

14. As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities and Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member/stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to Secure and convenient custody of shares, Conveniently tradeable and transferable, No risk of loss, damage or theft, no stamp duty on transfer of shares in book entry form and Hassle free credit of bonus or right shares.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book entry form at the earliest.

15. The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law.

Shareholders, whose dividends and share certificates are still unclaimed/undelivered, are hereby once again requested to approach the Company to claim their outstanding dividend amounts and/or undelivered share certificates.

### Statement Under Section 134(3) of the Companies Act, 2017 Pertaining to Special Business

This Statement sets out the material facts pertaining to the Special Resolution described in the Notice of Annual General Meeting ("AGM"), intended to be transacted at the 69th AGM of Gul Ahmed Textile Mills Limited ("the "Company") that is scheduled to be held on November 27, 2021.

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

The details of such transactions are as under:

Ç	S/No.	Company Name	Basis of Relationship	Transaction Nature
	1.	Gul Ahmed Holdings (Private) Limited	Holding Company	Dividend
	2.	Gul Ahmed International Limited (FZC) – UAE	Wholly owned subsidiary	Sale of goods
	3.	GTM Europe Limited – UK	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
	4.	GTM USA – Crop. – USA	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
	5.	Sky Home Crop. – USA	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
	6.	Swisstex Chemicals (Private) Limited	Common directorship & shareholding	Sale of goods & Purchase of goods
	7.	Arwen Tech (Private) Limited	Common directorship & shareholding	Purchase of goods & Services

8.	Ghafooria Industries (Private) Limited	Common directorship & shareholding	Rent Payment
9.	Grand Industries (Private) Limited	Major shareholding	Rent Payment
10.	Habib Metropolitan Bank Limited	Common directorship & shareholding	Banking Transactions
11	Vantona Home Limited	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid

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

The Shareholders are requested to ratify the transactions with related parties in which the majority of the Directors are interested as disclosed in the Financial Statements for the year ended June 30, 2021 and further to authorize the Company to conduct certain related party transactions in which the majority of Directors are interested for the Financial Year ending June 30, 2022. Shareholders' approval is also sought to authorize and grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee.

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

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

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

### گل احد ٹیکسٹائل ملزلمیٹڈ اطلاع برائے سالا نہاجلاسِ عام

بذر اجدنوش بلذ اسطلع کیا جاتا ہے کہ گل احمد نیکسٹاکل طزلمینڈ کا انہتر وال (69) سالاندا جلاس عام بروز ہفتہ، مورخہ 22 نومبرہ 202 کو بوقت سے 11:0 بجے بمقام موٹی ڈی ڈیسائی ۱۲ میٹوریئم، انسٹی ٹیوٹ آف چارٹر ڈاکا ویکنٹس آف پاکستان، مراجی عیس مزید دیٹر یونک کی سیور کے ذریعے دریچ ذیل امور کی انجام دی کے لئے منعقد ہوگا:

عمومی أمورکار:

1۔ موردہ 3 جون، 2021 کوختم ہونے والے سال کے لئے میٹنی کے آڈٹ شدہ مالیاتی گوشوار بے شمولیان پڑ ڈیٹرز اورڈائر کیٹرز کی رپورٹس کی وصولی،ان پڑ فوراوران کی منظور کی دینا۔

2۔ 30 جون 2022 کونتم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹرز کا تقرر اوران کے مشاہرے کانعین کرنا۔

۵۔ سالاندا جلائ عام میں انجام دیئے جانے والے کی بھی دیگر کاروبار کی چیئر مین ہے منظور کی لینا۔

خصوصی أمور کار:

4- مندرجه ذيل قرار داد پربطور خصوصي قرار دادغور خوض اور منظوري:

(الف) ' لیے پایا ہے کہ 3 جون 201 کو نتم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ مومی کاروباری معاملات اور آزادانہ طور پر کی جانے والی ٹرانز بیکٹنز جیسیا کیڈوٹ نمبر 40 میں بیان کیا گیا ہے بیہال متطور شدہ ہیں اوران کی منظمہ کی ری دیاتی

(ب) ' پیچمی طے پایا ہے کہ بورڈ آف ڈائر کیٹرزکوں 3 جون 202 کوختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی کا دوباری معاملات اور آزادانہ طور پر کی جانے والی ٹرانز بیشنز کی منظوری کا اختیار حاصل ہے'۔

(ج) ' بیجی طے پایا ہے کہ بورڈ آف ڈائر بیکٹرز کی جانب ہے گا گان ٹرانز بیکٹنز کو سمجھا جائے گا کہ ٹیٹر ہولڈرز کی جانب ہے اس کی منظوری دی گئی ہے نیز آئندہ سالا ندا جلاسِ عام میں ان کی رسی منظور کی اجازت کے حصول کے پیشِ نظران کے سامنے رکھا جائے گا'۔

کمپنیزا یکٹ2017 کی دفعہ(3) 134 کے تحت تمام ممبران کواس نوٹس کے ہمراہ خصوصی کاروبار سے متعلق آگا بی فراہم کی جارہی ہے۔

بحکم بورڈ محرسلیم غفار سمپنی سیریٹری

كرا چي:مورخه 28 اكتوبر،1 202

نوشر

1۔ تسمبنی کی شیئر ٹرانسفربگس20 نومبر 2021 تا 27 نومبر202 (بشول دونوں دن) بندر ہیں گی،اس دوران کوئی شیئر ٹرانسفررجٹریشن کے لئے قبول نہیں کیا جائے گا۔ جومنتقلیاں با شابطہ طور پر ہمارے شیئر رجٹر ارمیسرز فیمکو ایسوی ایٹس (پرائیٹ )لمیٹیڈہ۔ع،متعمل ہوٹی فاران زمری، بلاک '6' ، پچائ کی انتخابی شاہراویفعل، کرا پڑی ہو1 نومبر 2021 کوکاروباری اوقات کے اختتام پر موصول بوں گی ائیس سالاندا جلاسِ عام میں شرکت کے مقصد کے لئے بروقت تصور کیاجائے گا۔

ہے کہ وہ خود کور جسٹر کروائیں جیسا کہ بیبال نوٹ نمبر میں دیا گیا ہے۔ 3۔ COL اکا وَئٹ جولڈرزُ اُد یکی اکا وَئٹ جولڈرز سے درخواست کی جاتی ہے کہ وہ شاختی مقصد کے لیے سالانہ جزل میٹنگ میں شرکت کے وقت اپنے اصل CNIC یا پاسپورٹ ساتھ لے کرآئیں۔ اگرا لیے شیئر جولڈرز کی طرف سے پر اکسیز وکی جاتی ہیں قوان کے ساتھ بیش اور زکے پاسپورٹ کی تصدیق شدہ کا پیال بھی جونی چاہئیں۔ کارپوریٹ ادارے کی صورت میں ، میٹنگ کے وقت بورڈ آف ڈائر یکٹرز کی قرار داوُر پاورآف بالرن نا مزد خش کے رخت خطوں کے ساتھ بیش کیا جائے گا۔ نا مزد تھی شاہ کہ کے لیے میٹنگ سے دیش کرے گا۔

4۔ ویڈیوانک کی ہوات کے ذریعے سالانہ اجلائِ عام میں شرکت کے خواہشند ممبران/ پراکسیز ہے درخواست کی جاتی ہے کہ دو مورخہ 20 کا نومبر، 2021 کو کاروباری اوقات کار کے اختقام سے قبل شام بجے 5:00 تک مندرجہ ذیل جدول کے مطابق اپنی مجمد تفصیلات شمررہ ای میں salim .ghaffar @ gulahmed.com پرارسال کر کے اپنا اندراج کروائیس:

ای میل ایڈریس	موبائل فون نمبر	C D C پارٹیسپینٹ ID فولیونمبر	CNIC نمبر/NTC نمبر	ممبران كانام

5 - ویڈیولنک ایسے تمام رجٹر ڈممبران ریراکسیز کوای میل کردیا جائے گا جنہوں نے اپنی مطلوبہ معلومات فراہم کردی ہیں۔

۔ ممبران کے لئے لازمی ہے کہ نوٹ نمبر 3 کے مطابق معلومات ارسال کرتے ہوئے اپنے کمپیٹر ائز ڈ تو می شاختی کارڈ (CNIC) کی کا پی نسلک کریں نیز جہاں قابلی اطلاق ہوں پراکسیز کے حال ممبران کوبھی اپنے کمپیٹر ائز ڈ قو می شاختی کارڈ (CNIC) کی کا پی سے کمپیٹر ائز ڈو می شاختی کارڈ (CNIC) کی کا پی سے کمپیٹر ائز ڈو می شاختی کارڈ (CNIC) کی کا پی سے کمپیٹر ائز ڈو می شاختی کارڈ (CNIC) کی کاپی سے کیٹیر ان مجرات کے لئے رجز نہیں کیا جائے۔

7- ایک مجمر جوسالانہ اجلاسِ عام میں شرکت کرنے، بولنے اورووٹ دینے کا اٹل ہے، وہ دیگرارا کین کواپنے بجائے شرکت کرنے، بولنے اورووٹ دینے کے لئے بطور پراکسی مقرر کرسکتا ہے۔ پراکسیز کے موثر ہونے کے لئے شروری ہے کہ وہ اجلاں شروع ہونے سے کم از کم 48 گھنے ٹما با قاعدہ مہشدہ اور دستھ شدہ ممپنی کے رجٹر ڈوفتر پرموسول ہوجا کیں۔ پراکسی کامیم ہونالازی ہے۔

8۔ منافع مقسمہ کی تقتیم کے لئےشیئر بولڈرز کا کمپیوٹرائز ڈقو می شاختی کارڈلاز می ہے اوران معلومات کی مدم موجود گی میں مورخہ 3 جون2016 کو جاری کردہ PECP کے احکامات کی روثنی میں منافع مقسمہ کی اوا کی گوروک لیا جائے گا۔ البذا جن شیئر ہولڈرز نے تا مال اپنا کمپیوٹرائز ڈقو می شاختی کا دفرا ہم نیس کیا ہے آئیس ایک بار کھر تھو پر کیا جا تا ہے اپنے 2010 کی مصدقہ نقو لٹیئر رجٹر ارکو براوراست جمع کروادیں شیئر ہولڈرز CNIC ارسال کرتے ہوئے اپنافو لیونبر اور کپنی کا دام ضدہ نہ برکریں

و۔ کمپینزا میک 2017 کی دفعہ 242 کے تنہ پئیزر کیلیشن 2017 (منافع مقعمہ کی تقسیم) کے مطابق المیڈ کمپنیوں کے لئے لازی ہے کہ وہ اپنے شیئر ہولڈرز کا نقد منافع مقعمہ صرف برتی طریقہ وہ کا کہ عطابق المیڈ کمپنیاں کے مطابق المیڈ کمپنیاں کے المیٹ کے بین النواز کا کہ معالی کے نام در کردہ متعلقہ بنیک اکاؤنٹ میں کی جا میں گی ۔ ایسے صحص یافت کال جنہوں نے تاحال اپنے بین الاقوامی اکاؤنٹ نمبر (IBAN) نمبیل فراہم کے بین ،ان سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرا تک کر ٹیٹ مینڈ بیٹ فارمکس طور پر پُرکر کے اپنے دستخط اور کمپیوٹر اکز قومی شاختی کارڈکی کا لی کے ہمراہ کمپنی کے شیئر برخر الرکار میال کریں۔

اگرشیئرز CDC کے پاس موجود ہیں اوالیکٹرانک کریڈٹ مینڈیٹ فارم کوشیئر ہولڈر کے بروکر اپارٹیسینٹ اس ڈی می اکاؤنٹ سرومز کو براوراست جمع کروائیں۔

ممبران کے درست ۱BAN اپ ڈیٹ نہ ہونے کی صورت میں ، کمپنی ایسے ممبرکوڈیویڈنڈ کی ادائیگی روکنے پرمجبور ہوگی۔

10- سکیورٹرز کیجیج کمیشن آف یا کتان نے بذریعہ S.R.O. 787(1)/2014 کمپنیوں کو میر بولت دی ہے کدوہ مبران کی تحریری اجازت ہے مالیاتی گوشوارے بذریعہ ای کستان نے بذریعہ کے دوہ اراکین جو پڑتال شدہ گوشوارے بذریعه ای

میل حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ وہ اپنی تخریری اجازت کے ساتھ اپنا ای میل ایڈر لیس کمپنی شیئر رجٹر ارکو بیچی ویں۔ CDC شیئر بولڈرزے درخواست ہے کہ وہ اپنی توکر کی ایڈر لیس اورمنظوری براوراست اپنے ہروکر (participant) انولیسٹرا کاؤنٹ سرومز کو تھی کروائیں۔

SECP -11 کوٹیٹیکیشنغبر 2019(دُ) 1196 تاریخ 3 اکتوبر 2019 کےمطابق شیئر جولڈرز کی معلومات اور جائزے کے لئے 30 جون 2024 کوفتم ہونے والے سال کے لئے کمپنی کے پڑتال شدہ الیاتی گوشوارے اور بیانات کمپنی کی ویب سائٹ www.gulahmed.com پر آپاوڈ کی جاری ہیں۔

ں ۔ ۔ ۔ کارپوریٹ شیئر بولڈرز جو CDC ۔ اکاؤنٹس رکھتے ہیں انہیں اپنے ہی ڈی ہی پارٹیمپنٹس کے ساتھ اپنے بیشتل ٹیکن نمبرکواَپ ڈیٹ رکھنا ہوگا جبکہ کارپوریٹ فیزیکل شیئر بولڈرز کی پی آفیکو ایسوی ایڈس (پرائیوٹ) کمیٹیڈ کواپ اپن ڈیاان مر شقل میں جساکہ دیمکن بوسکائے ہانا کافج کا کارپھیوں شیئر بولڈرزائے NTN ماان ڈیاان مر شقل میسے ہوئے ، جساکہ دیمکن بوسکائے ہانا کافج کا کارپھیوں شیئر بولڈرزائے NTN ماان ڈیاان مر شقل میں جساکہ دیمکن بوسکائے ہے۔

ٹوقلیٹ کی کا پی پھیس شیئر ہولڈرزا پے NTN یااین ٹی این مٹی این ٹی این ہوسکتا ہے، اپنا کمپنی کانام اور اپنا فویلو پر مطلق کریں شیئر ہولڈرز جو CDC اکاؤنٹس رکھتے ہیں وہ اپنے متعلقہ پارٹیسپٹس کے ساتھ اینا لڈرلیں آب ڈیٹ رکھیں۔

14۔ کمپنیزا کیک، 2017 کے سیشن 72 کے مطابق تمام موجودہ کمپنیول کو کمپنیزا کیک، 2017 کے آغاز کی تاریخ ہے چارسال کی مدت کے اندرائے فزیکل شیئر زکو کی انٹری فارم میں تبدیل کرنے کی ضرورت ہے۔ سکیور شیزا بیٹر آئیج بیٹی کمپنیش آف یا کستان نے اپنے سر کلرنبر 2010 646 639 2016 سامورت کے 80 ماریخ 2021 کے ذریعے لیٹ کمپنیوں کومشورہ دیا ہے کہ دواہتے الیٹ مجمبران کومشان کر کی میں ک

سیلیو رئیزا بیڈا آپیجی میلین آف یا کشان نے اپنے سرطرمبر تا حال فریکل شکل میں حصص میں ، تا کہ وواییے فزیکل شیئز زکو بک انٹری فارم میں تبدیل کرسکیں۔

15۔ کمپنی نے پہلکینیزا کیٹ 2017 کے سیکشن 244 کے تحت اپنی ذمداری ہا حسن ادا کی ہے جس کے تحت کمپنی نے قانون کے مطابق اپنے غیر دعوی شدہ منافع اور غیر ترسل شدہ ثیبٹر سرٹیفکیٹس کے دعوے کے لیے صفعی یافتیگان سے راط کیا۔

۔۔۔۔۔ شیئر مولڈرز، جن کے ڈیویڈ نڈاورشیئر سُٹھکیٹس تاحال فیر دعویٰ شدہ فیمر سیل شدہ ہیں،ان ہے ایک بار کچرورخواست کی جاتی ہے کہ وہ اپنے ڈیویڈ نڈکی قم کے داجبات اورا یا فیمر رسیل شدہ شیئر سرٹیٹکیٹس کا دعوے کے لیے کپنی ہے رجوع کریں۔ کمپنیزا کیٹ مجربیہ 2011 کی دفعہ (1342 کے تحصیصوص امور سے متعلق بیانیہ

ریں۔ بیبان 27 نومبر، 2021 کومنعقدہ گل احمد ٹیکٹ مال ملزلمیٹڈ (سکیق) کے انہترویں (69) سالانہ اجلاس عام ("AGM") میں خصوصی قرار دادھے متعلق خصوصی کاروائی کے حوالے ہے مادی تھا کُل کا تعین کرتا ہے۔

کمپنی اپنی پالیسیوں اور قابل اطلاق قوا نین اور تواعد و صوابط کے مطابق اپنی متعلقہ کمپنیوں اور متعلقہ کمپنیوں اور متعلقہ کمپنیوں اور متعلقہ کمپنیوں اور متعلقہ کہنیوں اور متعلقہ اور متعلقہ اور متعلقہ اور کہنے کہ کہ متحد ہے۔ منظوری درکار ہورتی ہے،جیسا کہ گل احمد بیکٹ کے ڈائز کیکٹروں کی اکثریت (شیئر ہولڈ رہونے یا متعلقہ اداروں میں ڈائز کیکٹر ہونے کی دجیسے )ان ٹرانز کیکٹنز جمیں دکھیتے ہیں۔

ان ٹرانز یکشنز کی تفصیلات درجے ذیل ہیں:

ٹرانز یکشن کی نوعیت	تعلق کی بنیاد	حمینی کا نام	نمبرشار
ڈیو پُڈنڈ	ہولڈنگ سمپنی	گل احمد ہولڈنگز (پرائیوٹ) لمیٹڈ	-1
اشياء كى فروخت	مکمل ملکیتی ذیلی اداره	گل احمدا نغر بیشنل کمیشنر (FZC) به یواے ای	-2
اشياء كى فروخت اوركميشن ادائيگى	مکمل ملکیتی حتمی ذیلی اداره	G TM یورپ لمیٹڈ۔ یو کے	-3
اشياء كى فروخت اوركميشن ادائيگى	مکمل ملکیتی حتمی ذیلی اداره	G T M ویوالیں اے۔ کارپوریش۔ یوالیں اے	-4
اشياء كى فروخت اوركميشن ادائيگى	مکمل ملکیتی حتمی ذیلی اداره	اسکائی ہوم کار پوریشن۔ یوالیساے	<b>-</b> 5
اشياء كى فروخت اوركميشن ادائيگى	مکمل ملکیتی حتمی ذیلی اداره	وينثونا هوم لميشر	-6
اشياء کی خرید و فروخت	عمومی ڈائر یکٹرشپ اورشیئر ہولڈنگ	سۇكنى ئىكىس كىمىكلز ( پرائيوث )لمەيلىر	-7
اشیاء کی خریداری اورخد مات کی فراجمی	عمومی ڈائر یکٹرشپ اورشیئر ہولڈنگ	آروین ٹیک (پرائیوٹ)لمیٹڈ	-8
کرائے کی ادائیگی	عمومی ڈائر یکٹرشپ اورشیئر ہولڈنگ	غفورىيانڈسٹريز (پرائيوٹ)لميشڈ	-9
کرائے کی ادائیگی	ا ہم شیئر ہولڈنگ	گرینڈانڈسٹریز(پرائیوٹ)لمیٹڈ	-10
بىئىنىگىرانز يكشز	عمومی ڈائر یکٹرشپ اورشیئر ہولڈنگ	حبيب ميشرو بوليثن بينك لميشار	<b>-11</b>

متعلقہ پارٹیوں کےساتھ تمام ٹرانز یکشنز کمپنی کی پالیسیوں اورتمام قانونی تقاضوں کی تغیل کےمطابق ہیں۔ یہ نیادی طور پرعموی کاروبار میں کی گئی لین دین ہیں۔متعلقہ پارٹیوں کےساتھ ٹرانز یکشنز کی کمپنی پالیسی کےمطابق اورکوڈ آف کارپوریٹ گورنس کے تحت، تمام متعلقہ پارٹیوں کی ٹرانز یکشنز کاوقٹا فو قابورڈ آڈٹ کمپنی جس کی صدارت ایک آزاد ڈائز مکٹر کرتا ہے، کی جانب ہے جائزہ لیاجا تا ہے۔ بورڈ آڈٹ کمپنی کی جانب سے ندکورہ جائزے کے بعد بیان کردہ ٹرانز کے کمبائے تھا۔ لیے بورڈ آف ڈائز مکٹرز کے سامنے رکھا گیا تھا۔

شینر ہولڈرزے درخواست ہے کہ متعلقہ پارٹیوں کے ساتھ ٹرانز بیکشنز کی تو ٹیش کریں جس میں ڈائز بیکٹروں کی اکثریت دلچپیں رکھتے میں جیسا کہ 30 جون 2021 کوشتم ہونے والے سال کے فنانشل انٹیٹنٹ میں فناہر کیا گا بیتا نے نیز مزید میلا 30 جون 2022 کوشتم ہونے والے مالی سال میں متعلقہ پارٹیوں کے ساتھ بعض ارانز بیکشنز کوشٹائم کرنے کے لئے جن میں ڈائز بیکٹروں کی اکثریت دلچپیں رکھتے ہیں، کمپنی کوافتیار ویا گیا ہے۔ شیئر ہولڈرز کوشکی منظوری ماصل ہے کہ وہ بورڈ آؤ کے استعمال کے ایک کرنے کے لاڑ کو اختیارات فراہم کریں اور کاوافتیار این ہے۔ کمپٹی کی سفارشات بیٹنی الی ٹرانز بیکشنز کے دفاؤ قانجا نزے اور منظوری کے لئے بورڈ کو افتیارات فراہم کریں اور کو افتیار ہیں۔

بیانید کے مطابق شیئر ہولڈرز سے درخواست ہے کہ خصوصی قرار دادکو منظور کیا جائے جیسا کہ نوٹس میں بیان کیا گیا ہے۔

اس معالم میں دلچیسی رکھنے والے ڈائز یکٹر حضرات مندرجہ ذیل ہیں:

۰ جناب محمد بشیر هنا برید

• جنابزين بشير

۰ جناب محمدذ کی بشیر

• جناب زياد بشير



# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended June 30, 2021.

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

1. The total number of Directors are Seven (7) as per 6. the following:

a. Male: Six (6)b. Female: One (1)

2. The composition of Board is as follows:

#### a. Independent Directors\*

Mr. Ehsan A. Malik

Ms. Zeeba Ansar

#### b. Non-Executive Directors

Mr. Mohomed Bashir

Mr. Ziad Bashir

Dr. Amjad Waheed

#### c. Executive Directors

Mr. Zain Bashir

Mr. Mohammed Zaki Bashir

#### d. Female Directors

Ms. Zeeba Ansar

\*Following the election of Directors, the Board was reconstituted on 1 April, 2020 comprising 7 directors including 2 independent directors. One third of 7 come to 2.33 and the fraction was not rounded upward to one to have 3 independent directors in observance of general mathematic principle.

- 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 or updating is maintained by the Company.

- 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. All the directors, except chairman, have attended and completed directors' training course conducted by Pakistan Institute of Corporate Governance (PICG). The Chairman has the prescribed education and experience required for exemption under clause 19(2) of CCG Regulations accordingly he is exempted from attending directors' training program pursuant to the clause 19(2) of the CCG Regulations.
- 10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- 11. CFO and CEO duly endorsed the financial statements before approval of the Board.
- The Board has formed committees comprising of members given below:
  - a) Audit Committee:

Mr. Ehsan A. Malik - Chairman

Mr. Mohomed Bashir - Member

Dr. Amjad Waheed - Member

- b) HR and Remuneration Committee:
- Mr. Ehsan A. Malik- Chairman
- Mr. Mohomed Bashir- Member
- Mr. Zain Bashir- Member
- 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- 14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee Four quarterly meetings
  - b) HR and Remuneration Committee One annual meeting
- 15. The Board has set up an effective internal audit function. This function has been outsourced to Grant Thornton Anjum Rahman Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has also designated a full time employee as Head of Internal Audit.
- 16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they 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, 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. Explanation for non-compliance with non-mandatory requirements i.e. other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
- The requirement of Nomination Committee is optional in regulation no.29. The Board takes care of the responsibilities prescribed for nomination committee so a separate nomination committee in not considered necessary.
- ii. The requirement of Risk Management Committee is optional in regulation no 30. The Risk management carried out at the overall Company's level by the executive management of the Company headed by the CEO. The Company's management monitors potential risks and risk management procedures are carried out to identify, assess and mitigate any identified or potential risks. Therefore, it not considered necessary to have a separate committee in this respect.
- iii. Since the requirement with respect to disclosure of significant policies on the website is optional in regulation no. 35(1), the Company has uploaded only limited information in this respect on the Company's website. However, significant related information related to policies, like risk management etc is disclosed in the annual reports of the Company which are duly uploaded on the website and are available for everyone accessing the website. The Company will however, review and place key elements of other policies if considered necessary.

#### **MOHOMED BASHIR**

Chairman

**MOHAMMED ZAKI BASHIR** 

Chief Executive Officer

Karachi

October 28, 2021



### TO THE MEMBERS OF GUL AHMED TEXTILE MILLS **LIMITED**

### Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

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 the related party transactions by the Board of Gul Ahmed Textile Mills Limited (the company) for the year ended June 30, 2021 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 Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

#### Kreston Hyder Bhimji & Co.

**Chartered Accountants** Karachi Dated: October 28, 2021

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

#### **Opinion**

We have audited the annexed un-consolidated financial statements of Gul Ahmed Textile Mills Limited, ("the Company") which comprise the un-consolidated statement of financial position as at June 30, 2021, and the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income the un-consolidated statement of changes in equity the unconsolidated statement of cash flows for the year then ended, and notes to the un-consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to note 1.2 to the annexed un-consolidated financial statements which describes the Scheme of Arrangement to hive down and merge the Company's retail business, along with its assets and liabilities, into Ideas (Private) Limited, as wholly owned subsidiary, and to merge Worldwide Developers (Private) Limited along with certain other assets / undertakings of Grand Industries (Private) Limited and Ghafooria Industries (Private) Limited with and into the Company. The Scheme is subject to sanction of the High Court of Sindh. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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



#### Following are the Key audit matters:

S.N.	Key audit matter	How the matter was addressed in our audit
1.	Stock in Trade	Our audit procedures included the following:
	The Company has significant levels of stock in trade amounting to Rs. 30,921.2 million as at the reporting date, being 34.5% of total assets of the Company. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials.  The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter.  (Refer Notes 22, 2.4 (g) and 3.16 to the annexed un-consolidated financial statements)	<ul> <li>Attended the year end stock taking on selected locations to gain comfort over the existence and condition of inventories and internal controls designed by the company.</li> <li>Obtained understanding of internal controls designed by the Company over recording of purchases and valuation &amp; costing of the inventories, and tested their operating effectiveness on sample basis.</li> <li>Assessed historical costs recorded in the inventory valuation by performing test of details on purchases. Performed recalculation of weighted average costs on sample basis.</li> <li>Obtained valuation sheets of the inventories and traced / reconciled quantities from working papers of observation of physical stock taking.</li> <li>Evaluated whether valuation basis used are appropriate and are being consistently applied and this included analysis of costing of different items on sample basis.</li> <li>Assessed the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Company before and after year end.</li> <li>Performed analytical and other relevant audit procedures.</li> <li>Considered the adequacy of the Company's disclosures in respect of inventories.</li> </ul>

#### 2. **Borrowings**

The Company has significant amounts of borrowings from banks and other financial institutions amounting to Rs. 50,180.63 million, being 70.8% of total liabilities, as at reporting date.

Given the significant level of borrowings, finance cost and gearing impact the disclosure given by the management in financial statements and compliance with various loan covenants is considered to be a key audit matter.

(Refer Notes 6, 13 and 3.6 to the annexed un-consolidated financial statements)

#### Our audit procedures included:

- Reviewed loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management in order to verify finance costs, fair value determination and ensured that the borrowings have been approved at appropriate level.
- Verified disbursement of loans and utilization on sample basis. Review of charge registration documents.
- Verified repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made.
- Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.
- Obtained confirmation from Banks and other lenders of the Company to confirm balances, terms & conditions stated in the terms sheets and compliance thereof and inquired for any breach of covenant, in order to covenant testing.
- Performed analytical procedures, recalculations and other related procedures for verification of finance costs.
- Ensured that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the un-consolidated financial statements.



#### **Contingencies**

The Company is under litigation cases • in respect of various matters including Infrastructure Developments Cess (GIDC), claims from various Government Institutions / Departments, tax matters and other miscellaneous claims in respect of the assets of the Company.

The Company is under litigation in respect of various matters including Ga's Infrastructure Developments Cess (GIDC), claims from various Government Institutions / Departments, tax matters and other miscellaneous claims in respect of the assets of the Company.

(Refer Notes 15, 11, 2.4 (b) and 3.4 to the annexed un-consolidated financial statements)

#### Our audit procedures included the following:

- Assessed management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee.
- Reviewed the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations.
- Obtained confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon.
- Examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed.
- Re-computed the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters.
- Assessed the appropriateness of the related disclosures made in the accompanying unconsolidated financial statements in light of IAS-37 "Provisions and Contingencies".

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

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Company, but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to

report that fact. We have nothing to report in this

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the un-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- · Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit a) proper books of account have been evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the un-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion's are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the un-consolidated financial statements, including the disclosures, and whether the un-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated 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:

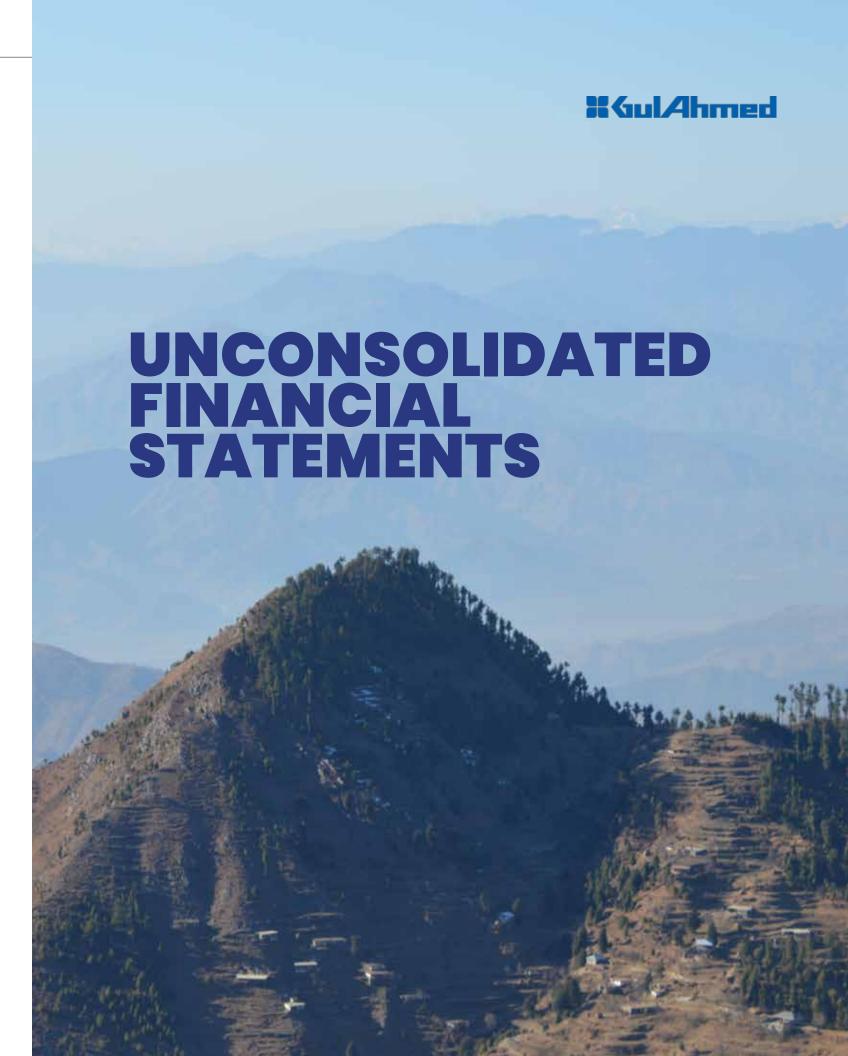
kep't by the Company as required by the Companies Act, 2017 (XIX of 2017);

- b) the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

#### Kreston Hyder Bhimji & Co.

Chartered Accountants Karachi Dated: October 28. 2021





# UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

AS at June 30, 2021	Note	June 2021 Rs. 0	June 2020 00s		Note	<b>June 2021</b> Rs. 00	June 2020 Os
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Share capital Reserves	4 5	4,277,946 14,407,990 18,685,936	4,277,946 9,685,254 13,963,200	Property, plant and equipment Right-of-use assets Intangible assets Deferred tax asset	16 17 18 8	31,018,516 3,295,475 81,074 75,986	23,936,017 2,314,161 89,568
NON-CURRENT LIABILITIES				Long term loans	19 20	2,423,450 83,057	2,423,450 58,720
Long term financing Lease liability against right-of-use assets	6 7	18,571,409 3,274,944	13,445,600 2,191,703	Long term deposits		291,014	379,332
Provision for Gas Infrastructure Development Cess Deferred taxation Deferred government grant Defined benefit plan- Staff Gratuity	8 9 10	1,325,299 - 142,003 155,490	35,167 35,220 136,760	Total non-current assets		37,268,573	29,201,248
Total non-current liabilities	-	23,469,145	15,844,450				
CURRENT LIABILITIES	_						
Trade and other payables Accrued mark-up/profit Short term borrowings Current maturity of long term financing	11 12 13 6	14,219,700 341,473 29,108,282 2,500,941	12,111,544 405,979 25,486,947 420,113	CURRENT ASSETS Stores and spares	21	994,791	828,005
Current maturity of lease liability against right-of-use asset Current maturity of deferred government	7	565,963	409,199	Stock-in-trade Trade debts Loans, advances and other receivables	22 23 24	30,921,200 11,750,382 3,705,858	27,049,014 5,701,537 1,273,805
grant Unclaimed dividend Unpaid dividend	9	108,416 297,702	48,921 9,739	Short term prepayments Receivable from government	25	149,965 4,087,419	241,765 2,804,316
Provision for taxation - net of payments	14	23,505 231,083	21,103	Taxation - net Cash and bank balances	26	673,958	1,132,621 488,884
Total current liabilities	-	47,397,065	38,913,545				
CONTINGENCIES AND COMMITMENTS	15			Total current assets	-	52,283,573	39,519,947
Total Equity and Liabilities	-	89,552,146	68,721,195				
The annexed notes 1 - 49 form an integral part of these u	n-consolidate	ed financial stateme	ents.	Total Assets	=	89,552,146	68,721,195

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer



# UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	<b>June</b> June <b>2021</b> 2020	
		Rs. 000s	
Sales - net	27	86,424,480	53,941,017
Cost of sales	28	69,541,627	44,881,985
Gross profit		16,882,853	9,059,032
Distribution cost Administrative cost Other operating cost	29 30 31	5,879,355 2,846,912 581,844 9,308,111	4,785,255 2,445,703 212,860 7,443,818
		7,574,742	1,615,214
Other income	32	883,716	316,347
Operating profit		8,458,458	1,931,561
Finance cost	33	2,341,076	2,007,673
Profit / (loss) before taxation		6,117,382	(76,112)
Taxation	34	984,466	403,253
Profit / (loss) after taxation	=	5,132,916	(479,365)
			Re-stated
Earnings per share - basic and diluted (Rs.)	35	10.00	(0.93)

The annexed notes 1 - 49 form an integral part of these un-consolidated financial statements.

# UN-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	June 2021	June 2020
	-	Rs. 00	Os
Profit / (loss) after taxation		5,132,916	(479,365)
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss subsequently			
Remeasurement gain on defined benefit plan Related tax effect	10.3	19,741 (2,126)	666 (75)
Total comprehensive income / (loss)		17,615 5,150,531	591 (478,774)

The annexed notes 1 - 49 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer



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# UN-CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	<b>June 2021</b> Rs. 0	June 2020 100s
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		6,117,382	(76,112)
Adjustments for: Depreciation Depreciation on Right-of-use of the asset Amortisation Provision for gratuity Finance cost Finance cost on Government Infrastructure Development	16.1.1 17 18.1 10.2 33	2,709,279 695,956 26,885 90,786 1,882,288	2,147,164 648,528 24,151 131,872 1,639,468
Cess (GIDC) Finance cost on leased liability against right of use asset		108,635 350,153	368,205
Provision for slow moving/obsolete stores and spares Gain on remeasurement of provision for GIDC Capital work in progress charged to consumption Loss on disposal of property, plant	21.1	29,180 (289,523) 7,658	22,906
and equipment - net  Derecognition of right of use assets	16.1.3	85,817 23,632	182,981
Expected credit loss against doubtful trade debts	33.2	71,118 5,791,864	5,165,675
Cash flows from operating activities before adjustments of working capital changes		11,909,246	5,089,563
Changes in working capital:  (Increase)/Decrease in current assets Stores and spares Stock-in-trade Trade debts Loans, advances and other receivables Short term prepayments Receivable from government		(195,966) (3,872,186) (6,119,963) (2,432,053) 91,800 (150,477)	(600,409) (4,460,420) 1,369,735 476,608 61,972 (1,317,068)
Increase in current liabilities Trade and other payables		(12,678,845)	(4,469,582) 1,574,044
Net increase in working capital		(9,064,502)	(2,895,538)
Cash generated from operations before following:		2,844,744	2,194,025
Gratuity paid Finance cost paid Income tax paid Net change in long term loans and advances Net change in long term deposits		(52,315) (1,946,794) (866,667) (24,337) 88,318 (2,801,795)	(81,163) (1,533,499) (594,151) 4,623 (9,580) (2,213,770)
Net cash generated / (used in) from operating activities		42,949	(19,745)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment Addition to intangible assets Proceeds from sale of property, plant and equipment Payments made against long term investments Net cash used in investing activities		(10,111,637) (18,391) 226,383 - (9,903,645)	(7,572,003) (69,073) 299,746 (1,465,014) (8,806,344)
Balance carried forward to next page		(9,860,696)	(8,826,089)

# UN-CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	<b>2021</b> 2020 Rs. 000s	
Balance brought forward from previous page CASH FLOWS FROM FINANCING ACTIVITIES		(9,860,696)	(8,826,089)
Long term financing obtained Long term financing repaid Dividend paid Payments for lease liability against right of use asset Net cash generated from financing activities	_	7,673,112 (300,197) (137,430) (811,050) 6,424,435	4,911,949 (999,298) (884,735) (729,992) 2,297,924
Net decrease in cash and cash equivalents		(3,436,261)	(6,528,165)
Cash and cash equivalents - at the beginning of the year		(24,998,063)	(18,469,898)
Cash and cash equivalents - at the end of the year	38	(28,434,324)	(24,998,063)

The annexed notes 1-49 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

# UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

		Reserve			Reserve		
	Share Capital	Capital reserve - Share Premium	Unappropriated Profit	Total Reserves	Total		
			Rupees '000				
Balance as at June 30, 2019	3,564,955	1,405,415	10,362,843	11,768,258	15,333,213		
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)	(001,000)	(712,991)	- (001 000)		
Total comprehensive loss for the year ended June 30, 2020	712,991	(712,991)	(891,239)	(1,604,230)	(891,239)		
Loss after taxation Other comprehensive income			(479,365) 591	(479,365) 591	(479,365) 591		
	-	-	(478,774)	(478,774)	(478,774)		
Balance as at June 30, 2020	4,277,946	692,424	8,992,830	9,685,254	13,963,200		
Balance as at July 01, 2020	4,277,946	692,424	8,992,830	9,685,254	13,963,200		
Transaction with owners							
Interim dividend for nine months ended 30 March, 2021	-	-	(427,795)	(427,795)	(427,795)		
Total comprehensive income for the year ended June 30, 2021							
Profit after taxation Other comprehensive income	-	-	5,132,916 17,615	5,132,916 17,615	5,132,916 17,615		
Care comprehensive mounts	-	-	5,150,531	5,150,531	5,150,531		
Balance as at June 30, 2021	4,277,946	692,424	13,715,566	14,407,990	18,685,936		

The annexed notes 1 - 49 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 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 has the following subsidiaries:

#### **Details of Subsidiaries**

Name	Geographical Location
Gul Ahmed International Limited FZC	U.A.E
GTM (Europe) Limited - Indirect Direct Subsidiary	U.K
GTM USA Corp Indirect subsidiary	U.S.A
Sky Home Corp Indirect Subsidiary	U.S.A
Vantona Home limited - Indirect Subsidiary	U.K
JCCO 406 limited - Indirect Subsidiary	U.K
Worldwide developers (Pvt) limited-Direct subsidiary	Pakistan

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.

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

- 1.2 As approved by the Board of Directors of the Company, a Scheme of Arrangement (the 'Scheme') under Sections 279 to 283 and 285(8) of the Companies Act, 2017 has been filed in the High Court of Sindh (the 'Court') pertaining, inter alia, to the following arrangement:
  - The Company's retail business segment, along with its assets and liabilities, will be hived down and merged with and into Ideas (Private) Limited ('Ideas') which shall become a wholly owned subsidiary of the Company;
  - Worldwide Developers (Private) Limited in which Company holds 54.84% shares, will be merged with and into the Company, against issuance of shares of the Company; and
  - Certain undertakings comprising immovable properties will be demerged from Grand Industries (Private) Limited and Ghafooria Industries (Private) Limited, and shall be merged with and into the Company and Ideas, against issuance of shares of the Company. In terms of the Scheme, and subject to the sanction thereof by the Court, the Scheme (and the arrangements thereunder) would be effective from the start of business on January 1, 2021 or a date as approved by the Court.

The companies, part of scheme, are in the process of completing legal formalities and fulfilling necessary steps with respect to the same in accordance with the applicable law. The companies have already obtained the requisite approvals from their respective shareholders and secured creditors (to the extent applicable). Pending the sanction of the Scheme by the Court, the financial statements have been prepared without the effects of the Scheme.

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### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

1.3 Geographical locations and addresses of all immoveable properties owned by the Company are as follows;

Area Address

14.9 Acres Survey No. 82, Deh Landhi, Karachi.

18.56 Acres Plot No. H-7, Landhi Industrial Area, Landhi, Karachi.
4.17 Acres Plot No. H-19, Landhi Industrial Area, Landhi, Karachi.
44.04 acres P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory.

Deh Khanto Tapo Landhi, Karachi.

4,023.16 Sq. yards Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi.

25.07 Acres HT4 Landhi Industrial Area, Landhi, Karachi. 2 Kanal, 19 Marlas Plot No. 24-A, C-III, Gulberg, Lahore

1.4 Geographical locations and addresses of all premises obtained on rented basis 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 W2/1-14, Western Industrial zone, Port Qasim, Karachi

Plot 368, 369 & 446, Deh Landhi, Karachi

Plot HT 3/A. Landhi, Karachi

Plot 65/1, Korangi Industrial Area, Karachi

Plot 12, Sector 23, Korangi Industrial Area, Karachi

1.5 As at June 30, 2021, the Company has 66 retail outlets, 30 fabric stores, 3 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

#### 2.1 Basis of measurement

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

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

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

#### 2.2 Statement of compliance

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

These un-consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan to the extent they relates to recognition and measurement criteria but without disclosures requirements and presentation of corresponding figures. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.3 Functional and presentation currency

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

#### 2.4 Critical accounting estimates and judgments

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

#### a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no. 10.4 to the un-consolidated financial statements for valuation of present value of defined benefit obligations.

#### b) Contingencies

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

#### c) Useful lives, pattern of economic benefits and impairments

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

#### d) Intangibles

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



For the year ended June 30, 2021

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

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

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

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

#### g) Stock-in-trade

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

#### h) Impairment of financial assets

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

#### i) Taxation

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

#### i) Leases

The Company uses judgements and estimates in measurement of right-of-use assets and corresponding lease liabilities with respect to discount rates, lease terms including exercise of renewal and termination options etc. as disclosed in note 3.8 and 3.12.

#### 2.5 New and revised standards and interpretations

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

Details of new and amended standards and interpretations mandatory for the first time for the financial year beginning on July 1, 2020 and are not likely to have an material impact on the un-consolidated financial statements of the Company:

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

The IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) in October 2018 to clarify and align the definition of material. The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions of primary users of general purpose financial statements. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.

ii) IFRS 3 Business Combinations Amendments to clarify the definition of a business (Effective for annual periods beginning on or after January 01, 2020)

Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the existing definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The amendments include an election to use a concentration test.

iii) IFRS 16 Leases -Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (Effective for annual periods beginning on or after June 01, 2020)

Under existing requirements of IFRS 16, lessees are required to assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. However, the amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

iv) Amendments to Conceptual Framework for Financial Reporting (Effective for annual periods beginning on or after 1 January 2020)

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



For the year ended June 30, 2021

v) There are certain other amendments that are effective from the current period. However, these are either irrelevant or do not have any material impact.

#### (b) Standards, Interpretations and Amendments not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2021 and are not likely to have an material impact on the un-consolidated financial statements of the Company:

i) IAS 1 Presentation of Financial Statements & Accounting Policies -Amendments regarding the classification of liabilities (Effective for annual periods beginning on or after 1 January 2023)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and the amendments specify that the conditions which exist at the end of the reporting period will be used to determine if a right to defer settlement of a liability exists, i.e., the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability.

ii) IAS 12 Income Taxes -Amendments regarding deferred tax on leases and decommissioning obligations (Effective for annual periods beginning on or after 1 January 2023

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

(iii) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. (Effective for annual periods beginning on or after 1 January 2023

The changes to IAS 8 focus entirely on accounting estimates and clarify the following: The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in those future periods.

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

iv) IAS 16 Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (Effective for annual periods beginning on or after 1 January 2022)

The amendment to the standard prohibits to deduct from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

(v) IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the cost of fulfilling a contract when assessing whether a contract is onerous (Effective for annual periods beginning on or after 1 January 2022)

Cost of fulfilling a contract is relevant when determining whether a contract is onerous. The amendment clarifies that costs of fulfilling a contract are costs that relate directly to a contract. Such costs can be Incremental costs of fulfilling a contract, or an allocation of other costs that relate directly to fulfilling contracts. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

(vi) IFRS 3 'Business Combinations - Amendments to IFRS 3 to update a reference to the Conceptual Framework (Effective for annual periods beginning on or after 1 January 2022)

This amendment added the requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination further an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination has been added.

(vii) IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (Effective for annual periods beginning on or after January 01, 2022)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test to assess whether there has been a modification or substantial modification to a financial liability. An entity should only include fees paid or received between the entity (the borrower) and the lender and fees paid or received on the other's behalf.

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# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

### (viii) IFRS 16 Leases - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (Effective for annual periods beginning on or after January 01, 2022)

The amendment removes reference to the reimbursement of leasehold improvements by the lessor in the initially illustrated in Example 13 in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

There are certain other standards, amendments and interpretations to the published standards that are not yet effective and also are not relevant to the Company, therefore, have not been detailed in these unconsolidated financial statements.

#### (c) Standards not yet notified by Securities and Exchange Commission of Pakistan

Following are the new standards issued by International Accounting Standards Board which are not yet notified by Securities and Exchange Commission of Pakistan.

International Financial Reporting Standards (IFRSs)

IASB effective date annual periods beginning on or after

IFRS 1 - First Time Adoption of IFRS January 1, 2004
IFRS 17 - Insurance Contracts January 1, 2021

#### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Foreign currency transactions and translation

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

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

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

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

#### 3.2 Staff retirement benefits

#### **Defined contribution plan**

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

#### Defined benefit plan

The Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Company's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2021. The results of valuation are summarized in note no. 10.

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

#### 3.3 Accumulated employee compensated absences

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

#### 3.4 Provisions and contingencies

Provisions are recognized when the Company has present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

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

#### 3.5 Taxation

#### Current

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

#### Deferred

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

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

#### 3.6 Borrowings

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



For the year ended June 30, 2021

#### 3.7 Borrowing cost

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

#### 3.8 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of certain short term and low value leases are not recognised and payments against such leases are recognised as expense in profit or loss.

#### 3.9 Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants. Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

#### 3.10 Trade and other payables

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

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 3.11 Property, plant and equipment

#### 3.11.1 Operating fixed assets

#### Recognition/Measurement

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

#### **Subsequent Cost**

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

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

#### **Depreciation**

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) and turbines in plant and machinery, which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 16. Depreciation is charged from the date asset is put into use on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

#### Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in unconsolidated statement of profit or loss in the period of derecognition.

#### 3.11.2 Capital work-in-progress

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



For the year ended June 30, 2021

#### 3.12 Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

#### 3.13 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any, Amortization is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no.18.

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

#### 3.14 Investments in subsidiary

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

#### 3.15 Stores and spares

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

#### 3.16 Stock-in-trade

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

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

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 3.17 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value and subsequently at amortized cost. An allowance is made for lifetime expected credit losses using simplified approach as mentioned in note 3.21. Trade debts are written off when there is no reasonable expectation of recovery, i.e., when these are considered irrecoverable.

#### 3.18 Revenue recognition

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

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

#### 3.19 Financial Instruments

Financial instruments include financial assets and liabilities which are recognized when the Company becomes a party to the contractual provisions of instrument.

#### 3.19.1 Initial recognition and measurement

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

#### 3.19.2 Classification of financial assets

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

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through profit or loss ("FVTPL"), or
- at fair value through other comprehensive income ("FVTOCI"),



For the year ended June 30, 2021

Financial assets that meet the following conditions are classified as financial assets 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 that meet the following conditions are classified as financial assets at FVTOCI:

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

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

#### 3.19.3 Classification of financial liabilities

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

#### 3.19.4 Subsequent measurement

#### a) Financial assets and liabilities at amortized cost

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

#### b) Financial assets at FVTOCI

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

#### c) Financial assets and liabilities at FVTPL

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

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

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 3.20 Derecognition of Financial Instruments

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

#### 3.21 Impairment

#### Financial assets

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

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

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

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

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

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

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### NOTES TO THE UN-CONSOLIDATED FINANCIAL **STATEMENTS**

For the year ended June 30, 2021

#### Non-Financial assets

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

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

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

#### Offsetting of financial assets and liabilities

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

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

#### 3.23 Cash and cash equivalents

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

#### Dividend and appropriation to reserves

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

#### 3.25 Segment reporting

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

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

### NOTES TO THE UN-CONSOLIDATED FINANCIAL **STATEMENTS**

For the year ended June 30, 2021

#### 3.26 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 period. 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.

June	June
2021	2020
Rs.	000s

#### **SHARE CAPITAL**

#### **Authorized capital**

June June 2021 2020 **Number of Shares** 

**750,000,000 750,000,000** Ordinary shares of Rs.10 each 7,500,000 7,500,000

#### Issued, subscribed and paid-up capital

June	Julie					
2021	2020					
Number of Shares						

			Shares	Number of
1,921,617	1,921,617	Ordinary shares of Rs.10 each allotted for consideration paid in cash	192,161,738	192,161,738
54,473	54,473	Ordinary shares of Rs.10 each allotted as fully paid shares under scheme of arrangement for amalgamation	5,447,326	5,447,326
2,301,856	2,301,856	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	230,185,566	230,185,566
4,277,946	4,277,946		427,794,630	427,794,630

4.2.1 As at June 30, 2021, Gul Ahmed Holdings (Private) Limited, the holding company of Gul Ahmed Textile Mills Ltd, held 287,072,056 (June-2020: 287,072,056) ordinary shares of Rs. 10 each, constituting 67.10% (June-2020: 67.10%) of total paid-up capital of the company. Number of shares held by the associated companies and undertakings, other than holding company, aggregated to 17,516,349 (June-2020: 17,516,349) ordinary shares of Rs. 10 each.



For the year ended June 30, 2021

- 4.2.2 As per the Honorable Sindh High Court's order, the Company has held 2,009,004 out of the total bonus shares issued for the year 2015 and 2019 to Gul Ahmed Holdings (Private) Limited, an associated company and other parties respectively, as these shareholders are part of the suit filed against the tax on bonus shares imposed through Finance Act, 2014.
- **4.2.3** The Company allotted 855,589,260 bonus shares on 14th July 2021 to its share holders in proportion of one share for every five shares out of capital reserve of Rs 692.424 million and out of accumulated profit of Rs. 163.165 million aggregating to Rs.855.589 million in pursuance of recommendation in the meeting of Board of Directors held on April 27 2021.

4.3	Reconciliation of the number of shares outstanding	Note	<b>June 2021</b> Number (	June 2020 of Shares
	Number of shares outstanding at the beginning of the year Add: 20% Bonus shares issued during the year		427,794,630 - 427,794,630	356,495,525 71,299,105 427,794,630
5	RESERVES	Note	<b>June</b> <b>2021</b> Rs. (	June 2020 000s
	Capital Reserve - Share Premium	5.1	692,424	692,424
	Revenue Reserve - Unappropriated Profit		13,715,566 14,407,990	8,992,830 9,685,254

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

6	LONG TERM FINANCING	Note	<b>June 2021</b> Rs. 0	June 2020 000s
	From Banking Companies - Secured	6.1	11,598,550	10,062,645
	From Non-Banking Financial Institutions - Secured Financing under Temporary Economic Refinance Scheme	6.2	4,502,538	3,256,099
	Facility - net of Government Grant  Financing for payment of salaries and wages under State Bank	6.3	3,507,368	-
	of Pakistan Re-finance scheme - net of Government Grant	6.4	1,463,894	546,969
		_	21,072,350	13,865,713
	Current portion shown under current liabilities	_	(2,500,941)	(420,113)
			18,571,409	13,445,600

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. 000s	Mark-up/profit rate per annum	June 2021	June 2020 000s
6.1	Banking Companies - Secured						
	Askari Bank Limited Under LTFF scheme	6.6, 6.9	20 quarterly	47,207	2.75% - 8.5% p.a. payable quarterly	975,672	985,610
	Al-Baraka Bank (Pakistan) Limited Under ILTFF scheme	6.6, 6.10	20 quarterly	7,780	Three months KIBOR Ask rate + 1.10% payable quarterly	15,560	23,340
	Bank Al-Habib Limited Under LTFF scheme	6.8	16 half yearly	13,519	2.75 % p.a. payable quarterly	189,259	189,259
	Bank Al-Falah Limited Under LTFF scheme	6.5, 6.9	16 half yearly	46,845	3 % p.a. payable quarterly	749,523	749,52
	The Bank of Khyber Under LTL scheme	6.5	07 half yearly	17,143	Six months KIBOR Ask rate + 0.50% payable half yearly	85,714	85,71
	Bank of Punjab Under LTFF scheme	6.5, 6.9	28 quarterly	71,428	3 % p.a. payable quarterly	1,787,007	1,814,80
	Faysal Bank Limited Under ILTFF scheme	6.6, 6.8, 6.11	32 quarterly	28,125	2.75% - 3.9% p.a. payable quarterly	886,216	715,82
	Habib Bank Limited Under LTL scheme	6.7, 6.10	05 half yearly and 32 Quarterly	39,096	2.8% - 3.0% p.a. payable half yearly and quarterly	739,287	706,98
	MCB Bank Limited Under LTL scheme	6.7, 6.9	10 half yearly and 32 Quarterly	36,685	4.0% - 8.25% p.a. payable half yearly and quarterly	386,191	87,85
	Meezan Bank Limited Under ILTFF scheme	6.7, 6.9, 6.10	32 quarterly	46,829	4.50% p.a. payable quarterly	1,498,617	395,79
	National Bank of Pakistan Under LTFF scheme	6.5,6.6,6.7,6.9	10 half yearly and 32 Quarterly	151,601	2.75% - 2.8% p.a. payable half yearly and quarterly	2,855,140	2,867,13
	Soneri Bank Limited Under LTFF scheme	6.5, 6.9	16 half yearly	14,457	5% p.a. payable quarterly	159,025	159,02
	United Bank Limited Under LTFF scheme	6.6, 6.9	10 and 16 half yearly	73,992	2.75% - 8.00% p.a. payable half yearly	915,047	925,47
	Samba Bank Limited Under LTFF scheme	6.5, 6.9	10 half yearly	40,000	3% p.a. payable half yearly	356,292	356,29
	Total					11,598,550	10,062,64



Number of

For the year ended June 30, 2021

	Particulars	Note	installments and commencement	Installment amount Rs. 000s	Mark-up/profit rate per annum	June 2021	June 2020
			month	1.0.000		Rs.	000s
6.2	Non-Banking Financial Institutions	- Secured					
	Pair Investment Company Limited Under LTFF scheme	6.5,6.7, 6.9	12 and 16 half yearly	66,136	3.0%- 3.5% p.a. payable half yearly	849,141	849,141
	Pak Kuwait Investment Pvt. Limited Under LTFF scheme	6.5, 6.6, 6.9	32 quarterly	59,318	3% p.a. payable quarterly	1,671,612	1,095,067
	Pak China Investment Pvt. Limited Under LTFF scheme	6.5, 6.6, 6.9	32 quarterly	22,596	3.35% p.a. payable quarterly	723,077	-
	Pak Brunei Investment Company Limited Under LTFF scheme	6.5, 6.6, 6.9	16 half yearly	36,524	2.5% p.a payable quarterly	451,656	482,711
	Pak Oman Investment Company Limited Under LTFF scheme	6.6, 6.9, 6.11	32 quarterly	30,725	2.75% p.a payable quarterly	807,052	829,180
	Total					4,502,538	3,256,099
6.3	Financing Under Temporary Econor	nic Refinance S	Scheme Facility Recog	nised As Gover	nment Grant		
	Habib Bank Limited	6.6, 6.9	16 half yearly	59,375	2.25 % p.a. payable half yearly	904,376	-
	MCB Bank Limited	6.7, 6.9	32 quarterly	13,841	3.00% p.a. payable quarterly	421,447	-
	MCB Islamic Bank Limited	6.7, 6.9	32 quarterly	9,375	2.50% p.a. payable quarterly	285,687	-
	Bank of Punjab	6.5, 6.6, 6.9	28 quarterly	21,462	3.5 % p.a. payable quarterly	600,924	-
	Pak Kuwait Investment Pvt. Limited	6.5, 6.6, 6.9	32 quarterly	9,464	2.5% p.a. payable quarterly	287,810	-
	Pak China Investment Pvt. Limited	6.5, 6.6, 6.9	32 quarterly	17,738	2.50% p.a. payable quarterly	540,504	-
	Saudi Pak Industrial And Agricultural Investment Company Limited	6.5, 6.6, 6.9	32 quarterly April-2023	15,357	2.50% p.a payable quarterly	466,619	-
	Total					3,507,368	
6.4	Financing for payment of salaries a	nd wages unde	r State Bank of Pakist	an Re-finance s	cheme		
	Finance obtained from Faysal Bank Ltd	6.5, 6.10	8 quarterly March-2021	120,297	1% p.a. payable quarterly	731,364	546,969
	Finance obtained from Bank of Punjab	6.5, 6.10	8 quarterly April-2021	120,297	0.50% p.a. payable quarterly	732,530	-
	Total					1,463,894	546,969

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 6.5 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company.
- These loans are secured by charge over specified machinery.
- 6.7 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company and equitable mortgage over land and building.
- 6.8 These loans are secured by charge over specified machinery of the Company and equitable mortgage over land and building.
- 6.9 The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of up to five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.
- **6.10** These loans are obtained under Shariah Compliant Arrangements.
- **6.11** These loans are secured by ranking charge over present and future property, plant and equipment of the company.

#### LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	June 2021	June 2020
	Rs. 0	00s
Opening Balance	2,600,902	-
Present value of lease payments as at July 01,2019	-	2,638,610
Less: Prepayments as at July 01, 2019		(87,237)
	2,600,902	2,551,373
Additions	1,709,294	324,079
Accretion of interest	350,153	368,205
Derecognition/ Adjustment	(8,392)	-
Payments	(811,050)	(642,755)
Closing Balance	3,840,907	2,600,902
Current portion shown under current liabilities	565,963	409,199
Non - Current	3,274,944	2,191,703
	3,840,907	2,600,902



For the year ended June 30, 2021

#### 7.1 Lease liabilities are payable as follows

Lease habilities are payable as follows		June 2021	
	Minimum Lease payments	Interest	Present value of minimum lease payments
		Rs. 000s	
Less than one year Between one and five years More than five years	928,634 3,014,129 1,327,531 5,270,294	362,671 819,689 247,027 1,429,387	565,963 2,194,440 1,080,504 3,840,907
		June 2020	
	Minimum Lease payments	Interest	Present value of minimum lease payments
		Rs. 000s	
Less than one year Between one and five years More than five years	770,797 2,609,021 598,403	361,598 814,143 201,578	409,199 1,794,878 396,825
•	3,978,221	1,377,319	2,600,902
		June 2021	June 2020
DEFERRED TAXATION		Rs.	000S
Opening balance Charged/(credited) to statement of profit or loss Charged to other comprehensive income Closing balance	- -	35,167 (113,279) 2,126 (75,986)	71,330 (36,238) 75 35,167
Deferred tax arises due to:			
Taxable temporary difference in respect of Accelerated tax depreciation allowance		320,851	460,012
Deductible temporary differences in respect of			
Provision for gratuity Expected credit loss against trade debts Provision for slow moving items/obsolete		(16,742) (32,611)	(15,421) (31,838)
items of stores and spares Excess of lease liability over carrying		(32,395)	(21,467)
value of Right-of-use asset		(158,146) (239,894)	(83,155) (151,881)
Tax Credit	- -	(156,943) (75,986)	(272,964) 35,167
	=		

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

		June 2021 Rs. 00	June 2020 0s
9	DEFERRED INCOME - GOVERNMENT GRANT		
	Opening balance Fair value differential of loan at subsidized rate treated	84,141	-
	as government grant Government grant recognized as income during the year	296,993 (130,715)	85,199 (1,058)
	Current maturity of deferred government grant	250,419 108,416 142,003	84,141 48,921 35,220
10	DEFINED BENEFIT PLAN- STAFF GRATUITY		
10.1	Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability		
	Opening balance 1 July, 2020 Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year	136,760 90,786 (19,741)	86,717 131,872 (666)
	Closing balance	(52,315)	(81,163)
10.2	Charge for the year recognized in statement of profit or loss	155,490	136,760
	Current service cost Past service cost Markup cost	81,385 - 9,401 90,786	88,753 36,545 6,574 131,872
10.2.1	Past service cost related to employees employed in preceding year but to the current year and the employees of a segment which has been made		
10.3	Remeasurement (gain)/loss charged in other comprehensive income		
	Actuarial losses from changes in demographic assumptions Actuarial losses/(gains) from changes in financial assumptions Experience adjustments	6,096 106 (25,943) (19,741)	(359) (307) (666)



June

June

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

10.4	Significant actuarial assumptions used	June 2021	June 2020
	Following significant actuarial assumptions were used for the valuation:	Rs.	000s
	Discount rate used for year end obligation	10.00% p.a	8.50% p.a
	Discount rate used for markup cost	8.50%	14.25%
	Expected increase in salary	9.00%	7.50%
	Average expected remaining working life time of employees	5 years	5 years
	Mortality rates	SLIC 2001-2005	SLIC 2001-2005
		Set back 1 Year	Set back 1 Year
	Withdrawal rates	Age-Based	Age-Based

#### 10.5 Associated Risks

Retirement assumption

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

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

Age 60

Age 60

#### (b) Demographic Risk

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

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

#### 10.6 General Description

The scheme provides retirement benefits to all its eligible employees of the company who are not part of the provident fund scheme and who have completed the minimum qualifying period of service. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2021. The disclosure is based on information included in that actuarial report.

#### 10.7 Sensitivity Analysis

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

	June 2021	June 2020
	Rs. 000s	S
Discount Rate + 100 bps	153,284	130,147
Discount Rate - 100 bps	157,780	144,298
Salary increase + 100 bps	157,780	144,298
Salary increase - 100 bps	153,244	130,030

## NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 10.8 Maturity Profile

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

	<b>G</b> anc	odiic
	2021	2020
	Rs. 000s	
FY 2021	NA	47,955
FY 2022	95,915	49,594
FY 2023	81,781	41,739
FY 2024	55,759	36,234
FY 2025	37,174	32,118
FY 2026	24,992	30,318
FY 2027	16,861	27,995
FY 2028	11,633	29,022
FY 2029	8,273	30,325
FY 2030	5,760	27,435
FY 2031	4,356	_
FY 2032 onwards	9,831	1,298,643

The average duration of the defined benefit obligation is 1.4 years.

#### 10.9 Estimated expenses to be charged to profit or loss in financial year 2022:

10.9	Estimated expenses to be charged to profit or loss in	illialiciai yeal	2022.	
	Current service cost Mark up on defined benefit obligation Total		86,743 10,753 97,496	
		Note	<b>June 2021</b> Rs. 0	June 2020
11	TRADE AND OTHER PAYABLES		110. 0	003
	Creditors - Others - Due to related parties		6,109,077 37,546	4,488,485 181,000
			6,146,623	4,669,485
	Accrued expenses Current portion of provision for Gas Infrastructure	15.13.15.14	5,534,112	3,240,461
	Development Payable against investment in Worldwide Developers		1,356,432	2,816,758
	(Private) Limited - Secured		-	899,986
	Advances from customers		431,336	294,933
	Security deposit against franchise stock	11.1	82,435	93,300
	Workers' profit participation fund Workers' welfare fund	11.2	343,048 152,281	- 46,951
	Taxes withheld		83,537	35,940
	Payable to employees' provident fund trust		37,121	13,730
	Others		52,775	-
			14,219,700	12,111,544

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# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

		Note	June 2021	June 2020
11.2	Workers' profit participation fund		Rs. 0	00s
	Opening balance		_	213,632
	Allocation for the year	31	343,048	-
	Markup for the year		-	4,826
			343,048	218,458
	Payments made during the year		-	(218,458)
	Closing balance		343,048	_

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

			June	June
			2021	2020
			Rs. 00	00s
2	ACCRUED MARK-UP/PROFIT			
	Mark-up/profit on long term financing		191,658	121,457
	Mark-up/profit on short term borrowings		149,815	284,522
		12.1 & 12.2	341,473	405,979

- 12.1 This includes profit of Rs. 71.38 million and Rs. 23.07 million (June-20: Rs. 6.77 million and Rs. 72.33 million) accrued in long term financing and short term borrowings respectively under Shariah Compliant arrangements.
- **12.2** Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 0.752 million (June-20: Rs. 2.8 million).

13	SHORT TERM BORROWINGS	Note	June 2021 Rs. 0	June 2020 )00s
	Short term bank borrowings			
	Foreign currency		_	1,244,232
	Local currency		29,108,282	24,242,715
		13.1 to 13.3	29,108,282	25,486,947

- 13.1 This includes Istisna (Shariah Compliant) amounting to Rs. 2,919 million (June-20: Rs. 4,095 million) in local currency and Rs. Nil (June-20: Rs. 25.6 million) in foreign currency.
- Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-intrade, trade debts and other receivables. Unavailed facility at the year end was Rs.891.7 million (June-20: Rs. 3,079 million). Short term borrowings include amount due to Habib Metropolitan Bank Limited, an associated company, of Rs. 976.5 million (June-20: Rs. 564 million).
- **13.3** Foreign currency mark-up/profit rates range from 1.2% to 2.75% (June-20: 2.09% to 3.06%) per annum. Local currency mark-up/profit rates range from 1.2% to 13.3% (June-20: 2.67% to 14.62%) per annum.

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 14 UNPAID DIVIDEND

Dividend payable includes the dividend amount Rs.23.5 million (June-2020: Rs.21.1 million) held by the Company, as refered in Note no. 4.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 18.035 million and Rs. 0.808 million (June-2020: Rs. 16.185 million and Rs. 0.726 million) of Gul Ahmed Holdings (Private) Limited and an Associated Company respectively.

#### 15 CONTINGENCIES AND COMMITMENTS

- 15.1 The Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (June 2020: Rs. 84 million). The Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal Rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against. In respect of same land, the Company has also filed suit in January, 2021 for declaration and permanent injuction in the Honourable High Court of Sindh seeking the declaration that the Company is lawful owner of the said property and that the undated notice issued by the Pakistan Railways for sealing and taking over the possession of the said property is of no legal effect. The matter is stage of hearing of applications and the legal counsel of the Company is of the view that the title of the Company stands clear and there is no likelihood of unfavourable outcome.
- The Company has filed a Petition in the Honorable Sindh High Court, dated March 30, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (June 2020: Rs. 50.83 million). This demand was raised after lapse of more than two years although the records and books of the Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.
- 15.3 The Company along with several other companies has filed a Consitution Petition No. 2206 of 2016 on April 18, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Honourable Sindh High Court against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honourable Sindh High Court has already restrained EOBI from taking any coercive action against the Company. The matter is now pending before the court for final outcome and the legal counsel of the Company do not forsee any claim/losses that are likely to arise therefrom. Therefore the Company has not made provision to the extent of Rs. 119.6 million out of expected liability of Rs. 417.46 million. (June 2020: Rs.329.90 million)
- The Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent on October 17, 2011 and against which part payment of Rs. 2.6 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made for difference unpaid amount of Rs. 7.4 million.



For the year ended June 30, 2021

- 15.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made amendements in SRO 1125(I)/2011 dated December 31, 2011 for disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustments on packing material of textile products is not being allowed for adjustment with effect from July 01, 2016. The Company has challenged the disallowance of input tax adjustments on packing material in the Sindh High Court through suit No. 2381/2016 dated November 10, 2016 against Federation of Pakistan and others. The matter is pending before the Honourable Court for final outcome and the legal counsel of the Company do not forsee any liability that is likely to arise, hence no provision is made for amount of Rs 446.18 million.
- The Company's review petition challenging the decison of High Courts against the GIDCT Act, 2015 had been dismissed by Supreme Court of Pakistan while also suspending the billing of levy from August, 2020. The court has ordered to pay the GIDC dues under the GIDC Act, 2015 with retrospective effect from 15-12-2011, in 24 monthly installments starting August 2020. Total amount of the cess works out to Rs.3.73 billion on the basis that Company has both Industrial and Captive connections having different GIDC rates. However, Oil and Gas Development Authority has ruled out that the Consumer having supply of natural gas for industrial use and having in-house electricity generation facility for self consumption does not fall under the definition of Captive as well as Honourable Singh High Court has also decided in favour of the Company on the issue of industrial and Captive connections, Therefore, management, based on the legal advice of the Company, believes that maximum liability of the Company in respect of GIDC will be Rs.2.3 billion. The Company in September, 2020 filed a suit in Honourable Sindh High Court challenging the chargeability of GIDC. The Honourable Sindh High Court granted stay order and restrained Sui Southern Gas Company (SSGC) from taking any coercive action against non-payment of installments of GIDC. However, the management on prudent basis has maintained provision of Rs.2.8 billion (June:2020: Rs.2.8 billion) made in these un-consolidated financial statements. This provision has been remeasured using risk free rate in accordance with the guidelines issued by the Institute of Chartered Accountants of Pakistan in respect of accounting of GIDC.
- The Company along with other petitioners challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008, dated February 04, 2011. The Honorable Sindh High Court decided the matter in favour of the Government. The Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on November 10, 2016 declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. Review petition has been filed by the Federal Government in the Honorable Supreme Court against the judgment. The Company does not expect any liability in this respect.
- 15.8 Various cases for reinstatement and settlement dues have been filed by the former employees of the Company which are pending for hearing or final outcome before various courts. There may arise financial liability in respect of these matters depending on the orders of the court as and when passed. Since the amount of financial liability is not ascertainable at this point of time and the favourable outcomes are expected in these cases, hence no provision has been made there against.

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 15.9 Income tax amended order under section 122(1) of the Income Tax Ordinance, 2001, for the tax year 2016 has been issued, wherein certain provisions and expenses aggregating to Rs. 338.2 million (having tax impact of Rs. 108.2 million) have been added back to the income as claimed in the deemed assessment, while super tax of Rs. 42.8 million has been levied. The Company contested the matter in appeal against amended order, and Comissioner Income Tax (Appeal) passed an order in favor of the Company allowing the expenses aggregating to Rs.290 million wherein, the Department has filed appeal to Appellate Tribunal against the order, however, the management believes that the aforementioned matter will ultimately be decided in favour of the Company. Accordingly, no provision is required to be made in the provision for taxation in these unconsolidated financial statements, in excess of the adjustment of Rs. 8 million recorded in these unconsolidated financial statements.
- 15.10 The Company along with several other petitioners has filed a Consitution Petition against the Karachi Water & Sewerage Board (KWSB) and others in the Honourable Sindh High Court against a notification dated 30.10.2019 issued by the KWSB whereby increased water charges from Rs. 242 to Rs. 313 per 1000 gallons which is 29% more than the existing rates with retrospective effect from 1.07.2019. The Honourable Sindh High Court has issued stay order against the impugned notification on 16.01.2020 and has restrained KWSB from taking any coercive action against the Company. The Company has provided banker's verified various Cheques of aggregate amount of Rs. 70.287 million (June 2020 Rs. 33.169 million) being difference between Rs. 313 and Rs. 242 per 1000 gallons as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision in these unconsolidated financial statements.
- 15.11 The Company along with several other petitioners has filed a Consitution Petition in the Honourable Sindh High Court against the K-Electric, NEPRA and others for charging Industrial Support Package Adjustment (ISPA), based on corrigendum issued by Federation of Pakistan, in the electricity bill to Industrial consumers for the month of April 2020. The Honourable Sindh High Court has issued stay order against the impugned notification on 30.04.2020 whereby it restrained K-Electric from taking any action against the Company and ordered to pay the Bills without ISPA charges at banks. The Company has provided banker's verified Cheque of aggregate amount of Rs. 1.765 million (June 2020 Rs. 1.765 million) being the amount of ISPA charges as security to Nazir of High Court Sindh for the month of April 2020 bill, as a matter of prudence, maintained full provision in these unconsolidated financial statements.
- 15.12 Accrued expenses include Infrastructure Cess amounting to Rs. 616.9 million (June-20: Rs. 468 million). The Company along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi through petition dated May 28, 2011. Furthermore, the Holding Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. During the year end June 30, 2018 the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was also enacted by the Province of Sindh against which the Company has filed constitutional petition dated October 14, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed interim relief to the Company till final judgment has been allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the un-consolidated financial statements.



For the year ended June 30, 2021

- 15.13 The Company along with several other companies filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated August 31, 2015 regarding increase in the Gas rate tariff, on November 16, 2015 which was decided by the Honorable Sindh High Court in favor of the Company and thereafter the Government filed an appeal in the Divisional Bench of the Honorable Sindh High Court against the decision which has also been decided in favour of the Company. During 2017, the Oil and Gas Regulatory Authority (OGRA) had issued another notification dated December 30, 2016 and SSGC billed @ Rs.600 per MMBTU instead of Rs.488.23 per MMBTU. The Company along with others have filed petition in the Honorable Sindh High Court against the notification and the Honorable Court granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. The OGRA issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to said notification the Company paid the bills accordingly at the prevailing rates. Upto the September 2018 the Company has provided banker's verified various Cheques of aggregate amount of Rs. 250.67 million (June 2020 Rs, 250.67 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision up to the September 2018 amounting to aggregate Rs. 410.60 million (June 2020 Rs. 410.60 million) in these unconsolidated financial statements. The OGRA has issued another notification dated October 23,2020 revising the gas tariff effective from September 1, 2020, the Company along with several other companies filed a suit in the Honorable Sindh High Court challenging the Notification dated October 23, 2020 regarding increase in the gas rate tariff and the Honorable Court granted interim relief and instructed SSGC to revise bill at previous rate against security for the differential amount. the Company has provided banker's verified cheques of aggregate amount of Rs.80.62 million (June 2020: Rs. NIL) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision amounting to Rs. 47.28 million (June 2020: Rs. NIL) in these unconsolidated financial statements.
- 15.14 The Company along with several other companies has filed a suit in the Honorable Sindh High Court on December 18, 2015, challenging the charging of captive power tariff instead of Industry tariff rate to the Company, since the Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Company. The Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Company paid the bills accordingly at the specified rates. Upto September 2018 the Company has provided banker's verified various cheques of Rs. 388.57 million (June 2020 Rs. 388.57 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained provision amounting to Rs. 626.23 million (June 2020: Rs. 626.23 million) accrued upto September, 2018 in the unconsolidated financial statements. The Honorable Sindh High Court vide its judgment dated 27 February, 2020 decided the case in favor of the Company, however considering the Government's right to appeal, the Company being prudent maintained the provision as stated above. The OGRA has issued another notification dated October 23, 2020 revising the tariff effective from September 1, 2020, the Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the the charging of captive power tariff instead of Industry tariff rate to the Company, since the Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Company, as a matter of prudence, maintained full provision amounting to Rs. 33.34 million (June 2020: Rs. NIL) in these unconsolidated financial statements.

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 15.15 Guarantees and others

- (a) Guarantees of Rs. 1,526 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-intrade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 1,102 million (June-2020: Rs. 938 million).
- (b) Post dated cheques of Rs. 3,752 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. 4,885 million (June-2020: Rs. 3,903 million), including bills discounted from Associated company amounting to Rs. 5,945 million (June-2020:Rs. 2,746 million).
- (d) Corporate guarantee of Rs 149.1 million (June-2020: Rs. 146 million) Rs.633.6 million (June-2020: 670 million) and Rs. 142.4 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.

#### 15.16 Commitments

The Company is committed for capital expenditure as at June 30, 2021 of Rs. 5,411.18 million (June-2020: Rs. 4,440.5 million).

16	PROPERTY, PLANT AND EQUIPMENT	Note	June 2021 Rs. 0	June 2020 000s
	Operating fixed assets Capital work in progress (CWIP)	16.1 16.2	24,852,299 6,166,218 31,018,516	21,507,415 2,428,602 23,936,017



For the year ended June 30, 2021

16.1 0	Operating fixed assets								
		Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
						Rs. 000s			
(	As at July 01, 2019 Cost Accumulated depreciation Net book value as at July 01, 2019		222,641	6,233,020 (3,018,401) 3,214,619	22,524,365 (8,625,533) 13,898,832	138,964 (71,229) 67,735	898,711 (529,885) 368,826	683,431 (387,635) 295,796	30,701,132 (12,632,683) 18,068,449
	Movement during year ended June 30,	2020							
,	Additions during the year		152,251	1,534,154	4,214,382	23,765	108,419	35,886	6,068,857
[	Disposals during the year								
(	Cost Depreciation		-	(72,746) 60,739	(1,144,345) 712,627		-	(124,799) 85,797	(1,341,890) 859,163
	Net book value	·	-	(12,007)	(431,718)	-	-	(39,002)	(482,727)
[	Depreciation charge for the year	16.1.1	-	(510,018)	(1,467,601)	(7,652)	(104,575)	(57,318)	(2,147,164)
1	Net book value as at June 30, 2020		374,892	4,226,748	16,213,895	83,848	372,670	235,362	21,507,415
(	As at July 01, 2020 Cost		374,892	7,694,428	25,594,402	162,729	1,007,130	594,518	35,428,099
	Accumulated depreciation  Net book value as at July 1, 2020		374,892	<u>(3,467,680)</u> <u>4,226,748</u>	(9,380,507) 16,213,895	(78,881) 83,848	<u>(634,460)</u> 372,670	(359,156) 235,362	<u>(13,920,684)</u> 21,507,415
	Movement during year ended June 30,	2021							
,	Additions during the year		-	1,486,927	4,593,759	67,092	197,946	20,639	6,366,363
	Disposals / retired during the year	16.1.2							
	Cost Depreciation		-		(830,732) 534,558	-	-	(55,364) 39,338	(886,096) 573,896
1	Net book value		-	-	(296,174)	-	-	(16,026)	(312,200)
[	Depreciation charge for the year	16.1.1	-	(705,708)	(1,861,140)	(10,391)	(83,884)	(48,157)	(2,709,279)
ı	Net book value as at June 30, 2021		374,892	5,007,967	18,650,340	140,549	486,733	191,818	24,852,299
(	As at June 31, 2021 Cost Accumulated depreciation		374,892	9,181,355 (4,173,388)	29,357,429 (10,707,089)	229,821 (89,272)	1,205,076 (718,344)	559,793 (367,975)	40,908,366 (16,056,067)
	Net book value as at June 30, 2021		374,892	5,007,967	18,650,340	140,549	486,733	191,818	24,852,299
[	Depreciation rate % per annum		-	10 to 20	10 to 20	10 to 12	15 to 33	20	
							June		une
404	4 Danier dation alconomic			_		Note	2021		020
16.1.1 Depreciation charge for the year has been allocated as follows:					R	s. 000s			
		rod				20 1	2 260 07	и н ·	751 125
	Cost of goods manufacture Distribution cost	eu				28.1 29	2,268,97 334,59		751,135 270,284
	Administrative cost					30 _	105,70	7	125,745
						_	2,709,27	92,	147,164

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

### 16.1.2 Details of operating assets sold / retired

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
Plant and machinery		Rs. (	J00s			
AutoCoro Machine	71,902	29,343	20,000	(9,343)	Bidding	Qadri Textile Mills Limited 437-lh, Falcon Society, PAF, Lahore
AutoCoro Machine	33,338	14,660	15,000	340	Bidding	Hasan & Co B-59/2, Qazafi Town Landhi, Karachi
AutoCoro Machine	17,975	7,030	5,372	(1,658)	Bidding	Gulf Tex Machine FZCO Dubai
AutoCoro Machine	9,369	1,239	-	(1,239)	Retired being unusable	Gul Ahmed Textile Mills Ltd Plot No.Ht/3A, Landh Industrial Area.
AutoCoro Machine	8,562	958	5,000	4,042	Bidding	Paradise Spinning Mills (Pvt) Limited P-44, 1st Floor, Chenab Market, Susan Road, Multan
Ring Machine	43,334	24,691	4,850	(19,841)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Ring Machine	154,428	56,260	-	(56,260)	Retired being unusable	Gul Ahmed Textile Mills Ltd Plot No.Ht/3A, Landhi Industrial Area.
Ring Machine	19,956	8,665	3,900	(4,765)	Bidding	Muhammad Riaz B-149, Modern Society, Faisalabad
Ring Machine	8,903	2,481	1,200	(1,281)	Bidding	Channa Cotton & Textile Industries Plot No.N/27-A, S.I.T.E, Area, Jam Shoro
Ring Machine	6,677	1,861	1,200	(661)	Bidding	Huzaifa Enterprises Plot# C-9-A, S.I.T.E, Kotri
Weaving looms	37,967	7,541	31,000	23,459	Bidding	Shabbir Textile Mills (Pvt) Limited F-50 2nd Floor, Nishat Emporium, Johar Town, Lahore
Wrapping Machine	26,622	2,861	6,000	3,139	Bidding	Multitex Plot No,F-497, Karachi
Sizing Machine	25,306	2,719	18,000	15,281	Bidding	Multitex Plot No,F-497, Karachi
Carding Machine	4,750	4,750	2,972	(1,778)	Bidding	ldeal Socks Chak No-7,Saim Nala, Sargodha Road, Faisalabad.
AC Chiller Plant	4,534	1,592	225	(1,367)	Bidding	Asad Enterprises F-hasan Square, Karachi



For the year ended June 30, 2021

Particulars of assets	Cost	Written down value	Sale proceeds		Mode of Disposal	Particulars of Buyers
Simplex Machine	2,154	1,476	766	(710)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Weaving Looms	73,684	27,434	4,805	(22,629)	Bidding	Valitex (Pvt) Ltd. A-36/A, S.I.T.E, Karachi
Bale Breaker	2,400	2,260	163	(2,097)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Blow room	2,750	2,613	188	(2,425)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Blow room	1,900	1,900	1,500	(400)	Bidding	Hasan & Co B-59/2, Qazafi Town Landhi, Main National Highway Road Karachi
Combing Machine	5,742	2,874	1,777	(1,097)	Bidding	AN Textile Mills Limited Sheikhupura Road, Faisalabad
Weaving Looms	86,383	65,978	15,092	(50,886)	Bidding	Ali Tex & Co F-200/A, S.I.T.E, South Saddar Town Karachi.
Weaving Looms	53,544	13,552	40,902	27,350	Bidding	HTM Spinning & Weaving Equipments Export Zone, Dubai
Weaving Looms	22,310	5,547	12,500	6,953	Bidding	Quetta Textile Mills Limited Ground Floor, Nadir House, I.I. Chundrigar Road, Karachi
Items with written down value below Rs. 500,000	106,242	5,889	3,993	(1,896)	Bidding	Various
_	830,732	296,174	196,405	(99,769)	-	
Vehicles						
Corolla Altis BFL-388	2,228	809	895	86	Bidding	Swisstex Chemicals (Pvt) Ltd. 54-E ,S.I.T.E. Karachi
Hilux Single Cabin CV-5974	2,019	695	748	53	Bidding	Swisstex Chemicals (Pvt) Ltd. 54-E ,S.I.T.E. Karachi
Honda Civic BEL-063	2,575	777	1,459	682	Company policy	Abdul Aleem Plot No.112/1 Street No 12, Phase 6 DHA, Karachi

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
Honda City BEV-480	1,671	534	944	410	Company policy	Abdul Aleem Plot No.112/1 Street No 12, Phase 6 DHA, Karachi
Honda City BET-419	1,671	514	945	431	Company policy	Mehmood Younus House No 601, Al Madina Arcade, PECHS, Block-3, Karachi
Toyota Corolla BEY-024	2,004	628	1,131	503	Bidding	Muhammad Ahsan Mukhtar House No. C-36, Block-9, , Gulshan E Iqbal, Karachi
Suzuki Swift Dlx BGX-993	1,336	533	1,100	567	Bidding	Muhammad Junaid Akram Area 37/D, Landhi No.1, Karachi
Corolla Altis At 1.6 BEY-602	665	665	1,130	465	Bidding	Muhammad Ovais House No. A-37/A, Karachi University Employees Society Karachi
Toyota Corolla BFZ-592	1,887	646	1,500	854	Bidding	Syed Ashraf Hussain Shah House No. A-1055, Sector 11A, North Karachi, Karachi
Honda City BFV-720	1,686	545	945	400	Bidding	Muhammas Yasir House No. D-194, Block-4, Metrovil SITE Town, Karachi
Toyota Corolla BGB-966	1,887	631	1,056	425	Bidding	Shakeel Marfani 104/C, block 19,Gulistan-e-Johar, Karachi
Honda City BHC-983	1,474	544	1,000	456	Company policy	Imran Mushtaq House # 193/2,Khayban-E-Qasim, Phase 8, DHA Karachi
Items with written down value below Rs. 500,000	34,261	8,505	17,125	8,620	Bidding	Various
Vehicles Total	55,364	16,026	29,978	13,952	- :	
As of June 2021	886,096	312,200	226,383	(85,817)	- =	
As of June 2020	1,341,890	482,727	299,746	(182,981)	:	



For the year ended June 30, 2021

### 16.2 Capital work in progress

	Mata	June	June
	Note	<b>2021</b>	2020 Os
		RS. U	JUS
Machinery and store items		4,500,694	1,044,287
Civil works		1,665,524 6,166,218	<u>1,384,315</u> 2,428,602
		<u> </u>	
The movement in capital work in progress is as follows:			
Balance at beginning of the year		2,428,602	925,856
Capital expenditure incurred during the year			
Machinery and store items		8,203,548	5,135,228
Civil works		1,737,552	2,116,454
Transfers to operating fixed assets during the year		9,941,100	7,251,682
Machinery and store items		(4,747,141)	(4,214,382)
Civil works		(1,448,685)	(1,534,154)
		(6,195,827)	(5,748,536)
Reclassification			
Machinery and store items	16.2.1	-	4,311
Civil works		-	(4,311)
Charged to consumption		(7,658)	(400)
Balance at end of the year		6,166,218	2,428,602

- **16.2.1** There has been a reclassification in capital work in progress from Machinery and store items, amounting to Rs. Nil million (June-20: Rs. 4.3 million). This is due to subsequent clarification and bifurcation of capital expenditure.
- **16.2.2** This includes mark up on long term loan, during construction period capitalized amounting to Rs. 53.97 million.

### 17. RIGHT OF USE ASSETS

	Note	2021	2020
		Rs. 00	0s
Balance as at July 01 Recognition as at July 01, 2019 upon initial		2,314,161	-
application of IFRS 16 Asset required during the year		1,709,294	2,638,610 324,019
Derecognition/ Adjustment Cost Accumulated Depreciation		(66,016) 33,992	
Depreciation expense	ſ	(32,024)	-
<ul><li>Charged to Cost of sales</li><li>Charged to Distribution cost</li><li>Charged to Administrative cost</li></ul>	29	14,696 671,373 9,887	648,528
Net book value as at June 30, 2021	-	(695,956) 3,295,475	(648,528) 2,314,161
Gross carrying amount as at June 30, 2021			
Cost Accumulated Depreciation	_	4,605,967 <b>1,310,492</b>	2,962,689 (648,528)
		3,295,475	2,314,161

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

18	INTANGIBLE ASSETS	Note	June 2021 Rs. 00	June 2020 0s
10	Cost Accumulated amortisation Net book value as at July 1	-	305,743 (216,175) 89,568	135,693 (91,047) 44,646
	Movement during the year Additions (at cost)		18,391	69,073
	Intangible assets excluded Cost Accumulated amortisation	18.4	122,929 (122,929)	95,444 (95,444)
	Amortisation charge for the year  Net book value as at June 30	-	(26,885) 81,074	(24,151) 89,568
	Movement during the Period ended June 31, 2020			
	Cost Accumulated amortisation Net book value as at June 30	- -	201,205 (120,131) 81,074	305,743 (216,175) 89,568
18.1	The cost is being amortised using straight line method over a per allocated as follows:	riod of five years and	I the amortisation c	harge has been
		Note	<b>June</b> <b>2021</b> Rs. 00	June 2020 0s
	Distribution cost Administrative cost	29 30 _	2,382 24,503 26,885	2,423 21,728 24,151
19	LONG TERM INVESTMENT			
	Investment in subsidiary companies at cost - Gul Ahmed International Limited - Worldwide developers (Pvt) Limited	19.1 19.2	58,450 2,295,000 2,353,450	58,450 2,295,000 2,353,450
	Investment in Term Finance Certificate - at amortised cost	19.3	70,000 2,423,450	70,000 2,423,450

20.



### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 19.1 Gul Ahmed International Limited FZC UAE, an unquoted company incorporated in United Arab Emirates (UAE), is a wholly owned subsidiary (the subsidiary) of the Company. The paid-up share capital of the subsidiary is divided into 10,000 (2020:10,000) ordinary shares of USD 100 each. The Company has accounted for the investment in subsidiary at cost as permitted by IAS 27. Aggregate breakup value of the subsidiary as per its financial statements duly consolidated with its five 100% fully owned subsidiary companies i.e. GTM (Europe) Limited, GTM USA Corp., Sky Home Corporation, Vantona Home Limited and JCCO 406 Limited for the year ended June 30, 2021 is Rs. 585 million (June 30, 2020: Rs. 496 million). This long term investment has been made in accordance with the requirement of the Companies Act, 2017. All these subsidiaries are engaged in trading of textile related products.
- Worldwide Developers (Private) Limited (WWDL), an unquoted company incorporated in Pakistan, wherein the Company holds 54.84% shares. The breakup value of shares of WWDL held by the Company for the year ended June 30, 2021 is Rs.3,993 million (June 30, 2020: Rs.2,181 million). WWDL was incorporated to carry out real estate business and it has rented out certain portion of its property to the Company. This long term investment has been made in accordance with the requirement of the Companies Act, 2017.
- 19.3 This represent Rs. 70 million invested in Term Finance Certificate issued by Habib Bank Limited which carries profit at the rate of KIBOR+1.6% bps receivable on guarterly basis. This is of perpetual nature.

	Note	June 2021	June 2020
LONG TERM LOANS		Rs. 00	0s
Considered good - Due from executives (other than CEO and Directors) - Due from non-executive employees	20.2	137,249 9,283 146,532	81,517 9,798 91,315
Current portion being receivable within twelve months - Due from executives - Due from non-executive employees	24	(57,614) (5,861) (63,475)	(26,620) (5,975) (32,595)
		83,057	58,720

20.1 Loans and advances have been given for the purchase of cars and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured to the extent of outstanding balance of retirement benefit and/or guarantees of two employees.

Included in these are loans of Rs. 23.4 million (June 20: Rs. 3.6 million) to executives and Rs. 2.3 million (June 20: Rs. 2.3 million) to non-executive which carry no interest. The balance amount carries mark-up at rates ranging from 6.5% to 12.9% (June-20: 6.5% to 14.25%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortized cost would not be material.

20.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 158.9 million (June-20: Rs. 87.67 million).

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

21	STORES AND SPARES	Note	<b>June</b> <b>2021</b> Rs. 00	June 2020 00s
	Stores and spares Provision for slow moving/obsolete items		1,214,346 (219,555) 994,791	1,018,380 (190,375) 828,005
21.1	Movement in provision for slow moving/obsolete items			
	Opening balance Charge for the year - Cost of goods manufactured Closing balance	28.1	190,375 29,180 219,555	167,469 22,906 190,375
22	STOCK-IN-TRADE Finished goods Raw material Work-in-process Stock-in-transit	22.1 & 28 28.2 28.1	20,117,037 9,949,009 759,762 95,392 30,921,200	16,644,919 9,661,021 566,325 176,749 27,049,014

- **22.1** Finished goods include stock of waste valuing Rs. Nil (June-20: Rs. 73.8 million) determined at net realizable value.
- 22.2 The aggregrate amount of general provision for inventories recognised as an expense during the year is Rs. 69.37 (June-20: Rs. 94 million).

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388,651

488,884

246,909 673,958

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	June 2021 Rs. 00	June 2020 00s
TRADE DEBTS			
Export debtors Considered good			
Secured		1,387,526	1,126,009
Unsecured		1,620,271	1,200,795
		3,007,797	2,326,804
Local debtors Considered good			
Secured		1,030,328	294,166
Unsecured		7,712,257	3,080,567
		8,742,585	3,374,733
Considered doubtful		277,412	282,344
	23.1	12,027,794	5,983,881
Expected credit loss	23.3	(277,412)	(282,344)
•		11,750,382	5,701,537

**23.1** Details and aging analysis of the gross amounts due from related parties is as follows:

	June 2021				
	0 to 30 Days	31 to 180 Days	More than 181 Days	Total as at June 2021	
			Rs. 000s		
Gul Ahmed International Ltd.(FZC)	1,418		-	1,418	
GTM (Europe) Limited - indirect wholly owned subsidiary	1,092,554	32,648	452	1,125,654	
Vantona Home Ltd - indirect wholly owned subsidiary	108,151	-	184	108,335	
Sky Home Corporation-USA - indirect wholly owned subsidiary	22,982	1,243	191	24,416	
	1,225,105	33,891	827	1,259,823	
			June 2020		
	0 to 30	31 to 180	More than 181	Total as at	
	Days	Days	Days	June 2020	
			Rs. 000s		
GTM (Europe) Limited - indirect wholly owned subsidiary	11,058	-	-	11,058	
Vantona Home Ltd - indirect wholly owned subsidiary	1,229,835	4,260	94	1,234,189	
GTM USA Corporation	66,401	4,079	1,371	71,851	
Sky Home Corporation-USA - indirect wholly owned subsidiary	119,799	-	450	120,249	
Swisstex Chemicals (Private) Limited- Associated company	-	2,786	957	3,743	
Swisstex Chemicals (Private) Limited- Associated company	1,427,093	2,786 11,125	957 2,872	3,743 1,441,090	

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

23.2 The maximum aggregate month end balance during the year due from related parties was Rs. 1910.7 million (June-20: Rs. 1,501.8 million).

00.0	Managara in a grant of a state of	Note	June 2021	June 2020
23.3	Movement in expected credit loss against doubtful trade debts		Rs. 00	JUS
	Opening balance Charge for the year		282,344 71,118	313,480
	Debts written off Closing balance	- -	(76,050) 277,412	(31,136) 282,344
24	LOANS, ADVANCES AND OTHER RECEIVABLES			
	Loans and advances Considered Good			
	Advances to suppliers		3,481,050	966,259
	Current portion of loans to employees		64,260	32,595
	Others		3,173	2,171
			3,548,483	1,001,025
	Other Receivables Receivable against sale of property			33,409
	Bank guarantee margin	24.1	38,792	48,980
	Others	24.1	118,583	190,391
	Othoro		157,375	272,780
		-	3,705,858	1,273,805
24.1	The margin by bank is in the form of Term Deposit Receip	t carrying mark	up at the rate of	6.65%.
25	RECEIVABLE FROM GOVERNMENT			
	Sales tax refund		783,163	1,919,850
	Income tax refund		1,157,813	25,187
	Duty drawback, markup subsidy and rebate	-	2,146,443 4,087,419	859,279
		=	4,007,419	2,804,316
26	CASH AND BANK BALANCES			
	Cash in hand Balances with banks in current accounts		427,049	100,233
	- Local currency		242,088	387,931
	- Foreign currency		4,821	720
		06 1 0 06 0	046 000	200 CE1

26.1 Bank balances include balances held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 52.4 million (June-20: Rs. 44.5 million).

26.1 & 26.2

**26.2** This includes an amount of Rs. 33.38 million (June-20: Rs. 39.64 million) placed under Shariah compliant arrangement.

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### NOTES TO THE UN-CONSOLIDATED FINANCIAL **STATEMENTS**

For the year ended June 30, 2021

		2021	2020	
	SALES-NET	Rs. 0	000s	
	Export sales Direct export Indirect export	43,710,222 10,669,104 54,379,326	30,102,776 4,603,886 34,706,662	
	Duty drawback Trade and other discount Commission	1,571,949 (710,038) (752,596) 54,488,641	663,621 (395,537) (743,556) 34,231,190	
	Local sales Brokerage Sales tax	38,607,391 (308,632) (6,362,920) 31,935,839 86,424,480	23,703,372 (212,540) (3,781,005) 19,709,827 53,941,017	
1	Local sales include revenue from services of Rs. 524.4 million (2020: R	s. 259.6 million).		

June

June

- 27.1
- 27.2 Information with respect to disaggregration of revenue by geographical location and internal segment is disclosed in note 6 and 37 respectively.

Note	June 2021	June 2020
28 COST OF SALES	Rs. (	JUUS
Opening stock of finished goods	16,644,919	12,498,885
Cost of goods manufactured 28.1	73,013,746	49,028,019
Closing stock of finished goods 22	89,658,665 (20,117,037)	61,526,904 (16,644,919)
	69,541,627	44,881,985
28.1 Cost of goods manufactured		
Raw materials consumed 28.2	46,931,544	23,781,796
Other material and conversion cost	9,967,396	11,962,241
Stores and spares consumed	232,668	758,826
Salaries, wages and benefits 30.1	8,717,435	6,889,487
Fuel, power and water	3,648,855	3,082,013
Insurance	100,628	80,433
Repair and maintenance	867,307	718,737
Depreciation 16.1.1	2,268,974	1,751,136
Depreciation on right of use assets	14,696	-
Provision for slow moving/obsolete items 21.1	29,180	22,906
Other manufacturing expenses	488,829	337,834
Cost of samples shown under distribution costs	(60,328)	(137,556)
Mode in process	73,207,183	49,247,853
Work-in-process	ECC 20E	0.40, 40.1
Opening Closing 22	566,325 (759,762)	346,491
Closing 22	(193,437)	(566,325) (219,834)
-	73,013,746	49,028,019

### NOTES TO THE UN-CONSOLIDATED FINANCIAL **STATEMENTS**

For the year ended June 30, 2021

		Note	<b>June 2021</b> Rs. 0	June 2020
28.2	Raw materials consumed		113. 0	,003
	Opening stock Purchases during the year Closing stock	22 _	9,661,021 47,219,532 (9,949,009) 46,931,544	8,503,454 24,939,363 (9,661,021) 23,781,796
29	DISTRIBUTION COST			
	Salaries and benefits Freight and shipment expenses Advertisement and publicity Cost of samples transferred from cost of goods	30.1	1,484,209 980,177 1,087,077	1,434,754 721,565 843,360
	manufactured Rent and ancillary charges Depreciation & amortization Depreciation on right-of-use assets Utilities	30.2 16.1.1 & 18.1 17	60,328 221,407 336,980 671,373 132,642	137,556 219,401 272,707 648,528 205,610
	Postage and telecommunication Export development surcharge Other expenses	-	112,203 119,272 683,686 5,879,355	11,954 76,109 213,711 4,785,255
30	ADMINISTRATIVE COST			
	Salaries, wages and benefits Rent and ancillary charges Repairs and maintenance Vehicle up keep and maintenance Utilities Conveyance and traveling Printing and stationery Communication Legal and consultancy fees	30.1 30.2	1,321,343 160,983 84,622 220,091 160,417 56,381 44,179 209,122 131,065	1,033,704 170,289 22,464 216,946 24,912 208,088 32,110 134,863 125,027
	Depreciation and amortisation Depreciation on right-of-use assets Auditor's remuneration	16.1.1 & 18.1 30.3	130,210 9,887 10,468	147,473 - 6,208
	Donations Insurance	30.4 & 30.5	35,262 47,728	21,184 46,217
	Expected credit loss against doubtful trade debts Other expenses	23.3	71,118 154,036 2,846,912	256,218 2,445,703
		=		



For the year ended June 30, 2021

2020	2021	2020
6 995,942	11,119,223	8,994,851
2 -	90,786	131,872
5 37,762	238,008	203,985
7 37,762	328,794	335,857
		27,237
3 1,033,704	11,522,987	9,357,945
	2 - 5 37,762	2 - 90,786 5 37,762 238,008 7 37,762 328,794 74,970

30.2 This represents rent expense which comprises of variable rents, rent of certain short term and low value leases, ancillary and maintenance charges incurred in respect of lease premises.

		Note	<b>June 2021</b> Rs. 0	June 2020 100s
30.3	Auditor's remuneration Audit fee		3,450	3,000
	Fee for review of condensed interim financial statements		575	500
	Fee for audit of consolidated financial statements Review fee of statement of compliance with code of		575	500
	corporate governance		115	100
	Fee for special purpose audit of financial statements		3,400	-
	Other certification fee		935	1,350
	Sindh sales tax on services		719	347
	Out of pocket expenses		699	411
			10,468_	6,208_

**30.4** Donations include donations to the following organizations in which a director is a trustee:

	Name of Donee	Interest in Donee	Name of Director		
	Habib University Foundation	Director	Mr. Mohomed Bashir	8,000	12,000
30.5	Donations to following Organ million whichever is higher:	izations and Trusts e	exceed 10% of total amo		
			Note	<b>June</b> <b>2021</b> Rs. (	June 2020 )00s
	Name of Donee				
	Patients' Aid Foundation Habib University Foundation Karwan-e-Hayat			10,000 8,000 6,750	12,000 4,050

# NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

31	OTHER OPERATING COST	Note	June 2021 Rs. 0	June 2020 00s
	Workers' profit participation fund Workers' welfare fund Loss on sale of property, plant and equipment	11.2 16.1.3	343,048 129,347 85,817	- 29,879 182,981
	Loss on derecognition of right of use assets and corresponding lease liability	_	23,632 581,844	212,860
32	OTHER INCOME			
	Income from non-financial assets and others Scrap sales Remeasurement of Government grant Unclaimed liabilities written back Remeasurement of provision for Gas Infrastructure Development Cess Others	9	7,312 130,715 40,311 289,523 15,345	4,228 1,058 112,185
	Income from financial assets Mark-up income on Term Finance Certificate Other markup income Foreign currency exchange gain - Net		7,454 6,104 386,952 400,510 883,716	118,842 10,230 7,290 179,985 197,505 316,347
32.1	This includes Rs. 130.3 million (2019: Rs. 155.8 million	n) in respect of exp	port receivables.	
33	FINANCE COST		<b>June 2021</b> Rs. 0	June 2020 00s
	Mark-up/profit on short term borrowings Mark-up/profit on long term financing Bank and other charges Exchange loss on foreign currency loans Markup on workers' profit participation fund Finance cost on GIDC Interest on liability against Right-of-use assets	7 _	938,867 641,214 302,207 - - 108,635 350,153 2,341,076	954,604 347,449 172,767 159,822 4,826 - 368,205 2,007,673



As per

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- **33.1** Finance cost includes Rs. 101.16 million and Rs. 87.7 million (2020: Rs. 30.01 million and Rs. 289.13 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.
- **33.2** Finance cost includes Rs. 115.5 million (2020: Rs. 135.4 million) on financing from an associated company.

		Note	<b>June 2021</b> Rs. 00	June 2020 00s
34	TAXATION			
	Taxation - Current - Perior  Less: Tax credit Deferred tax	34.1	1,097,745 - 1,097,745 - (113,279) 984,466	635,153 40,114 675,267 (235,776) (36,238) 403,253
34.1	Reconciliation between accounting profit / (loss) and tax expense			
	Net profit / (loss) for the year before taxation		6,117,382	(76,112)
	Tax rate (%)		29%	29%
	Tax on accounting profit		1,774,041	-
	Tax effect of Tax credits/ Rebates Minimum tax Prior year Differences due to accounting and tax treatment including depreciation Final tax regime Others		(119,142) - - 34,731 (596,406) (108,758) (789,575)	(235,776) 297,677 40,114 - 337,476 (36,238) 403,253
	Tax Expense		984,466	403,253

The provision for current year tax represent minimum tax under section 113 and tax on export sales under final tax regime. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision before adjustment of tax credit with tax assessed is presented below:

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

		Year	As per Accounts		ment orders	
			Rs. C	)00s		
		2020 2019 2018	635,153 713,913 614,292		631,350 728,765 637,974	
				Note	June 2021 Rs.	June 2020 000s
35	EARNINGS / (L	LOSS) PER SHARE - ba	sic and diluted			
	Profit / (loss) aft	er taxation			5,132,916	(479,365)
	Issued subs	ge number of shares scribed and paid up capit es allotted subsequently	al	35.1	427,794,630 85,558,926 513,353,556	427,794,630 85,558,926 513,353,556
	Earnings per sh	are - basic and diluted (F	Rs.)	35.2	10.00	Re-stated (0.93)

- 35.1 Weighted average number of shares include the effect of bonus shares issued in July 2021.
- 35.2 There is no dilutive effect on the earnings per share of the Company, as the Company has no potential ordinary shares.

### 36 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.

Processing, Home Processing of greige fabrics into various types of finished fabrics for sale as Textile and Apparel well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

For the year ended June 30, 2021

Segment Transactions Total	:30 <b>June-21</b> June-20 <b>June-21</b> June-20	3,790 <b>(21,513,889)</b> (19,513,326) <b>86,424,480</b> 53,941,017 7,988 <b>(21,513,889)</b> (19,513,326) <b>69,541,627</b> 44,881,985		5,802 - 16,882,853 9,059,032	- 16,882,853	- 16,882,853 8,726,266 8,156,586	16,882,853 8,726,266 8,156,586 581,844 (883,716) 2,039,204	- 16,882,853 9 - 8,726,266 7 - 8,156,586 1 - 2,341,076 2 81,844 883,716 (883,716) (2,039,204 1 6,117,382 984,466 6,117,382	16,882,853 9 8,726,266 7 8,156,586 1 2,341,076 2 883,746 (883,716) 2 984,466 6,117,382 984,466 6,132,916 (6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117,382 984,466 6,117	16,882,853 9 8,726,266 7 8,156,586 1 2,341,076 2,341,076 2,039,204 1 (883,716) 2,039,204 1 6,117,382 984,466 5,132,916 (6,117,382 984,466 5,132,916 (6,117,382 984,466 5,132,916 (6,117,382 984,466 5,132,916 (6,117,382 984,466 5,132,916 (6,117,382 984,466 5,132,916 (6,117,382 984,466 6,117,382 984,466 (6,117,382 984,466 6,117,382 98	16,882,853 9 8,726,266 7 8,156,586 1 - 2,341,076 2 581,844 (883,716) (2,039,204 1 6,117,382 984,466 (5,132,916 (6,17,382 984,466 (5,132,132,132 984,466 (5,132,132) (5,132,132,132) (5,132,132,132) (5,132,132,132) (5,132,132,132) (5,132,132,132,132) (5,132,132,132) (	16,882,853 9 8,726,266 7 8,156,586 1 2,341,076 2 6,117,382 984,466 5,132,916 (6,117,382 10 Unallocated June-20 June-21 June-21	16,882,853 9 8,726,266 7 8,156,586 1 2,3341,076 2 883,746	16,882,853 9 8,726,266 7 8,156,586 1 2,341,076 2 3,41,076 2,039,204 1 6,117,382 984,466 6,117,382 984,466 5,132,916 ( 5,132,916 ( 10mallocated June-21 June-21 June-21 June-21 June-21 June-21 June-21 June-21 S,811,953 3,091,157 89,562,146 68 38,068,368 24,646,521 70,866,210 54
A App	<b>June-21</b> June-20	30,898 37,293,790 17,351 34,767,988	<b>3,713,547</b> 2,525,802	3,047,525 2,723,123	666,022 (197,321)				1,042,015 898,534	P. Wall	042,015 898,534 essing, Home Textile and Apparel nne-21 June-20	42,015 essing, Homand Appare e-21 U	42,015  42,015  essing, Homeand Appare e-21 July 1,938 31.	42,015 essing, Home and Appare e-21 Ul. 141,938 31.
nd Distribution	June-20	19,184,812 14,377,533	4,807,279	4,230,705	576,574				981,819	0	nd Distribution	22 981,819  Ind Distribution  June-20  June-20  June-8.0	981,819  Distribution June-20  12,284,442	981,819  Distribution  June-20  12,284,442  4,815,246
	June-20 June-21	3,079,476 21,462,805 2,600,463 14,693,025	479,013 <b>6,769,780</b>	104,448 5,273,517	374,565 1,496,262				326,706 985,022	26,706	26,706	26,706	26,706 19-20 10,692	26,706 10-20 70,692 1 58,394
Weavi	June-21	4,299,161	88 975,772	125,467	36 850,305				94 370,543	370,	370,543 Weavi	370,543 Weavi	370,543 Weavii	370,543 Weavii June-21 4,831,057 4,578,826
pinning	<b>June-21</b> June-20	26,245,505 13,896,265 20,821,751 12,649,327	5,423,754 1,246,938	279,757 172,682	<b>5,143,997</b> 1,074,256				1,034,540 612,784	1,034,540	1,034,540 Spinning	1,034,540 Spinning	1,034,540 Spinning June-21 U	1,034,540 Spinning June-21 June-21 17 23,565,307 17 10,418,058 8
		Sales Cost of sales	Gross profit	Distribution cost and Administrative cost	Profit/(Loss) before tax and before charging following		ince Cost er operating cost er income	nce Cost  or operating cost  rincome  it / (loss) before taxation  it / loss) after taxation	nce Cost ar operating cost ar income it / (loss) before taxation it / (loss) after taxation reciation and Amortisation ense	nce Cost ar operating cost ar income it / (loss) before taxation it / (loss) after taxation it / (loss) after taxation =reciation and Amortisation =nse =ment assets and liabilities	ance Cost er operating cost er income fit / (loss) before taxation fit / (loss) after taxation reciation and Amortisation ense = gment assets and liabilities	ance Cost er operating cost er income fit / (loss) before taxation fit / (loss) after taxation fit / (loss) after taxation ense  = iment assets and liabilities	er operating cost er income fit / (loss) before taxation fit / (loss) after taxation ericomplexity and liabilities fit	Finance Cost Other operating cost Other income Profit / (loss) before taxation Taxation Profit / (loss) after taxation Depreciation and Amortisation Expense Segment assets and liabilities Assets Liabilities

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 36.3 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.
- 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.

### 36.5 Information about major customer

Sales to major customer whose revenue exceeds 10% of gross sales is Rs.12,488 million (2020: Rs. 10,569 million).

### 37 INFORMATION BY GEOGRAPHICAL AREA

	Reve	enue	Non-current assets		
	June-21	June-20	June-21	June-20	
		Rs.	000s		
Pakistan Germany United States Italy Netherlands United Kingdom France Spain China Sweden United Arab Emirates Other Countries	42,604,944 16,294,861 8,532,804 1,220,900 3,830,210 2,556,255 3,917,264 607,073 300,136 1,526,767 76,554 4,956,711 86,424,480	24,313,713 9,767,982 5,200,808 1,946,436 2,850,371 1,679,278 1,979,381 667,914 737,752 945,338 353,615 3,498,429 53,941,017	37,210,123 - - - - - - - 58,450 - 37,268,573 June 2021	29,142,798 58,450 - 29,201,248  June 2020	
		Note		00s	
CASH AND CASH EQUIVALENTS					
Cash and bank balances Short term borrowings		26 13	673,958 (29,108,282)	488,884 (25,486,947)	

(28,434,324)

(24,998,063)

158



For the year ended June 30, 2021

### 39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 2021							
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
		Rs. (	)00s			)00s		
Managerial remuneration	20,000	12,000	733,388	765,388	14,013	10,510	657,096	681,619
Bonus	-	-	-	-	806	605	29,436	30,847
House rent allowance	6,400	4,800	287,115	298,315	5,605	4,204	262,838	272,647
Other allowances	1,605	1,200	251,201	254,006	1,401	1,051	240,513	242,965
Contribution to provident fund	1,555	1,000	56,763	59,318	1,167	876	51,040	53,083
	29,560	19,000	1,328,468	1,377,027	22,992	17,246	1,240,923	1,281,161
Number of persons	1	3	265	269	1	1	264	266

- 39.1 The Chief Executives and Directors are provided with free use of Company maintained cars and are also covered under Company's Health Insurance Plan along with their dependents. The Chief Executive is also provided with free residential telephones.
- 39.2 Aggregate amount charged during the year in respect of meeting fee to four Non Executive Directors and the Chairman was Rs. 4.5 million (2020:Five Non Executive Directors and Chairman Rs. 4.4 million).
- **39.3** Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

### 40 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of Transactions	<b>2021</b> Rs. 000	2020 s
Parent Company	Dividend paid Bonus Shares issued	- -	598,067 478,453
Subsidiaries and indirect Subsidiaries	Investment made Sale of goods Sales through subsidiaries acting as agents Commission paid Advertisement and publicity Utilities paid	1,981,652 1,410,530 177,680 - 3,626	2,295,000 1,710,830 490,614 359,137 11,909

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Relationship with the Company	Nature of Transactions	<b>2021</b> Rs. 000	2020 Os
Associated Companies and other related parties	0	3,890 5,266 87,522 1,504 139 8,760 - - 2,000 8,000 13,099,185 115,581 238,008 15,212	68,544 8,608 62,898 - 2,500 12,000 9,680,350 135,431 203,985 36,491

- 40.1 There are no transactions with directors of the Company and key management personnel other than under the terms of employment. Loans and remuneration of the directors, key management personnel and executives are disclosed in notes 20 and 39 respectively.
- 40.2 Related parties status of outstanding receivables and payables as at June 30, 2021 are also included in respective notes to the unconsolidated financial statements.
- **40.3** Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.



June

1.... - 0000

June

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

S. No	Company Name	Basis of Relationship	% of shareholding in the Company
1	Gul Ahmed International Limited FZC	Wholly owned subsidiary	100%
2	GTM (Europe) Limited	Wholly owned ultimate subsidiary	100%
3	GTM USA Corp.	Wholly owned ultimate subsidiary	100%
4	Sky Home Corp.	Wholly owned ultimate subsidiary	100%
5	Vantona Home Limited	Wholly owned ultimate subsidiary	100%
6	JCCO 406 Limited	Wholly owned ultimate subsidiary	100%
7	Worldwide Developers (Private) Limited	Partially owned ultimate subsidiary	54.84%
8	Habib Metropolitan Bank Limited (HMBL		-
9	Swisstex Chemicals (Private) Limited	Group Company & Common Directorship	-
10	Arwen Tech. (Private) Limited	Group Company & Common Directorship	-
11	Win Star (Private) Limited	Group Company & Common Directorship	-
12	TPL Properties Limited	Common Directorship	-
13	Habib University Foundation	Common Directorship	-
14	The Pakistan Business Council	Common Directorship	-
15	Ghafooria Industries (Private) Limited	Group Company & Common Directorship	-
16	LITE Development and management company	Common Directorship	-
17	Grand Industries (Private) Limited	Group Company & Major Shareholders	-
18	Haji Ali Mohammad Foundation	Member of Foundation	-
19 20	Gul Ahmed Holdings (Private) Limited Gul Ahmed Textile Mills Limited	Holding Company	-
	Employees Provident Fund Trust	Employees Fund	-

### 41 CAPACITY AND PRODUCTION

	L loit		June 2021			June 2020	
	Unit	Capacity	Production	Working	Capacity	Production	Working
			Rs. In 000				
Spinning	Kgs. (20 Counts converted)	69,926	66,898	3 shifts	47,021	38,438	3 shifts
Weaving	Sq. meters (50 Picks converted)	185,602	166,009	3 shifts	156,925	138,780	3 shifts

Production is lower as compared to capacity due to variation in production mix and various technical and market factors.

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

### 42 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 17,383 (2020: 13,480) and average number of employees during the year were 15,955 (2020: 14,951).

### PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

	Note	2021 Un-audited	2020 Audited
Size of the fund - Total assets (Rs. 000s)		1,572,527	1,267,124
Cost of investments made (Rs. 000s)		1,379,266	1,214,742
Percentage of investments made		94.89%	95.06%
Fair value of investments (Rs. 000s)	43.1	1,492,230	1,204,511

		June 2021		June 2020	
43.1	The break-up of fair value of investment is:	Un-au	dited	Auc	lited
		Rs. 000s	%	Rs. 000s	%
	Shares in listed companies	89,029	6%	69,562	6%
	Government securities	427,968	29%	492,209	41%
	Debt securities	142,339	10%	264,469	22%
	Mutual funds	704,903	47%	286,508	24%
	Balance in saving accounts	127,990	9%	91,763	8%
		1,492,230	100%	1,204,511	100%

43.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.



For the year ended June 30, 2021

#### 44 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Company as at June 30, 2021 are as follows;

				June 2021			
	Interes	t/mark-up/profit l	bearing	Non intere	est/mark-up/prof	it bearing	
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
				Rs. 000			
Financial assets							
At Cost/Amortized cost							
ong term investment oans, advances and other	-	70,000	70,000	-	-	-	70,000
receivables	39,329	81,348	120,677	185,479	1,709	187,188	307,86
ong term deposits	-	-	-	-	291,014	291,014	291,014
Trade debts	-	-	-	11,750,382	-	11,750,382	11,750,38
Cash and bank balances	-	-	-	673,958	-	673,958	673,95
	39,329	151,348	190,677	12,609,895	292,723	12,902,618	13,093,29
Financial liabilities							
At Amortized cost							
Long term financing Lease liability against right	2,500,941	18,571,409	21,072,350	-	-	-	21,072,350
of use asset	565,963	3,274,944	3,840,907	-	-	-	3,840,90
Frade and other payables	343,048	-	343,048	13,209,498	1,325,299	14,534,797	14,877,84
Accrued mark-up/profit	-	-	-	341,473	-	341,473	341,47
Short term borrowings	29,108,282	-	29,108,282	-	-	-	29,108,28
Jnclaimed dividend	-	-	-	297,702	-	297,702	297,702
Jnpaid dividend		-	-	23,505	-	23,505	23,50
	32,518,234	21,846,353	54,364,587	13,872,178	1,325,299	15,197,477	69,562,06
Off balance sheet items							
Guarantees	-	-	-	2,495,530	-	2,495,530	2,495,530
Bills discounted	-	-	-	4,885,993	-	4,885,993	4,885,99
Commitments	_	_	-	5,411,180		5,411,180	5,411,18
	-	-	-	12,792,703	-	12,792,703	12,792,70

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Financial assets and liabilities of the Company as at June 30, 2020 were as follows;

	June 2020						
	Interes	st/mark-up/profit b	earing	Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
Financial assets				Rs. 000			
At Cost/Amortized cost							
Long term investment	-	70,000	70,000	-	-	-	70,00
Loans, advances and other receivables	26,973	58,720	85,693	280,573	-	280,573	366,26
Long term deposits	-	-	-	-	379,332	379,332	379,33
Trade debts	-	-	-	5,701,537	-	5,701,537	5,701,53
Cash and bank balances		_	-	488,884	_	488,884	488,88
	26,973	128,720	155,693	6,470,994	379,332	6,850,326	7,006,01
Financial liabilities							
At Amortized cost							
Long term financing Lease liability against right	420,113	13,445,600	13,865,713	-	-	-	13,865,71
of use asset	409,199	2,191,703	2,600,902	-	-	-	2,600,90
Trade and other payables	-	-	-	11,733,720	-	11,733,720	11,733,72
Accrued mark-up/profit	-	-	-	405,979	-	405,979	405,97
Short term borrowings	25,486,947	-	25,486,947	-	-	-	25,486,94
Unclaimed dividend	-	-	-	9,739	-	9,739	9,73
Unpaid dividend			-	21,103	-	21,103	21,10
	26,316,259	15,637,303	41,953,562	12,170,541	-	12,170,541	54,124,10
Off balance sheet items							
Guarantees	-	-	-	3,208,530	-	3,208,530	3,208,53
Bills discounted	-	-	-	3,903,082	-	3,903,082	3,903,08
Commitments		_	-	4,440,500	3,606,290	8,046,790	8,046,79
	-	-	-	11,552,112	3,606,290	15,158,402	15,158,40

### 45 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, markup risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

Risk Management is carried out under policies and principles approved by the Board of Directors. All treasury related transactions are carried out within the parameters of these policies and principles.



For the year ended June 30, 2021

The information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk and the Company's management of capital is as follows:

#### 45.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest / markups rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: currency risk, markup risk and other price risk. The Company is exposed to currency risk and markup risk only.

### a Currency risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign exchange.

#### Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	June 2021 Equivalent	June 2020 USD 000s
Trade debts	19,061	13,829
Cash and bank balances	31	4
Short term borrowing	-	(7,395)
Trade and other payables	(4,288)	(4,740)
Net exposure	14,803	1,698

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

	June	June
	2021	2020
	'000	
Foreign currency commitments and guarantees outstanding at year end are as follows:		
USD	12,099	3,520
EURO	16,492	5,938
JPY	408	1,008,216
CHF	352	957
CNY	2,942	36,484
GBP	99	_

The following significant exchange rates were applied during the year:

### Rupee per USD

traffic for the		
Average rate (Selling/Buying)	160.3/160.7	158.2/158.69
Reporting date rate (Selling/Buving)	158.3/157.8	168.75/168.25

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

### Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2020 would have increased/ decreased the equity and profit/ loss after tax by Rs. 83.188 million (June-20: Rs.10.2 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for June 30, 2021.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

### b Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Company has long term finance and short term borrowings at fixed and variable rates. During the year the Company has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

The Company is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 190.7 million (June-20: Rs.155.7 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs. 54.35 million (June-20: Rs. 41,954 million) which are subject to interest/mark-up rate risk. Applicable interest/mark-up rates for financial assets and liabilities are given in respective notes.

#### Cash flow sensitivity analysis for variable rate instruments

At June 30, 2021, if markups on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 119.7 million (June 2020: Rs 83.98 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2021, if markups on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 149.7 million (June 2020: Rs. 172.33 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. Effect of change in 1% interest rate on financial assets is Rs.0.5 million.

### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in markup at the reporting date would not effect unconsolidated statement of profit or loss of the Company.

#### c Other Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk.



For the year ended June 30, 2021

#### 45.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation without considering the fair value of the collateral available there against. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

### Exposure to credit risk

Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

		June 2021	June 2020
	Note	Rs. 00	0s
Long term investment	19.3	70,000	70,000
Loans, advances and other receivables	24	307,865	366,266
Long term deposit		291,014	379,332
Trade debts	23	11,750,382	5,701,537
Bank balances	26	246,909	388,651
		12,666,170	6,905,786

The Company manages credit risk as follows:

#### Loans, advances and other receivables

These loans are due from employees and are recovered in monthly installments deductible from their salaries. Retirement balances are also available for these employees against which balance can be adjusted incase of default. The Company actively pursues for the recovery of these loans and the Company does not expect that these employees will fail to meet their obligations, hence the management believes no impairment allowance is required there against.

Other advances and receivables include bank guarantee margin and miscellaneous receivables which neither past due nor impaired. The Company believes that based on past relationship, credit rating and financial soundness of the counter parties chances of default are remote and also there is no material impact of changes in credit risks of such receivables so no impairment allowance is necessary in respect of these advances and receivables.

### **Long Term Deposits**

These are mainly held for rented premises and utilities with the counter parties which have long association with the Company and have a good credit history. The management does not expect to incur credit loss there against.

### Trade debts

Trade debts are due from local and foreign customers. The Company manages credit risk inter alia by setting out credit limit in relation to individual customers, by obtaining advance against sales and/or through letter of credits and/or by providing imapirment allowance for life time expected credit losses trade debts.

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments. Further the majority of the customers have been transacting with the Company for several years. The Company actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Company does not expect these customers will fails to meet their obligations except for some past due trade debts against which adequate allowance for impairment have been made.

The Company has established an allowance for expected credit losses against trade debts that represent its estimate of expected losses based on actual credit loss experience in respect of trade debts. Ageing of the trade debts of the Company outstanding as at year end is as follows:

	June 2021	June 2020
		00s
1 to 6 months	11,689,630	5,485,443
6 months to 1 year 1 year to 3 years	110,624 227,540	237,943 260,495
Less: Expected credit losses	12,027,794 (277,412)	5,983,881 (282,344)
·	11,750,382	5,701,537

Management believes that the unimpaired balances that are past dues are still collectable in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debtors are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

#### Bank balances and long term investment

The Company limits its exposure to credit risk by maintaining bank accounts and investing only with counter-parties that have stable credit rating.

The bank balances along with credit ratings are tabulated below:

	Note	June 2021	June 2020
		Rs. 0	00s
Long term investment			
AAA	19.3	70,000	70,000
Bank balances			
AAA		108,487	228,545
AA+		113,967	111,781
AA		22,032	32,223
A+		453	13,845
A		1,893	1,848
BBB-		77	409
		246,909	388,651
		,	,
		316,909	458,651
			<u> </u>



For the year ended June 30, 2021

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

#### Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which adequate impairment allowance has been made as a matter of prudence. The ageing of the past due and impaired trade debts is more than 3 months and less than 3 years.

### 45.3 Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and Note no 44.

The Company manages liquidity risk by maintaining sufficient cash in hand and at banks and ensuring the fund availability through adequate credit facilities. At June 30, 2021, the Company has Rs.30,000 million (June-20: Rs. 28,566 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs.892 million (June-20: Rs. 3,079 million) and also has Rs. 256 million (June-20: Rs.489 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

The following are the contractual maturities of financial liabilities, including markup payments.

	Carrying amount	Contractual cash flow	Less than one year	More than one years
As at June 30, 2021		(Pak Rupees	in Thousand)	
Long term financing	21,072,350	20,660,150	1,717,313	18,942,837
Lease liability against right of use assets	3,840,907	5,270,294	928,634	4,341,660
Trade and other payables	14,877,845	14,877,845	14,877,845	-
Accrued markup	341,473	341,473	341,473	-
Short term borrowings	29,108,282	29,108,282	29,108,282	-
Unclaimed dividend	297,702	297,702	297,702	-
Unpaid dividend	23,505	23,505	23,505	-
	69,562,064	70,579,251	47,294,753	23,284,497
•				
Total as at June 30, 2020	54,124,103	55,638,699	38,716,763	16,921,936

### NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

### 45.4 Capital risk management

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2021 and June 30, 2020 were as follows:

	June 2021	June 2020
	Rs. 0	00s
Total borrowings Cash and bank Net debt	50,180,632 (673,958) 49,506,674	39,352,660 (488,884) 38,863,776
Total equity Total equity and debt	18,685,936 68,192,610	13,963,200 52,826,976
Gearing ratio (%)	73	74_

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

#### 46 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).



For the year ended June 30, 2021

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Company does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

#### 47 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 28<sup>th</sup> October 2021.

### 48 CORRESPONDING FIGURES

For better presentation, certain reclassification have been made in the corresponding figures including following:

Reclassification from component	Reclassification to component	Amount Rs '000
Stores and Spares	Inventory-Raw material	1,219,062
Stores and spares consumed	Raw materials consumed	3,833,961
Administration - Provision for slow moving/obsolete items	Cost of sales- Provision for slow moving/obsolete items	10,444
Administration - Utilities	Distribution cost - Utilities	205,610
Administration - Postage and telecommunication	Distribution cost - Postage and telecommunication	11,954
Administration - Repairs and maintenance	Distribution cost - Other expenses	39,226

#### 49 General

Figures have been rounded off to the nearest thousand rupees.

### **ATTENDANCE AT BOARD MEETINGS**

For the year ended June 30, 2021

Name of Directors	Board		Audit Committee		Human Resource & Remuneration Committee	
	Required	Attended	Required	Attended	Required	Attended
Mohomed Bashir	4	4	4	4	1	1
Zain Bashir	4	4			1	1
Mohammed Zaki Bashir	4	4				
Ziad Bashir	4	4				
Dr. Amjad Waheed	4	3	4	3		
Ehsan A. Malik	4	4	4	4	1	1
Zeeba Ansar	4	4				

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer



### **CATEGORIES OF SHAREHOLDING**

As at June 30, 2021

S NO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Individuals	5,479	58,668,064	13.71
2	Investment Companies & Mutual Funds	130	323,218,413	75.55
3	Insurance Companies	10	15,638,011	3.66
4	Joint Stock Companies	44	27,914,545	6.53
5	Modaraba Companies	1	90	-
6	Financial Institutions	8	1,499,417	0.35
7	Charitable Institutions	9	628,803	0.15
8	Government Departments	3	227,287	0.05
		5,684	427,794,630	100.00

### **PATTERN OF SHAREHOLDING**

As at June 30, 2021

	NO OF SHAP	RESHOLDINGS	
NO OF SHAREHOLDERS	FROM	TO	Total Shares
	1110101	10	
800	1	100	29,350
1,129	101	500	402,954
1,089	501	1,000	898,816
1,647	1,001	5,000	4,285,525
396	5,001	10,000	3,091,219
151	10,001	15,000	1,963,111
104	15,001	20,000	1,937,539
59	20,001	25,000	1,384,574
36	25,001	30,000	1,033,808
26	30,001	35,000	856,606
19	35,001 40,001	40,000	720,324
19 35	40,001	45,000	810,711
35 12	45,001 50,001	50,000	1,729,678
10	50,001 55,001	55,000 60,000	637,548 583,740
4	60,001	65,000	252,843
8	65,001	70,000	544,974
6	70,001	75,000	444,680
4	75,001	80,000	315,978
2	80,001	85,000	168,500
6	85,001	90,000	534,000
2	90,001	95,000	186,534
$\frac{\overline{4}}{4}$	95,001	100,000	400,000
1	100,001	105,000	100,800
3	110,001	115,000	340,276
5	115,001	120,000	597,647
2	120,001	125,000	249,700
1	125,001	130,000	126,500
2	130,001	135,000	270,000
4	135,001	140,000	553,000
2	140,001	145,000	284,349
4	145,001	150,000	600,000
2	150,001	155,000	305,500
1	155,001	160,000	156,000
1	160,001 165,001	165,000	163,194
2 1	170,001	170,000 175,000	337,060 174,600
1	175,001	180,000	180,000
2	180,001	185,000	368,000
2	185,001	190,000	376,000
6	195,001	200,000	1,200,000
2	200,001	205,000	402,324
1	205,001	210,000	206,000
1	220,001	225,000	223,560
2	225,001	230,000	456,055
1	230,001	235,000	230,772
4	245,001	250,000	995,500
1	250,001	255,000	250,500
3	265,001	270,000	802,000
1	270,001	275,000	275,000
2 2	285,001	290,000	576,000
2	310,001	315,000	625,680
1	320,001	325,000	323,300



### **PATTERN OF SHAREHOLDING**

As at June 30, 2021

NO OF CHARFIOLDERO	NO. OF SHARESHOLDINGS		Tatal Obassa
NO OF SHAREHOLDERS	FROM	ТО	Total Shares
1	325,001	330,000	330,000
1	330,001	335,000	331,726
1	335,001	340,000	336,500
1	340,001	345,000	345,000
2	345,001	350,000	692,320
1	355,001	360,000	360,000
1	360,001	365,000	361,500
2	370,001	375,000	744,400
1	380,001	385,000	385,000
1	385,001	390,000	390,000
1	415,001	420,000	415,100
1	425,001	430,000	430,000
1	460,001	465,000	464,000
1	475,001	480,000	480,000
1	480,001	485,000	480,898
1	495,001	500,000	500,000
1	500,001	505,000	505,000
1	545,001	550,000	550,000
1	560,001	565,000	560,780
1	635,001	640,000	638,189
1	665,001	670,000	667,021
1	695,001	700,000	700,000
1	740,001	745,000	743,000
1	785,001	790,000	788,500
1	790,001	795,000	791,400
1	800,001	805,000	800,679
1	820,001	825,000	823,000
1	830,001	835,000	832,900
1	835,001	840,000	837,600
1	900,001	905,000	901,500
1	995,001	1,000,000	1,000,000
1	1,000,001	1,005,000	1,003,900
1	1,010,001	1,015,000	1,015,000
1	1,015,001	1,020,000	1,015,500
1	1,155,001	1,160,000	1,156,200
1	1,250,001	1,255,000	1,253,000
1	1,345,001	1,350,000	1,350,000
1	1,765,001	1,770,000	1,765,845
1	2,155,001	2,160,000	2,156,959
1	2,315,001	2,320,000	2,316,880
1	2,420,001	2,425,001	2,422,809
1	3,395,001	3,400,000	3,397,575
1	3,570,001	3,575,000	3,573,000
1	3,585,001	3,590,000	3,586,800
1 1	3,825,001	3,830,000	3,829,000 6,530,500
1	6,530,001 7,955,001	6,535,000	6,530,500 7,958,615
		7,960,000	
1	11,325,001	11,330,000	11,325,439 15,350,300
1	15,355,001	15,360,000	15,359,390 16,557,820
1 1	16,555,001 287,070,001	16,560,000 287,075,000	16,557,820 287,072,056
	201,010,001	201,010,000	
5,684			427,794,630

### **PATTERN OF SHAREHOLDING**

As at June 30, 2021

### **Additional Information**

Categories of Shareholders	Number	Shares held
Associated Companies, Undertaking and Related Parties		
GUL AHMED HOLDINGS (PRIVATE) LIMITED	1	287,072,056
SWISSTEX CHEMICALS (PRIVATE) LIMITED	1	15,359,390
TRUSTEE - GUL AHMED TEXTILE MILLS LIMITED EMPLOYEES PROVIDENT		
FUND TRUST	1	2,156,959
NIT and ICP		
IDBP (ICP UNIT)	1	2,476
IDBL (ICP UNIT)	1	531
CDC - TRUST NATIONAL INVESTMENT (UNIT) TRUST	1	21,482
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	7,958,615
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	180,000
CDC - TRUSTEE NIT INCOME FUND - MT	1	788,500
Mutual Funds		
CDC - TRUSTEE ABL INCOME FUND - MT	1	140,000
CDC - TRUSTEE ABL STOCK FUND	1	3,573,000
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1	3,500
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	30,600
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	500,000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	230,772
CDC - TRUSTEE ALFALAH GHP INCOME FUND	1	500
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	638,189
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	167,060
CDC - TRUSTEE APF-EQUITY SUB FUND	1	45,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	1,015,000
CDC - TRUSTEE AWT STOCK FUND	1	152,000
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	1,253,000
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	385,000
CDC - TRUSTEE HBL - STOCK FUND	1	370,500
CDC - TRUSTEE HBL EQUITY FUND	l	430,000
CDC - TRUSTEE HBL INCOME FUND - MT	1	140,000
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	52,000
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	46,500
CDC - TRUSTEE LAKSON EQUITY FUND	1	1,003,900
CDC - TRUSTEE LAKSON INCOME FUND - MT	1	61,500
CDC - TRUSTEE LAKSON TACTICAL FUND CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	124,700
CDC - TRUSTEE NBP BALANCED FUND	1	2,316,880 265,800
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	223,560
CDC - TRUSTEE NBP SARMATA IZAFA FUND	1	3,586,800
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	41,000
CDC - TRUSTEE PICIC GROWTH FUND	1	464,000
CDC - TRUSTEE PICIC INVESTMENT FUND	1	346,000
ODG THOUSELET TOTAL TOTAL	'	040,000

### **PATTERN OF SHAREHOLDING**

As at June 30, 2021

CDC - TRUSTEE UBL ASSET ALLOCATION FUND CDC - TRUSTEE UBL DEDICATED EQUITY FUND CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND CDC - TRUSTEE UBL STOCK ADVANTAGE FUND MC FSL TRUSTEE JS - INCOME FUND	1 1 1 1	100,800 18,354 791,400 1,765,845 15,000
BANKS, NBFI, DFI AND INVESTMENT COMPANIES INSURANCE COMPANIES JOINT STOCK COMPANIES MODARABA COMPANIES FINANCIAL INSTITUTIONS CHARITABLE INSTITUTIONS GOVERNMENT DEPARTMENTS	88 10 43 1 8 9	4,739,634 15,638,011 12,555,155 90 1,499,417 628,803 227,287
Directors MOHOMED BASHIR (Chairman) ZAIN BASHIR (Vice Chairman) MOHAMMED ZAKI BASHIR (Chief Executive) ZIAD BASHIR DR. AMJAD WAHEED EHSAN A. MALIK MS. ZEEBA ANSAR Directors'/CEO's Spouse TANIA ZAIN BASHID	1 1 1 1 1 1	3,397,575 5,806 5,806 5,806 16,678 3,600 2,500
TANIA ZAIN BASHIR Shareholders holding 5% or more Voting Interest GUL AHMED HOLDINGS (PRIVATE) LIMITED	1	5,806 287,072,056

Details of trading in the shares by: No trading was carried out by Directors, CEO, CFO, Company Secretary, their spouses and minor children during the year under review.





### **GROUP DIRECTOR'S REPORT**

The directors are pleased to present their report together with the audited Consolidated Financial Statements of the Group for the year ended June 30, 2021.

### **The Group**

The Group companies of Gul Ahmed International Limited (FZC)-UAE comprising of GTM (Europe) Limited-UK, GTM USA Corp.-USA, Sky Home Corp.-USA and Vantona Home Limited are wholly owned subsidiaries of Gul Ahmed Textile Mills Limited. Whereas in Worldwide developers (Pvt) limited (WWDL), Company has acquired 54.84% shares. All these subsidiaries are engaged in trading of textile and related products, whereas WWDL owns industrial properties comprises of land and buildings which were used during for manufacturing and warehousing purposes by Gul Ahmed Textile Mills Limited.

### **Group Results**

The Consolidated financial results of the group are given below:

	Rupees (000s)
Profit before tax	6,291,135
Taxation	1,025,006
Profit after tax	5,266,129
Un-appropriated profit brought forward	10,166,196
Amount available for appropriation	15,432,325
Appropriation	
Amount carried to other comprehensive income	17,615
Exchange difference on translation of foreign subsidiaries	(136,088)
Cash dividend	427,795
Amount carried forward	14,581,612
	14,890,934
Earnings Per Share (Rs.)	Rs. 10.27

### **Pattern of Shareholding**

Gul Ahmed International Limited (FZC) - UAE is wholly owned subsidiary of Gul Ahmed Textile Mills Limited (Parent Company). GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC)- UAE whereas GTM USA Corp.-USA, Sky Home Corp.-USA, and Vantona Home Limited are wholly owned subsidiaries of GTM (Europe) Limited. Worldwide developers (Pvt) limited has been acquired by Parent Company and owns 54.84% therein, whereas remaining 50,000 shares are held equally by Mr. Zain Bashir and Mr. Muhammad Zaki Bashir who are also directors in both Gul Ahmed Textile and WWDL

Karachi,

Dated October 28, 2021

**Mohammed Bashir** Chairman Mohammed Zaki Bashir Chief Executive Officer



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

### **Opinion**

We have audited the annexed consolidated financial statements of **Gul Ahmed Textile Mills Limited** and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at June 30, 2021, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### **Basis for Opinion**

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

### Material Uncertainty relating to Going Concern of Subsidiary Company

We draw attention to note 1.2 to the annexed consolidated financial statements, wherein it is stated that the only major customer of an indirect subsidiary company, GTM USA Corporation (GTM USA), had filed bankruptcy and closed its business by selling its

assets to ESL Investments. Resultantly, GTM USA has ceased it operations from October, 2018 and it has no business activity during the year. Since GTM USA is registered as foreign corporation in New York, USA therefore it cannot trade outside the state of New York, USA, whereas other group entities in similar industry are operating in New York as well in other states of USA. Therefore, in case of GTM USA, future revenue from normal trade in same industry is less probable and solely depends upon the discretion of the management of the Group. In such circumstances financial assistance from Holding Company/related parties are inevitable for future sustainability of GTM USA. As stated in the above referred note 1.2, these events and conditions, along with other matters as set forth, in the note indicate that a material uncertainty exists that may cast significant doubt about the GTM USA's ability to continue as going concern. The underlying going concern assumption is contingent upon the mitigating factors as mentioned in the note 1.2 to these consolidated financial statements. Our opinion is not modified in respect of this matter.

### **Emphasis of Matter**

We draw attention to note 1.3 to the annexed consolidated financial statements which describes the Scheme of Arrangement to hive down and merge the Holding Company's retail business, along with its assets and liabilities, into Ideas (Private) Limited, as wholly owned subsidiary, and to merge Worldwide Developers (Private) Limited along with certain other assets / undertakings of Grand Industries (Private) Limited and Ghafooria Industries (Private) Limited with and into the Holding Company. The Scheme is subject to the sanction of the High Court of Sindh. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	Stock in Trade	Our audit procedures included the following:
	The Group has significant levels of stock in trade amounting to Rs. 31,567 million as at the reporting date, being 34% of total assets of the Group. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials.  The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter.  (Refer Notes 23 and 2.4 (f) and 3.16 to the annexed consolidated financial statement)	<ul> <li>Attended the year end stock taking at selected locations to gain comfort over the existence and condition of inventories and internal controls designed by the Group.</li> <li>Obtained understanding of internal controls designed by the Group over recording of purchases and valuation &amp; costing of the inventories, and testing their operating effectiveness on sample basis.</li> <li>Assessed historical costs recorded in the inventory valuation by performing test of details on purchases. Performing re-calculation of weighted average costs on sample basis.</li> <li>Obtained the valuation sheets of the inventories and traced / reconciled quantities from working papers of observation of physical stock taking.</li> <li>Evaluated whether valuation basis used are appropriate and consistently appliedand this include analysis of costing of different items on sample basis.</li> <li>Assessed the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Group before and after year end.</li> <li>Performed analytical and other relevant audit procedures.</li> <li>Considered the adequacy of the Group's disclosures in respect of inventories.</li> </ul>



S. No.	Key audit matter	How the matter was addressed in our audit
S. No. 2.	Borrowings  The Group has significant amounts of borrowings from banks and other financial institutions amounting to Rs. 50,683 million, being 70.5% of total liabilities, as at reporting date.  Given the significant level of borrowings, finance costs and gearing impact, the disclosure given by the management in the consolidated financial statements and compliance with various loan covenants is considered to be a key audit matter.  (Refer Notes 6, 13 &3.6 to the annexed consolidated financial statements)	<ul> <li>Our audit procedures included:</li> <li>Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level.</li> <li>Verified disbursement of loans and utilization on sample basis. Review of charge registration documents.</li> <li>Verified repayments made by the Group during the year on sample basis to confirm that repayments are being made on time and no default has been made.</li> <li>Understanding and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.</li> <li>Obtained confirmation from banks and other lenders of the Group to confirm balances, terms &amp; conditions stated in the terms sheets and compliance thereof.</li> <li>Performed analytical procedures, recalculations and other related procedures for verification of finance costs.</li> </ul>
		<ul> <li>Ensured that the outstanding liabilities have been properly classified and related securities and oth- er terms are adequately disclosed in the consoli- dated financial statements.</li> </ul>

S. No.	Key audit matter	How the matter was addressed in our audit
3.	Contingencies	Our audit procedures included the following:
	The Group is under litigation in respect of various matters including Gas Infrastructure Development Cess (GIDC), claims from various Government Institutions / Departments, tax matters and other miscellaneous claims in respect of the assets of the Group.	<ul> <li>Assessed management's processes to identify new possible litigations, obligations and chang- es in existing obligations through inquiries from management and review of the minutes of meet- ings of the Board of Directors and Audit Commit- tee.</li> </ul>
	Given the nature of contingencies, the assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payments and analysis of a reliable estimate requires significant management's indepent to analysis.	<ul> <li>Reviewedthe relevant information including case proceedings, legal opinions related industry in- formation and correspondences in respect of the ongoing litigations.</li> </ul>
	nificant management's judgment to ensure appropriate accounting and disclosures. These judgments can change over time as new facts emerge and the case progresses. Therefore, we have identified this matter as a key audit matter.	<ul> <li>Obtained confirmation from the legal counsel of the Group to evaluate the status of the pend- ing litigations and view point of the legal counsel thereon.</li> </ul>
	(Refer Notes 15, 11, 2.4 (b) and 3.4 to the annexed consolidated financial statements)	<ul> <li>Examined legal and professional expenses to confirm that all pending legal matters are identi- fied and disclosed.</li> </ul>
		<ul> <li>Re-computed the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters.</li> </ul>
		<ul> <li>Assessed the appropriateness of the related dis- closures made in the accompanying consolidat- ed financial statements in light of IAS-37 "Provi- sions and Contingencies".</li> </ul>

### Financial Statements and Auditor's Report inconsistent with the consolidated financial thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of If, based on the work we have performed, we thereon.

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

In connection with our audit of the consolidated Management is responsible for the preparation the other information and, in doing so, consider financial statements in accordance with the

Information Other than the Consolidated whether the other information is materially statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

the Group, but does not include the consolidated conclude that there is a material misstatement financial statements and our auditors' report of this other information we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Consolidated Financial **Statements**

financial statements, our responsibility is to read and fair presentation of the consolidated



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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

· Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion. forgery, intentional omissions. misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned

scope and timing of the audit and significant. The engagement partner on the audit resulting audit findings, including any significant in this independent auditor's report is Fahad Ali deficiencies in internal control that we identify Shaikh. during our audit.

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

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

### Kreston Hyder Bhimji & Co.

Chartered Accountants Karachi, Dated: October 28, 2021



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	<b>June</b> <b>2021</b> Rs. 0	June 2020 00s		Note	<b>June</b> <b>2021</b> Rs. 00	June 2020
EQUITY AND LIABILITIES		110.0		ASSETS		110. 00	500
EQUIT AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Share Capital	4	4,277,946	4,277,946	Property, plant and equipment	16	31,034,030	23,951,846
Reserves	5	14,890,934	10,166,196	Right of use assets	17	3,302,289	2,323,849
Equity attributable to the owners of the Holding Company		19,168,880	14,444,142	Investment Property	18	4,599,000	4,599,000
Non-controlling interest		<u>1,878,442</u> 21,047,322	1,883,317 16,327,459	Intangible assets	19	218,472	232,449
Total equity		21,047,322	10,327,439	Long term investment Long term loans and advances	20 21	70,000 83,057	70,000 59,830
				Long term deposits	۷ ا	296,146	388,669
NON-CURRENT LIABILITIES				Deferred taxation	8	42,774	3,801
Long term financing	6	18,571,409	13,445,600	Dolonou taxatori	O	,	0,001
Lease liability against right of use assets	7	3,279,223	2,198,535	Total non current assets	_	39,645,768	31,629,444
Provision for Government Infrastructure		, ,	, ,				
Development Cess		1,325,299	-				
Deferred taxation	8	-	49,532				
Deferred government grant	9	142,003	35,220				
Defined benefit plan- Staff Gratuity	10	156,413	140,219				
				CURRENT ASSETS			
Total non current liabilities		23,474,347	15,869,106				
				Stores and spares	22	991,844	828,005
CURRENT LIABILITIES				Stock-in-trade	23	31,567,468	27,872,697
Trade and other payables	11	14,754,415	12,310,931	Trade debts	24	11,793,214	5,150,748
Accrued mark-up / profit	12	341,473	405,979	Loans, advances and other receivables	25	3,732,519	1,362,721
Short term borrowings	13	29,610,876	25,995,109	Short term prepayments	26	167,724	270,346
Current maturity of long term financing	6	2,500,941	420,113	Receivable from government Taxation-net	20	4,087,419	2,804,316 1,132,621
Current maturity of lease liability against right of use asset	7	568,220	411,526	Cash and bank balances	27	977,854	772,880
Current maturity of deferred government grant	9	108,416	48,921		21	011,001	772,000
Unclaimed dividend	O	297,702	9,739				
Unpaid dividend	14	23,505	21,103				
Provision for taxation - net of payments		236,593	3,792				
Total current liabilities		48,442,141	39,627,213	Total current assets		53,318,042	40,194,334
CONTINGENCIES AND COMMITMENTS	15						
Total Equity and Liabilities		92,963,810	71,823,778		_	92,963,810	71,823,778

The annexed notes 1 - 50 form an integral part of these consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	<b>2021</b> Rs. 0	2020 00s
Sales - net	28	88,356,151	55,932,658
Cost of sales	29	70,846,671	46,272,841
Gross profit		17,509,480	9,659,817
Distribution cost Administrative cost Other operating cost	30 31 32	5,903,973 3,293,429 581,844 9,779,246 7,730,234	4,937,272 2,994,697 212,860 8,144,829 1,514,988
Other income	33	899,487	316,347
Operating profit		8,629,721	1,831,335
Finance cost	34	2,338,586	2,054,273
Profit / (loss) before taxation		6,291,135	(222,938)
Taxation	35	1,025,006	402,824
Profit / (loss) after taxation	-	5,266,129	(625,762)
Attributable to: Equity holders of Holding Company Non-controlling interest holders	-	5,271,004 (4,875) 5,266,129	- - -
Earnings / (loss) per share - basic and diluted (Rs.)	36	10.268	Re-stated (1.219)

The annexed notes 1 - 50 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

Tof the year chase senie 55, 2521	Note	<b>June</b> <b>2021</b> Rs. 000	June 2020 3
Profit / (loss) after taxation		5,266,129	(625,762)
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss subsequently			
Remeasurement gain on defined benefit plan Related tax effect	10.3	19,741 (2,126) 17,615	666 (75) 591
Items that may be reclassified to statement of profit or loss subsequently		,	
Exchange difference on translation of foreign subsidiaries		(136,086) (118,471)	77,186 77,777
Total comprehensive income / (loss)		5,147,658	(547,985)
Attributable to: Equity holders of Holding Company Non-controlling interest holders	_	5,152,533 (4,875) 5,147,658	- - -

The annexed notes 1 - 50 form an integral part of these consolidated financial statements.

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

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June

June



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	<b>June</b> <b>2021</b> Rs. 0	June 2020
CASH FLOWS FROM OPERATING ACTIVITIES		[15. C	0005
Profit / (loss) before taxation		6,291,135	(222,938)
Adjustments for: Depreciation on property, plant and equipment Depreciation on right-of-use assets Amortisation Provision for gratuity Finance cost Finance cost on Government Infrastructure Development Cess (GIDC) Interest on lease liability against right-of-use asset Provision for slow moving/obsolete stores and spares Gain on remeasurement of provision for GIDC Expected credit loss against trade debts Capital work in progress charged to consumption Loss on derecogntion of right of use asset Loss on disposal of property plant and equipment	16.1.1 17 19.1 10.2 34 22.1 24.3 16.1.3	2,711,867 698,257 36,889 91,023 1,879,513 108,635 350,438 29,180 (289,523) 100,251 7,658 23,632 85,817 5,833,637	2,149,679 650,814 33,379 133,653 1,685,808 - 368,465 22,906 - 400 - 182,981 5,228,085
Cash flows from operating activities before adjustments of working capital changes		12,124,772	5,005,147
Changes in working capital:     (Increase)/ decrease in current assets     Stores and spares     Stock-in-trade     Trade debts     Loans, advances and other receivables     Short term prepayments     Receivable from Government		(193,019) (3,694,771) (6,742,717) (2,369,798) 102,622 (150,477) (13,048,160)	(600,409) (4,469,782) 1,724,204 492,689 50,260 (1,317,068) (4,120,106)
Increase in current liabilities Trade and other payables		3,949,667 (9,098,493)	1,498,000 (2,622,106)
Cash generated from operations before following:		3,026,279	2,383,041
Gratuity paid Finance cost paid Income tax paid Net change in long term loans and advances Net change in long term deposits  Net cash (used) / generated from operating activities		(55,088) (1,944,019) (882,635) (23,227) 92,523 (2,812,446) 213,833	(86,133) (1,579,839) (602,014) 4,951 (9,686) (2,272,721) 110,320

	Note	June 2021	June 2020
CASH FLOWS FROM INVESTING ACTIVITIES		Rs. 0	00s
	г		(
Addition to property, plant and equipment Addition to intangible assets		(10,114,416) (23,112)	(7,575,110) (76,091)
Proceeds from sale of property, plant and equipment	0.00	226,888	299,746
Payments for acquistion of subsidiary -net Payments made against long term investments	3.26	-	(1,843,088) (70,000)
Net cash used in investing activities	L	(9,910,640)	(9,264,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		7,673,112	4,911,949
Long term financing repaid  Payments for lease liability against right of use asset		(300,197) (813,385)	(999,298) (732,522)
Dividend paid		(137,430)	(884,735)
Net cash generated from financing activities		6,422,100	2,295,394
Exchange difference on translation of foreign subsidiaries	-	(136,086)	77,186
Net decrease in cash and cash equivalents		(3,410,793)	(6,781,643)
Cash and cash equivalents - at the beginning of the year		(25,222,229)	(18,440,586)
Cash and cash equivalents - at the end of the year	39	(28,633,022)	(25,222,229)

The annexed notes 1 - 50 form an integral part of these consolidated financial statements.

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Annual Report 2021



### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

		Revenue reserve						
			Rever		ue reserve			
	Share Capital	Capital reserve - Share Premium	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary (Note 5.4)	Unappropriated profit	Total equity attributable to the owners of Holding Company	Non- Controlling Interest	Total Equity
				F	Rupees '000			
Balance as at July 01, 2019  Transaction with owners	3,564,955	1,405,415	285,542	19,827	10,607,627	12,318,411	-	15,883,366
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 for the year ended June 30, 2020								
Loss after taxation	-	-	-	-	(625,762)	(625,762)	-	(625,762)
Other comprehensive income		-	77,186 77,186	-	(625,171)	77,777 (547,985)	-	77,777 (547,985)
			77,100		(023,171)	(547,500)		(547,500)
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
Balance as at July 01, 2020	4,277,946	692,424	362,728	19,827	9,091,217	10,166,196	1,883,317	16,327,459
Transaction with owners								
Interim dividend for nine months ended 30 March, 2021	-	-	-	-	(427,795)	(427,795)	-	(427,795)
Total comprehensive income for the year ended June 30, 2021								
Profit after taxation	-	-	-	-	5,271,004	5,271,004	(4,875)	5,266,129
Other comprehensive income		-	(136,086)		17,615 5,288,619	(118,471) 5,152,533	(4,875)	(118,471) 5,147,658
			(130,000)		5,200,019	J, 102,000	(4,075)	J, 147,000
Balance as at June 30, 2021	4,277,946	692,424	226,642	19,827	13,952,041	14,890,934	1,878,442	21,047,322

The annexed notes 1 - 50 form an integral part of these consolidated financial statements.

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

### 1 LEGAL STATUS AND ITS OPERATIONS

- **1.1** Gul Ahmed Group ("the Group") comprises the following:
  - Gul Ahmed Textile Mills Limited
  - Gul Ahmed International Limited (FZC) UAE
  - GTM (Europe) Limited UK
  - Vantona Home limited
  - JCCO 406 Ltd.
  - GTM USA Corp. USA
  - Sky Home Corp.- USA
  - Worldwide Developers (Pvt) limited

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

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

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

The Holding Company is subsidiary of Gul Ahmed Holdings (Private) Limited.

#### **Details of Subsidiaries**

Name	Geographical Location	Percentage of Holding
Gul Ahmed International Limited FZC GTM (Europe) Limited - Indirect subsidiary GTM USA Corp Indirect subsidiary Sky Home Corp Indirect Subsidiary Vantona Home Limited - Indirect Subsidiary JCCO 406 Limited - Indirect Subsidiary Worldwide Developers (Pvt) Limited-Direct subsidiary	U.A.E U.K U.S.A U.S.A U.K U.K Pakistan	100% 100% 100% 100% 100% 100% 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 Group for warehousing purpose.

Sears Holdings (the only major customer of the subsidiary company GTM USA Corporation(GTM USA)) officially filed for bankruptcy during the year ended June 30, 2019 and during the current year it has sold its assets to ESL Investments and has officially closed. Presently GTM USA has no new customer which can revitalize its operations therefore GTM USA has seized its operations from October 2018. Till GTM USA does not find any significant customer, its trading prospects are very low.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

The Group has continued the trend of transferring all major operations from GTM USA Corporation to SKY Home Corporation including trading and commission income and this trend is expected to continue in the future. However, the Holding Company intends to support GTM USA in all respect and the management of GTM USA is also striving for acquiring new business and customers. Therefore GTM USA has prepared its financials statements on a going concern basis. However, these events and conditions indicate existence of material uncertainty to continue as going concern.

- 1.3 As approved by the Board of Directors of the Holding Company, a Scheme of Arrangement (the 'Scheme') under Sections 279 to 283 and 285(8) of the Companies Act, 2017 has been filed in the High Court of Sindh (the 'Court') pertaining, inter alia, to the following arrangement:
  - The Holding Company's retail business segment, along with its assets and liabilities, will be hived down and merged with and into Ideas (Private) Limited ('Ideas') which shall become a wholly owned subsidiary of the Holding Company;
  - Worldwide Developers (Private) Limited in which Holding Company holds 54.84% shares, will be merged with and into the Holding Company, against issuance of shares of the Holding Company; and
  - Certain undertakings comprising immovable properties will be demerged from Grand Industries (Private) Limited and Ghafooria Industries (Private) Limited, and shall be merged with and into the Holding Company and Ideas, against issuance of shares of the Holding Company. In terms of the Scheme, and subject to the sanction thereof by the Court, the Scheme (and the arrangements thereunder) would be effective from the start of business on January 1, 2021 or a date as approved by the Court.

The companies, part of scheme, are in the process of completing legal formalities and fulfilling necessary steps with respect to the same in accordance with the applicable law. The companies have already obtained the requisite approvals from their respective shareholders and secured creditors (to the extent applicable). Pending the sanction of the Scheme by the Court, the financial statements have been prepared without the effects of the Scheme.

### 1.4 Addresses of all immoveable properties owned by the Holding Company is as follows;

Area Address

25.07 Acres Plot No. HT-4, Landhi Industrial Area, Landhi Karachi.

14.9 Acres Survey No.82, Deh Landhi ,Karachi.

18.56 Acres Plot No. H-7, Landhi Industrial Area, Landhi, Karachi.
4.17 Acres Plot No. H-19, Landhi Industrial Area, Landhi, Karachi.
44.04 acres P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory

Deh Khanto Tapo Landhi, Karachi.

2Kanal, 19 Marlas Plot No. 24-A, C-III, Gulberg Lahore.

4,023.16 Sq. yards Plot No. H-19/1, Landhi Industrial Area, Landhi Township,

Karachi.

### 1.5 Geographical locations and addresses of all premises obtained on rented basis 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.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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. Plot W2/1-14,Western Industrial Zone, Port Qasim, Karachi Plot 368, 369 & 446, Deh Landhi, Karachi Plot HT 3/A, Landhi, Karachi Plot 65/1, Korangi Industrial Area, Karachi

As at June 30, 2021, The Group has 66 retail outlets, 30 fabric stores, 3 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).

#### 1.7 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries, here-in-after collectively referred to as the Group.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

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

The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital. All intra-group balances, transactions and unrealised gains/losses resulting from intra-group transactions and dividends are eliminated in full.

### 2 BASIS OF PREPERATION

### 2.1 Basis of measurement

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

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

#### 2.2 Statement of compliance

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

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



For the year ended June 30, 2021

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.3 Functional and presentation currency

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

### 2.4 Critical accounting estimates and judgments

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

#### (a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no.10.4 to these consolidated financial statements for valuation of present value of defined benefit obligations.

### (b) Contingencies

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

#### (c) Useful lives, pattern of economic benefits and impairments

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

### (d) Intangibles

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

#### (e) Impairment of investment in subsidiary company

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

#### (f) Provision for obsolescence and slow moving spare parts and loose tools

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### (g) Stock-in-trade

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

### (h) Impairment of Financial assets

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

### (i) Taxation

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

#### (i) Leases

The Group uses judgements and estimates in measurement of right-of-use assets and corresponding lease liabilities with respect to discount rates, lease terms including exercise of renewal and termination options etc., as disclosed in note 3.8 and 3.12.

#### 2.5 New and revised standards and interpretations

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

Details of new and amended standards and interpretations mandatory for the first time for the financial year beginning on July 1, 2020 and are not likely to have an material impact on the consolidated financial statements of the Group:

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

The IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) in October 2018 to clarify and align the definition of material. The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions of primary users of general purpose financial statements. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.



For the year ended June 30, 2021

ii) IFRS 3 Business Combinations Amendments to clarify the definition of a business (Effective for annual periods beginning on or after January 01, 2020)

Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the existing definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The amendments include an election to use a concentration test.

iii) IFRS 16 Leases -Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (Effective for annual periods beginning on or after June 01, 2020)

Under existing requirements of IFRS 16, lessees are required to assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. However, the amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

iv) Amendments to Conceptual Framework for Financial Reporting (Effective for annual periods beginning on or after 1 January 2020)

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

- v) There are certain other ammendments that are effective from the current period. However, these are either irrelevant or do not have any material impact
- (b) Standards, Interpretations and Amendments not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 01, 2020 and are not likely to have an material impact on the consolidated financial statements of the Group:

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

i) IAS 1 Presentation of Financial Statements & Accounting Policies -Amendments regarding the classification of liabilities (Effective for annual periods beginning on or after 1 January 2023)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and the amendments specify that the conditions which exist at the end of the reporting period will be used to determine if a right to defer settlement of a liability exists, i.e., the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability.

ii) IAS 12 Income Taxes -Amendments regarding deferred tax on leases and decommissioning obligations (Effective for annual periods beginning on or after 1 January 2023)

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

(iii) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. (Effective for annual periods beginning on or after 1 January 2023)

The changes to IAS 8 focus entirely on accounting estimates and clarify the following: The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in those future periods.

iv) IAS 16 Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (Effective for annual periods beginning on or after 1 January 2022)

The amendment to the standard prohibits to deduct from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

(v) IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the cost of fulfilling a contract when assessing whether a contract is onerous (Effective for annual periods beginning on or after 1 January 2022).

Cost of fulfilling a contract is relevant when determining whether a contract is onerous. The amendment clarifies that costs of fulfilling a contract are costs that relate directly to a contract. Such costs can be Incremental costs of fulfilling a contract, or an allocation of other costs that relate directly to fulfilling contracts. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

(vi) IFRS 3 'Business Combinations - Amendments to IFRS 3 to update a reference to the Conceptual Framework (Effective for annual periods beginning on or after 1 January 2022).

This amendment added the requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination further an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination has been added.

(vii) IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (Effective for annual periods beginning on or after January 01, 2022)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test to assess whether there has been a modification or substantial modification to a financial liability. An entity should only include fees paid or received between the entity (the borrower) and the lender and fees paid or received on the other's behalf.

(viii) IFRS 16 Leases - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (Effective for annual periods beginning on or after January 01, 2022)

The amendment removes reference to the reimbursement of leasehold improvements by the lessor in the initially illustrated in Example 13 in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

There are certain other standards, amendments and interpretations to the published standards that are not yet effective and also are not relevant to the Company, therefore, have not been detailed in these consolidated financial statements.

(c) Standards not yet notified by Securities and Exchange Commission of Pakistan

Following are the new standards issued by International Accounting Standards Board which are not yet notified by Securities and Exchange Commission of Pakistan.

International Financial Reporting Standards (IFRSs)

IASB effective date annual periods beginning on or after

IFRS 1 - First Time Adoption of IFRS IFRS 17 - Insurance Contracts

January 01, 2004 January 1, 2021

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Foreign currency transactions and translation

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

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

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

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

For the purposes of consolidation, income and expense items of the foreign subsidiaries are translated at annual average exchange rate. All monetary and non monetary assets and liabilities are translated at the exchange rate prevailing at the statement of financial position date. Exchange differences arising on the translation of foreign subsidiaries are recognized under translation reserve in consolidated reserves until the disposal of interest in such subsidiaries.

#### 3.2 Staff retirement benefits

#### Defined contribution plan

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

### Defined benefit plan

The Holding Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Holding Company obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2021. The results of valuation are summarized in note No.10. The Subsidiary Company also accounts for gratuity for its employees in accordance with prevailing laws in the country of the subsidiary company, and provision made is accordingly based on management's estimates.

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

### 3.3 Accumulated employee compensated absences

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



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### 3.4 Provisions and contingencies

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

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

#### 3.5 Taxation

#### Current

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

#### **Deferred**

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

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

#### 3.6 Borrowings

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

#### 3.7 Borrowing cost

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

### 3.8 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Group's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of certain short term and low value leases are not recognised and payments against such leases are recognised as expense in profit or loss.

### 3.9 Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants. Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

#### 3.10 Trade and other payables

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

### 3.11 Property, plant and equipment

### 3.11.1 Operating fixed assets

#### Recognition/Measurement

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



For the year ended June 30, 2021

### **Subsequent Cost**

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

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

#### **Depreciation**

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) and turbines in plant and machinery, which are depreciated at straight line method. These assets are depreciated at rates specified in the note No. 16.1.1 Depreciation is charged from the date asset is put into use on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in consolidated statement of profit or loss in the period of derecognition.

### 3.11.2 Capital work-in-progress

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

### 3.11.3 Investment Property

Investment property represents leasehold land owned by the Company and which are rented out to related and other parties in order to earn rental income. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria is met.

The Company has adopted the cost model for subsequent measurement and accordingly the investment property is carried at cost. No amortization / depreciation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and its realizable values is expected to be higher than carrying values.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on de-recognition of investment property are recognised in the statement of profit or loss in the year of retirement or disposal. Gain or loss on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made to or from the investment property only when there is a change in use. Maintenance and normal repairs are charged to income, as and when incurred. Major renewals and improvements, if any, are capitalized, if recognition criteria is met.

### 3.12 Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Group at the end of the lease term or if the cost of the asset refl ects that the Group will exercise the purchase option, depreciation is charged over the useful life of asset.

### 3.13 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any, Amortization is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 19.

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

#### 3.14 Business combinations and Goodwill

The Group uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at the acquisition date, being the excess of:

- the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and
- (b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the consolidated statement of profit or loss on the acquisition date.



For the year ended June 30, 2021

Goodwill acquired in a business combination is measured subsequent to initial recognition, at cost less accumulated impairment losses, if any, and is tested annually or whenever, there is an indication of impairment. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss.

### 3.15 Stores and spares

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

#### 3.16 Stock-in-trade

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

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

#### 3.17 Trade and Other Receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value and subsequently at amortised cost. An allowance is made for lifetime expected credit losses using simplified approach as mentioned in note 3.21. Trade debts are written off when there is no reasonable expectation of recovery, i.e., when these are considered irrecoverable.

#### 3.18 Revenue recognition

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 3.19 Financial Instruments

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

### 3.19.1 Initial Recognition

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

#### 3.19.2 Classification of financial assets

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

The Group classifies its financial instruments in the following categories:

- at amortised cost.
- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or

Financial assets that meet the following conditions are classified as financial assets at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are classified as financial assets at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

#### 3.19.3 Classification of financial liabilities

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



For the year ended June 30, 2021

#### 3.19.4 Subsequent measurement

### Financial assets and liabilities at amortised cost

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

#### Financial assets at FVTOCI

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

#### Financial assets and liabilities at FVTPL

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

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

### 3.20 Derecognition of Financial Instruments

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

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

### 3.21 Impairment

#### Financial assets

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

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- other short term receivables that have not demonstrated any increase in credit risk since inception.

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

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

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

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

#### Non-Financial assets

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

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

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

### 3.22 Offsetting of financial assets and liabilities

Annual Report 2021



54,473

2,301,856

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

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

#### 3.23 Cash and cash equivalents

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

### 3.24 Dividend and appropriation to reserves

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

#### 3.25 Segment reporting

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

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

### 3.26 Earnings per share

The Group 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 period. 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.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

June	June
2021	2020
Rs	. 000s

#### 4 SHARE CAPITAL

4.1 Authorised capital

2021 2020 Number of Shares

**750,000,000 750,000,000** Ordinary shares of Rs.10 each **7,500,000 7,500,000** 

4.2 Issued, subscribed and paid - up capital

2021 2020 Number of Shares

192,161,738 192,161,738 Ordinary shares of Rs.10 each allotted for consideration paid

in cash 1,921,617 1,921,617

2,301,856

5,447,326 Ordinary shares of Rs.10 each allotted as fully paid shares under

scheme of arrangement for amalgamation 54,473

230,185,566 230,185,566 Ordinary shares of Rs.10 each

allotted as fully paid bonus shares

**427,794,630 427,794,630 4,277,946 4,277,946** 

4.2.1 As at June 30, 2021, Gul Ahmed Holdings (Private) Limited (GAHPL), the ultimate Holding Company of the Group, held 287,072,056 (June - 2020: 287,072,056) ordinary shares of Rs. 10 each, constituting 67.10% (June - 2020: 67.10%) of total paid-up capital of the Holding Company. Number of shares held by the associated companies and undertakings, other than GAHPL, aggregated to 17,516,349 (June - 2020: 17,516,349) ordinary shares of Rs. 10 each.

4.2.2 As per the Honorable Sindh High Court's order, the Group has held 2009,004 shares out of the total bonus shares issued during the year 2015 and 2019 to Gul Ahmed Holdings (Private) Limited, an associated company and other parties respectively, as these shareholders are the part of the suit filed against the tax on bonus shares imposed through Finance Act, 2014.

**4.2.3** The Holding Company allotted 855,589,260 bonus shares on 14th July 2021 to its shareholders in proportion of one share for every five shares out of capital reserve of Rs 692.424 million and out of accumulated profit of Rs.163.165 million aggregating to Rs. 855.589 million in pursuance of recommendation in the meeting of Board of Directors held on April 27 2021.



For the year ended June 30, 2021

	4.3	Reconciliation of the number of shares outstanding		<b>2021</b> Number	2020 of Shares
		Number of shares outstanding at the beginning of the year Add: 20% Bonus shares issued during the year	ar	427,794,630 - 427,794,630	356,495,525 71,299,105 427,794,630
5	RESE	RVES			
		al Reserve re premium	5.1	692,424	692,424
		nue Reserve ppropriated Profit		13,952,040	9,091,217
	Excha	ange difference on translation of foreign subsidiaries		226,642	362,728
	Statu	tory reserve	5.2	19,827 14,890,933	19,827 10,166,196
	5.1	The share premium account is applied in accordance with pact, 2017	orovisior	ns of section 81 o	fthe Companies
	5.2	This represent reserve created by Gul Ahmed International decree No. 2 of 1995, issued by the ruler of Sharjah, U.A.		ed FZC, in accord	dance with Emiri
6	LONG	TERM FINANCING	Note	<b>June</b> <b>2021</b> Rs. (	June 2020 000s
	From Financ - net	Banking Companies - Secured Non-Banking Financial Institutions - Secured ing Under Temporary Economic Refinance Scheme Facility of Government Grant	6.1 6.2 6.3	11,598,550 4,502,538 3,507,368	10,062,645 3,256,099 -
		cing for payment of salaries and wages under State Bank akistan Re-finance scheme - net of Government Grant	6.4	1,463,894	546,969
	Curre	nt portion shown under current liabilities		21,072,350 (2,500,941) 18,571,409	13,865,713 (420,113) 13,445,600

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. 000s	Mark-up/profit rate	June 2021	June 2020
6.1	Banking Companies - Secured					KS.	000s
	Askari Bank Limited Under LTFF scheme	6.6, 6.9	20 quarterly	47,207	2.75% - 8.5% p.a. payable quarterly	975,672	985,610
	Al-Baraka Bank (Pakistan) Limited Under ILTFF scheme	6.6, 6.10	20 quarterly	7,780	Three months KIBOR Ask rate + 1.10% payable quarterly	15,560	23,340
	Bank Al-Habib Limited Under LTFF scheme	6.8	16 half yearly	13,519	2.75 % p.a. payable quarterly	189,259	189,259
	Bank Al-Falah Limited Under LTFF scheme	6.5, 6.9	16 half yearly	46,845	3 % p.a. payable quarterly	749,523	749,523
	The Bank of Khyber Under LTL scheme	6.5	07 half yearly	17,143	Six months KIBOR Ask rate + 0.50% payable half yearly	85,714	85,714
	Bank of Punjab Under LTFF scheme	6.5, 6.9	28 quarterly	71,428	3 % p.a. payable quarterly	1,787,007	1,814,808
	Faysal Bank Limited Under ILTFF scheme	6.6, 6.8, 6.11	32 quarterly	28,125	2.75% - 3.9% p.a. payable quarterly	886,216	715,827
	Habib Bank Limited Under LTL scheme	6.7, 6.10	05 half yearly and 32 Quarterly	39,096	2.8% - 3.0% p.a. payable half yearly and quarterly	739,287	706,983
	MCB Bank Limited Under LTL scheme	6.7,6.9	10 half yearly and 32 Quarterly	36,685	4.0% - 8.25% p.a. payable half yearly and quarterly	386,191	87,859
	Meezan Bank Limited Under ILTFF scheme	6.7,6.9,6.10	32 quarterly	46,829	4.50% p.a. payable quarterly	1,498,617	395,799
	National Bank of Pakistan Under LTFF scheme	6.5 ,6.6 ,6.7 ,6.	910 half yearly and 32 Quarterly	151,601	2.75% - 2.8% p.a. payable half yearly and quarterly	2,855,140	2,867,133
	Soneri Bank Limited Under LTFF scheme	6.5, 6.9	16 half yearly	14,457	5% p.a. payable quarterly	159,025	159,025
	United Bank Limited Under LTFF scheme	6.6, 6.9	10 and 16 half yearly	73,992	2.75% - 8.00% p.a. payable half yearly	915,047	925,473
	Samba Bank Limited Under LTFF scheme	6.5, 6.9	10 half yearly	40,000	3% p.a. payable half yearly	356,292	356,292
	Total					11,598,550	10,062,645

214 215

June

June



For the year ended June 30, 2021

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. 000s	Mark-up/profit rate	June 2021	June 2020
6.2	Non-Banking Financial Institutions - Se	cured				Rs. (	000s
	Pair Investment Company Limited Under LTFF scheme	6.5, 6.7, 6.9	12 and 16 half yearly	66,136	3.0%- 3.5% p.a. payable half yearly	849,141	849,141
	Pak Kuwait Investment Pvt. Limited Under LTFF scheme	6.5, 6.6, 6.9	32 quarterly	59,318	3% p.a. payable quarterly	1,671,612	1,095,067
	Pak China Investment Pvt. Limited Under LTFF scheme	6.5, 6.6, 6.9	32 quarterly	22,596	3.35% p.a. payable quarterly	723,077	-
	Pak Brunei Investment Company Limited Under LTFF scheme	6.5, 6.6, 6.9	16 half yearly	36,524	2.5% p.a payable quarterly	451,656	482,711
	Pak Oman Investment Company Limited Under LTFF scheme	6.6, 6.9, 6.11	32 quarterly	30,725	2.75% p.a payable quarterly	807,052	829,180
	Total					4,502,538	3,256,099
6.3	Financing Under Temporary Economic	Refinance Sch	eme Facility - net of G	iovernment G	rant		
	Habib Bank Limited	6.6, 6.9	16 half yearly	59,375	2.25 % p.a. payable half yearly	904,376	-
	MCB Bank Limited	6.7, 6.9	32 quarterly	13,841	3.00% p.a. payable quarterly	421,447	-
	MCB Islamic Bank Limited	6.7, 6.9	32 quarterly	9,375	2.50% p.a. payable quarterly	285,687	-
	Bank of Punjab	6.5, 6.6, 6.9	28 quarterly	21,462	3.5 % p.a. payable quarterly	600,924	-
	Pak Kuwait Investment Pvt. Limited	6.5, 6.6, 6.9	32 quarterly	9,464	2.5% p.a. payable quarterly	287,810	-
	Pak China Investment Pvt. Limited	6.5, 6.6, 6.9	32 quarterly	17,738	2.50% p.a. payable quarterly	540,504	-
	Saudi Pak Industrial And Agricultural Investment Company Limited	6.5, 6.6, 6.9	32 quarterly April-2023	15,357	2.50% p.a payable quarterly	466,619	-
	Total					3,507,368	
6.4	Financing for payment of salaries and v	vages under S	tate Bank of Pakistan	Re-finance s	cheme - net of Governme	ent Grant	
	Finance obtained from Faysal Bank Ltd	6.5, 6.10	8 quarterly March-2021	120,297	1% p.a. payable quarterly	731,364	546,969
	Finance obtained from Bank of Punjab	6.5, 6.10	8 quarterly April-2021	120,297	0.50% p.a. payable quarterly	732,530	-
	Total					1,463,894	546,969

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 6.5 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Group.
- These loans are secured by charge over specified machinery.
- 6.7 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Group and equitable mortgage over land and building.
- 6.8 These loans are secured by charge over specified machinery of the Group and equitable mortgage over land and building.
- The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of up to five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.
- These loans are obtained under Shariah Compliant Arrangements.
- 6.11 These loans are secured by ranking charge over present and future property, plant and equipment of the Group.

#### 7 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	Note	June 2021	June 2020
		Rs. 0	00s
Opening balance		2,610,061	2,650,039
Present value value of lease payments as at July 01,2019		-	
Less: Prepayments as at July 01, 2019	_	-	(87,954)
		2,610,061	2,562,085
Additions		1,709,294	324,079
Accretion of Interest		350,438	368,465
Derecognition / Adjustment		(8,392)	
Payments	_	(813,958)	(644,568)
Closing balance	_	3,847,443	2,610,061
Current portion shown under current liabilities		568,220	411,526
Non -Current		3,279,223	2,198,535
	7.1	3,847,443	2,610,061

#### 7.1 Lease liabilities are payable as follows

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

Jun-21					
Minimum Lease paymemts	Interest	Present value of minimum lease payments			
F	Rupees'000				
931,099	362,879	568,220			
3,018,590	819,871	2,198,719			
1,327,531	247,027	1,080,504			
5,277,220	1,429,777	3,847,443			



For the year ended June 30, 2021

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

Jun-20					
Minimum Lease paymemts	Interest	Present value of minimum lease payments			
F	Rupees'000				
773,124	361,598	411,526			
2,615,853	814,143	1,801,710			
598,403	201,578	396,825			
3,987,380	1,377,319	2,610,061			

	June	June
Note	2021	2020
	Re	0008

#### 8 DEFERRED TAXATION

Deferred tax (asset) / liability	8.1	(39,915)	49,532
Deferred tax asset of indirect subsidiaries	8.2	(2,859)	(3,801)
		(42 774)	45 731

#### 8.1 Deferred tax arises due to:

#### Taxable temporary differences in respect of

Accelerated tax depreciation allowance	320,851	460,012
Provision for income of subsidiaries	36,071	14,365
	356,922	474,377
Deductible temporary differences in respect of		
Provision for gratuity	(16,742)	(15,421)
Expected credit loss against trade debts	(32,611)	(31,838)
Provision for slow moving items/ obsolete items of		
stores and spares	(32,395)	(21,467)
Excess of Lease liability over carrying value of		, , ,
Right of use asset	(158,146)	(83,155)
	(239,894)	(151,881)
		,
Tax Credit	(156,943)	(272,964)
		, , ,
	(39,915)	49,532

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

8.2	Deferred tax asset of indirect subsidiary companies	Note	<b>June</b> <b>2021</b> Bs. (	2020
	Deductible temporary differences in respect of Accelerated tax depreciation allowance Short term timing differences		(3,127)	(3,795)
		-	(2,859)	(3,801)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	8.3	Movement in deferred taxation	Liability	Asset	June 2021	June 2020
		Operation halos as	40.500	(0.004)	Rs. 00	
		Opening balance (Credited) to consolidated	49,532	(3,801)	45,731	84,138
		statement of profit or loss	(91,573)	1,143	(90,430)	(38,482)
		Charged to other comprehensive income	2,126	-	2,126	75
		Exchange difference on	_,		_,	
		foreign currency retranslation	-	-	(201)	_
		Closing balance	(39,915)	(2,658)	(42,774)	45,731
		5.55m.ig 54i.4.155	(00,000)	(=,===)	(12,111)	,
					June	June
9	DEFER	RRED GOVERNMENT GRANT		Note	2021	2020
					Rs. 00	)Os
	Openin	ng balance			84,141	-
	Fair val	lue differential of loan at subsidised rate	treated			
		ferred government grant	licated	6.2.2	296,993	85,199
		nment grant recognised as income		33	(130,715)	(1,058)
	Olo vol i	aria grant recegniced as interme			166,278	84,141
	Curren	t maturity of deferred government grant			108,416	48,921
				_	142,003	35,220
10		ED BENEFIT PLAN - STAFF GRATUIT Reconciliation of the present value of		efit		
		obligation and movement in net define				
		_			140.010	00 401
		Opening balance		ility	140,219	92,431
	(	Opening balance Charge for the year			140,219 91,023	92,431 133,653
	(	Opening balance Charge for the year Remeasurement (gain) credited in		<b>10.2</b>	91,023	133,653
	[	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income		ility	91,023 (19,741)	133,653 (666)
	(   	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year	d benefit liab	<b>10.2</b>	91,023	133,653 (666) (86,133)
	(   	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income	d benefit liab	<b>10.2</b>	91,023 (19,741)	133,653 (666)
		Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year Liability acquired on business combinati	d benefit liab	ility 10.2	91,023 (19,741) (55,088)	133,653 (666) (86,133) 934
	10.2	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year Liability acquired on business combinati Closing balance  Charge for the year recognized in	d benefit liab	ility 10.2	91,023 (19,741) (55,088)	133,653 (666) (86,133) 934
	10.2	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year Liability acquired on business combinati Closing balance  Charge for the year recognized in statement of profit or loss	d benefit liab	ility 10.2	91,023 (19,741) (55,088) - 156,413	133,653 (666) (86,133) 934 140,219
	10.2	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year Liability acquired on business combinati Closing balance  Charge for the year recognized in statement of profit or loss  Current service cost	d benefit liab	10.2 10.3	91,023 (19,741) (55,088) - 156,413	133,653 (666) (86,133) 934 140,219
	10.2	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year Liability acquired on business combinati Closing balance  Charge for the year recognized in statement of profit or loss  Current service cost Past Service Cost Markup cost	d benefit liab	10.2 10.3	91,023 (19,741) (55,088) - 156,413	133,653 (666) (86,133) 934 140,219 88,753 36,545
	10.2	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year Liability acquired on business combinati Closing balance  Charge for the year recognized in statement of profit or loss  Current service cost Past Service Cost Markup cost  Charge in respect of obligation	d benefit liab	10.2 10.3 — 10.2.1 31.1	91,023 (19,741) (55,088) - 156,413 81,385 - 9,401 90,786	133,653 (666) (86,133) 934 140,219 88,753 36,545 6,574 131,872
	10.2	Opening balance Charge for the year Remeasurement (gain) credited in other comprehensive income Benefits paid during the year Liability acquired on business combinati Closing balance  Charge for the year recognized in statement of profit or loss  Current service cost Past Service Cost Markup cost	d benefit liab	10.2 10.3 =	91,023 (19,741) (55,088) - 156,413	133,653 (666) (86,133) 934 140,219 88,753 36,545 6,574

10.2.1 Past service cost related to employees employed in preceding year but become eligible for gratuity during the current year and the employees of a segment which has been made part of gratuity during the year.



For the year ended June 30, 2021

		Note	June 2021	June 2020
10.3	Remeasurement loss charged in other comprehensive income		Rs.	000s
	Actuarial losses from changes in demographic assumptions Actuarial losses / (gain) from changes		6,096	-
	in financial assumptions Experience adjustments		106 (25,943) (19,741)	(359) (307) (666)
10.4	Significant actuarial assumptions used		(10)1117	(000)
	Following significant actuarial assumptions were used for the valuation of the Holding Company's obligations:			
	Discount rate used for year end obligation Discount rate used for markup cost Expected increase in salary Average expected remaining working		10.00% p.a 8.50% 9.00%	8.50% 14.25% p.a 7.50%
	life time of employees Mortality rates		5 years SLIC 2001- 2005 Set back 1 Year	
	Withdrawal rates Retirement assumption		Age-Based Age 60	Age-Based Age 60

luna

luna

#### 10.5 Associated Risks

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

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

#### b) Demographic Risk

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

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

10.6 Provision in respect of the obligation of subsidiary company is made in accordance with applicable labour laws in UAE. Since the obligation is insignificant so no actuarial valuation is carried out by the subsidiary and provision is made using actual liability method.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 10.7 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have completed the minimum qualifying period. Liability is determined using actuarial valuation in case of Holding Company where as in case of subsidiary company the liability is estimated by the management as the quantum of the same is not significant. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2021. The disclosure is based on information included in that actuarial report.

#### 10.8 Sensitivity Analysis

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

	June 2021	June 2020
	Rs. 00	0s
Discount Rate + 100 bps	153,284	130,147
Discount Rate - 100 bps	157,780	144,298
Salary increase + 100 bps	157,780	144,298
Salary increase - 100 bps	153,244	130,030

#### 10.9 Maturity Profile

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

	2021	2020
	Rs. 00	)Os
FY 2021	NA	47,955
FY 2022	95,915	49,594
FY 2023	81,781	41,739
FY 2024	55,759	36,234
FY 2025	31,174	32,118
FY 2026	24,992	30,318
FY 2027	16,861	27,995
FY 2028	11,633	29,022
FY 2029	8,273	30,325
FY 2030	5,760	27,435
FY 2031	4,356	-
FY 2032 onwards	9,831	1,298,643
The average duration of the defined benefit obligation is 1.4 years.		

June

June

#### 10.10 Estimated expenses to be charged to profit or loss in financial year 2022:

Current Service cost	86,743
Mark up on defined benefit obligation	10,753
Total	97,496

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

		June 2021	June 2020
TRADE AND OTHER PAYABLES	Note	Rs. 00	00s
Creditors - Others - Due to related parties		6,507,871 96,647 6,604,518	4,788,083 41,034 4,829,117
Accrued expenses Current portion of provision for Gas	15.13 & 15.14	5,598,969	3,276,064
Infrastructure Development Cess Payable against investment in Worldwide	15.15	1,356,432	2,816,758
Developers (Private) Limited - Secured Advance from customers		431,336	899,986 295,359
Security deposit against franchise stock	11.1	82,435	93,300
Workers' profit participation fund	11.2	343,048	-
Workers' welfare fund		152,281	46,951
Taxes withheld		83,537	35,940
Payable to employees'			
provident fund trust		37,121	13,096
Others		64,738	4,360
		14,754,415	12,310,931

11.1 These security deposits are utilized for the purpose of the business as per written agreements in compliance with the requirements of section 217 of the Companies Act, 2017.

		June 2021	June 2020
11.2 Workers' profit participation fund		Rs. 000	)s
Opening balance Allocation for the year Markup for the year	32	- 343,048 -	213,632 - 4,826
Payments made during the year		343,048	218,458 (218,458)
Closing balance		343,048	-

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

	(Workers Participation) Act, 1968 on fun	nds utilised by the Compa	any till the date of paym	ent to the fund.
			June 2021	June 2020
10	ACCOUNT MADIC LID/DDOFIT		Rs. 00	0s
12	ACCRUED MARK-UP/PROFIT			
	Mark-up/profit on long term financing		191,658	121,457
	Mark-up/profit on short term borrowings		149,815	284,522
		12.1 & 12.2	341,473	405,979

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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- **12.1** This includes profit of Rs. 71.38 million and Rs. 23.07 million (June-20: Rs. 6.77 million and Rs. 72.33 million) accrued in long term financing and short term borrowings respectively under Shariah Compliant arrangements.
- **12.2** Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. Rs. 0.752 million (June-20: Rs. 2.8 million).

	June 2021	June 2020
SHORT TERM BORROWINGS	Rs. 0	00s
Short term bank borrowings Foreign currency	-	1,244,232
Local currency  Short term loan from directors	29,162,163 29,162,163 448,713	24,302,164 25,546,396 448,713
GHOLL CHILIDAL HOLL GHOOLOIS	29,610,876	25,995,109

- 13.1 This includes Istisna (Shariah Compliant) amounting to Rs. 2,919 million (June-20: Rs. 4,095 million) in local currency and Rs. Nil (June-20: Rs. 25.6 million) in foreign currency.
- 13.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. Unavailed facility at the year end was Rs.891.7 million (June-20: Rs. 3,079 million). Short term borrowings include amount due to Habib Metropolitan Bank Limited, an associated company, of Rs. 976.5 million (June-20: Rs. 564 million).
- 13.3 Foreign currency mark-up/profit rates range from 1.2% to 2.75% (June-20: 2.09% to 3.06%) per annum. Local currency mark-up/profit rates range from 1.2% to 13.3% (June-20: 2.67% to 14.62%) per annum.
- 13.4 This includes short term borrowing amounting Rs. 53.8 million @ 6.25% (June 2020: Rs.59.4 million) obtained by SKY HOME Corporation. This is secured against corporate guarantee of the Holding Company, personal guarantee of a Director, promissory note of USD 900,000 in favour of the Bank and charge over current assets of respective subsidiary. The aggregate limit of the facility is Rs. 142.4 million (June 2020: 151.9 million) out of which Rs. 88.6 million (June 2020: Rs. 92.4 million) is unutilized.
- 13.5 This represent unsecure interest free loan obtained by a subsidiary company Worldwide Developers (Private) Limited from Directors.

#### 14 UNPAID DIVIDEND

Dividend payable includes the dividend amount Rs.23.5 million (June-2020: Rs.21.1 million) held by the Holding Company, as refered in Note no. 4.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 18.035 million and Rs. 0.808 million (June-2020: Rs. 16.185 million and Rs. 0.726 million) of Gul Ahmed Holdings (Private) Limited and an Associated Company respectively.



For the year ended June 30, 2021

#### 15 CONTINGENCIES AND COMMITMENTS

- The Holding Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (June 2020: Rs. 84 million). The Holding Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal Rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Holding Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Holding Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against. In respect of same land, the Holding Company has also filed suit in January, 2021 for declaration and permanent injuction in the Honourable High Court of Sindh seeking the declaration that the Company is lawful owner of the said property and that the undated notice issued by the Pakistan Railways for sealing and taking over the possession of the said property is of no legal effect. The matter is stage of hearing of applications and the legal counsel of the Holding Company is of the view that the title of the Holding Company stands clear and there is no likelihood of unfavourable outcome.
- The Holding Company has filed a Petition in the Honorable Sindh High Court, dated March 30, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (June 2020: Rs. 50.83 million). This demand was raised after lapse of more than two years although the records and books of the Holding Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.
- 15.3 The Holding Company along with several other companies has filed a Consitution Petition No. 2206 of 2016 on April 18, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Honourable Sindh High Court against a notice issued by the EOBI to the Holding Company to pay contribution at the revised rate of wages with retrospective effect. The Honourable Sindh High Court has already restrained EOBI from taking any coercive action against the Holding Company. The matter is now pending before the court for final outcome and the legal counsel of the Holding Company do not forsee any claim/losses that are likely to arise therefrom. Therefore the Holding Company has not made provision to the extent of Rs. 119.6 million out of expected liability of Rs. 417.46 million. (June 2020: Rs.329.90 million)
- The Holding Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent on October 17, 2011 and against which part payment of Rs. 2.6 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made for difference unpaid amount of Rs. 7.4 million.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made amendements in SRO 1125(I)/2011 dated December 31, 2011 for disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustments on packing material of textile products is not being allowed for adjustment with effect from July 01, 2016. The Holding Company has challenged the disallowance of input tax adjustments on packing material in the Sindh High Court through suit No. 2381/2016 dated November 10, 2016 against Federation of Pakistan and others. The matter is pending before the Honourable Court for final outcome and the legal counsel of the Holding Company do not forsee any liability that is likely to arise, hence no provision is made for amount of Rs 446.18 million.
- The Holding Company's review petition challenging the decison of High Courts against the GIDCT Act, 2015 had been dismissed by Supreme Court of Pakistan while also suspeneding the billing of levy from August, 2020. The court has ordered to pay the GIDC dues under the GIDC Act, 2015 with retrospective effect from 15-12-2011, in 24 monthly installments starting August 2020. Total amount of the cess works out to Rs.3.73 billion on the basis that Holding Company has both Industrial and Captive connections having different GIDC rates. However, Oil and Gas Development Authority has ruled out that the Consumer having supply of natural gas for industrial use and having in-house electricity generation facility for self consumption does not fall under the definition of Captive as well as Honourable Singh High Court has also decided in favour of the Holding Company on the issue of industrial and Captive connections. Therefore, management, based on the legal advice of the Holding Company, believes that maximum liability of the Holding Company in respect of GIDC will be Rs.2.3 billion. The Holding Company in Septmebr, 2020 filed a suit in Honourable Sindh High Court challenging the chargeability of GIDC. The Honourable Sindh High Court granted stay order and restrained Sui Southern Gas Company (SSGC) from taking any coercive action against non-payment of installments of GIDC. The Company, as a matter of prudence, has maintained provision, already made, in this respect . However, the management on prudent basis has maintained provision of Rs.2.8 billion (June:2020: Rs.2.8 billion) made these consolidated financial statements. This provision has been remeasured using risk free rate in accordance with the guidelines issued by the Institute of Chartered Accountants of Pakistans in respect of accounting of GIDC.
- The Holding Company along with other petitioners challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008, dated February 04, 2011. The Honorable Sindh High Court decided the matter in favour of the Government. The Holding Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on November 10, 2016 declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. Review petition has been filed by the Federal Government in the Honorable Supreme Court against the judgment. The Holding Company does not expect any liability in this respect.
- Various cases for reinstatement and settlement dues have been filed by the former employees of the Holding Company which are pending for hearing or final outcome before various courts. There may arise financial liability in respect of these matters depending on the orders of the court as and when passed. Since the amount of financial liability is not ascertainable at this point of time and the favourable outcomes are expected in these cases, hence no provision has been made there against.



For the year ended June 30, 2021

- Income tax amended order under section 122(1) of the Income Tax Ordinance, 2001, for the tax year 2016 has been issued, wherein certain provisions and expenses aggregating to Rs. 338.2 million (having tax impact of Rs. 108.2 million) have been added back to the income as claimed in the deemed assessment, while super tax of Rs. 42.8 million has been levied. The Holding Company contested the matter in appeal against amended order, and Comissioner Income Tax (Appeal) passed an order in favor of the Holding Company allowing the expenses aggregating to Rs.290 million wherein, the Department has filed appeal to Appellate Tribunal against the order, however, the management believes that the aforementioned matter will ultimately be decided in favour of the Holding Company. Accordingly, no provision is required to be made in the provision for taxation in these consolidated financial statements, in excess of the adjustment of Rs. 8 million recorded in these consolidated financial statements.
- The Federal Government vide Finance Act, 2019 dated June 30, 2019 made amendments in Section 65(B) of the Income Tax Ordinance, 2001 whereby restricted the percentage of tax credit from 10% to 5% on amount invested in extension, expansion, balancing, modernization and replacement (BMR) of the plant and machinery for the tax year 2019 and the period for investment in plant and machinery for availing tax credit is curtailed to 30-6-2019 from 30-6-2021. The Holding Company along with other petitioners has challenged the amendment in the Honorable Sindh High Court through constitutional petition for tax year 2019 and 2020, the Honorable Sindh High Court has passed an interim orders allowing the petitioners to file the income tax returns as per un-amended provisions of Section 65(B) of income tax ordinance, 2001, hence the Holding Company has claimed tax credit on BMR @10% in the income tax returns for the tax year 2019 and 2020 The amount of credit involved for tax year 2019 and 2020 approximates to Rs. 653 million.
- The Holding Company along with several other petitioners has filed a Consitution Petition against the Karachi Water & Sewerage Board (KWSB) and others in the Honourable Sindh High Court against a notification dated 30.10.2019 issued by the KWSB whereby increased water charges from Rs. 242 to Rs. 313 per 1000 gallons which is 29% more than the existing rates with retrospective effect from 1.07.2019. The Honourable Sindh High Court has issued stay order against the impugned notification on 16.01.2020 and has restrained KWSB from taking any coercive action against the Holding Company. The Holding Company has provided banker's verified various Cheques of aggregate amount of Rs. 70.287 million (June 2020 Rs. 33.169 million) being difference between Rs. 313 and Rs. 242 per 1000 gallons as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision in these consolidated financial statements.
- The Holding Company along with several other petitioners has filed a Consitution Petition in the Honourable Sindh High Court against the K-Electric, NEPRA and others for charging Industrial Support Package Adjustment (ISPA), based on corrigendum issued by Federation of Pakistan, in the electricity bill to Industrial consumers for the month of April 2020. The Honourable Sindh High Court has issued stay order against the impugned notification on 30.04.2020 whereby it restrained K-Electric from taking any action against the Company and ordered to pay the Bills without ISPA charges at banks. The Holding Company has provided banker's verified Cheque of aggregate amount of Rs. 1.765 million (June 2020 Rs. 1.765 million) being the amount of ISPA charges as security to Nazir of High Court Sindh for the month of April 2020 bill, as a matter of prudence, maintained full provision in these consolidated financial Statements.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 15.13 Accrued expenses include Infrastructure Cess amounting to Rs. 616.9 million (2020: Rs. 468 million). The Holding Company along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi through petition dated May 28, 2011. Furthermore, the Holding Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. During the year ended June 30, 2018 the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was also enacted by the Province of Sindh against which the Holding Company has filed constitutional petition dated October 14, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed for interim relief to the Holding Company till final judgment as allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.
- 15.14 The Holding Company along with several other companies filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated August 31, 2015 regarding increase in the Gas rate tariff, on November 16, 2015 which was decided by the Honorable Sindh High Court in favor of the Holding Company and thereafter the Government filed an appeal in the Divisional Bench of the Honorable Sindh High Court against the decision which has also been decided in favour of the Company. During 2017, the Oil and Gas Regulatory Authority (OGRA) had issued another notification dated December 30, 2016 and SSGC billed @ Rs.600 per MMBTU instead of Rs.488.23 per MMBTU. The Holding Company along with others have filed petition in the Honorable Sindh High Court against the notification and the Honorable Court granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. The OGRA issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to said notification the Holding Company paid the bills accordingly at the prevailing rates. Upto the September 2018 the Holding Company has provided banker's verified various Cheques of aggregate amount of Rs. 250.67 million (June 2020 Rs. 250.67 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision up to the September 2018 amounting to aggregate Rs. 410.60 million (June 2020 Rs. 410.60 million) in these consolidated financial statements. The OGRA has issued another notification dated October 23,2020 revising the gas tariff effective from September 1, 2020, the Holding Company along with several other companies filed a suit in the Honorable Sindh High Court challenging the Notification dated October 23, 2020 regarding increase in the gas rate tariff and the Honorable Court granted interim relief and instructed SSGC to revise bill at previous rate against security for the differential amount, the Holding Company has provided banker's verified cheques of aggregate amount of Rs.80.62 million (June 2020: Rs. NIL) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision amounting to Rs. 47.28 million (June 2020: Rs. NIL) in these consolidated financial statements.
- 15.15 The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court on December 18, 2015, challenging the charging of captive power tariff instead of Industry tariff rate to the Holding Company, since the Holding Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Holding Company. The Oil and Gas Regulatory Authority (OGRA)



For the year ended June 30, 2021

has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Holding Company paid the bills accordingly at the specified rates. Upto the September 2018 the Holding Company has provided banker's verified various cheques of Rs. 388.57 million (June 2020: Rs. 388.57 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained provision amounting to Rs. 626.23 million (June 2020: Rs. 626.23 million) accrued upto September, 2018 in the consolidated financial statements. The Honorable Sindh High Court vide its judgment dated 27 February, 2020 decided the case in favor of the Holding Company, however considering the Government's right to appeal, the Holding Company being prudent maintained the provision as stated above. The OGRA has issued another notification dated October 23, 2020 revising the tariff effective from September 1, 2020, the Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the the charging of captive power tariff instead of Industry tariff rate to the Holding Company, since the Holding Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Holding Company, as a matter of prudence, maintained full provision amounting to Rs. 33.34 million (June 2020: Rs. NIL) in these consolidated financial statements.

#### 15.16 Guarantees and others

- (a) Guarantees of Rs. 1,526 million (June-2020: Rs. 1,119 million) has been issued by banks on behalf of the Holding Company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes quarantees issued by related party amounting to Rs. 1,102 million (June-2020: Rs. 938 million).
- (b) Post dated cheques of Rs. 3,752 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. 4,885 million (June-2020: Rs. 4,218 million), including bills discounted from Associated company amounting to Rs. 5,945 million (June-2020:Rs. 2,746 million).
- (d) Corporate guarantee of Rs 149.1 million (June-2020: Rs. 146 million) Rs.633.6 million (June-2020: 670 million) and Rs. 142.4 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.

#### 15.17 Commitments

(a) The Group is committed for capital expenditure as at June 30, 2021 of Rs. 5,411.18 million (June-2020: Rs. 4,440.5 million).

#### (b) Pension Commitments

GTM (Europe) Ltd operates a defined contributions pension scheme. The assets of the scheme are held separately from those of GTM (Europe) Ltd in an independently administered fund. The pension cost charge represents contributions payable by GTM (Europe) Ltd to the fund and amounted to Rs. 1.31 million (June 2020: Rs.4.14 million).

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

							<b>June</b> <b>2021</b> Rs		June 2020 
16	PROPERTY, PLANT AND EQUI	PMEN	NT .						
	Operating fixed assets Capital work in progress (CWIF				16.1 16.2	6	24,867,813 6,166,218 31,034,030		1,523,244 2,428,602 3,951,846
16.1	Operating fixed assets	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture		Vehicles	Total
	At July 01, 2019 Cost Accumulated depreciation Foreign currency retranslation Net book value as at July 1, 2019		222,641 - - - 222,641	6,236,222 (3,022,849) 1,246 <b>3,214,619</b>	22,766,395 (8,867,525) - 13,898,870	Rs. 000s 156,956 (86,009) 3,720 <b>74,667</b>	942,624 (570,647) (109) <b>371,868</b>	807,868 (510,966) 4,119 <b>301,021</b>	31,132,706 (13,057,996) 8,976 <b>18,083,686</b>
	Movement during year ended as at June 30, 2019								
	Additions		152,251	1,534,154	4,214,382	25,473	109,497	35,886	6,071,643
	Disposals / derecognition Cost Depreciation Net book value		-	(72,746) 60,739 (12,007)	(1,144,345) 712,627 (431,718)	- - -	- - -	(124,799) 85,797 (39,002)	(1,341,890) 859,163 (482,727)
	Depreciation charge Foreign currency retranslation Net book value as at June 30, 2020		374,892	(510,018) - <b>4,226,748</b>	(1,467,601) - <b>16,213,933</b>	(8,530) 230 <b>91,840</b>	(105,201) 16 <b>376,180</b>	(58,329) 75 <b>239,651</b>	(2,149,679) 321 <b>21,523,244</b>
	As at July 01, 2020 Cost Accumulated depreciation Foreign currency retranslation Net book value as at July 1, 2020  Movement during year ended June 30, 2021		374,892 - - - 374,892	7,697,630 (3,472,128) 1,246 4,226,748	25,836,432 (9,622,499) - 16,213,933	182,429 (94,539) 3,950 91,840	1,052,121 (675,848) (93) 376,180	718,955 (483,498) 4,194 239,651	35,862,459 (14,348,512) 9,297 21,523,244
	Additions		-	1,486,927	4,593,759	67,698	197,946	23,372	6,369,702
	Disposals / derecognition Cost Depreciation Net book value	16.1.2	<u> </u>	<u>-</u> - -	(830,732) 534,558 (296,174)	<u>-</u> - -	<u>-</u> - -	(59,349) 42,818 (16,531)	(890,081) 577,376 (312,705)
	Depreciation charge Foreign currency retranslation Net book value as at June 30, 2021	16.1.1	- - 374,892	(705,708) - 5,007,967	(1,861,140) - 18,650,378	(11,374) (494) 147,670	(84,539) 158 489,745	(49,107) (224) 197,161	(2,711,867) (560) 24,867,814
	Cost Accumulated depreciation Foreign currency retranslation Net book value as at June 30, 2021		374,892 - - - 374,892	9,184,557 (4,177,836) 1,246 5,007,967	29,599,459 (10,949,081) - 18,650,378	250,127 (105,913) 3,456 147,670	1,250,067 (760,387) 65 489,745	682,978 (489,787) 3,970 197,161	41,342,080 (16,483,003) 8,737 24,867,814
	Depreciation rate % per annum		-	10 to 20	10 to 20	10 to 12	15 to 33	20 to 25	£ 1,001,01-T



For the year ended June 30, 2021

#### 16.1.1 Depreciation charge for the year has been allocated as follows:

		June	June
	Note	2021	2020
	-	Rs. 0	00s
Cost of goods manufactured	29.2	2,268,974	1,751,135
Distribution cost	30	334,598	270,284
Administrative cost	31	108,295	128,260
	_		
		2,711,867	2,149,679

#### 16.1.2 Details of operating assets sold / derecognized

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal /	Mode of Disposal	Particulars of Buyers
		Rs.				
Plant and machinery						
AutoCoro Machine	71,902	29,343	20,000	(9,343)	Bidding	Qadri Textile Mills Limited 437-lh, Falcon Society, PAF, Lahore
AutoCoro Machine	33,338	14,660	15,000	340	Bidding	Hasan & Co B-59/2, Qazafi Town Landhi, Karachi
AutoCoro Machine	17,975	7,030	5,372	(1,658)	Bidding	Gulf Tex Machine FZCO Dubai
AutoCoro Machine	9,369	1,239	-	(1,239)	Retired being unusable	Gul Ahmed Textile Mills Ltd Plot No.Ht/3A, Landh Industrial Area.
AutoCoro Machine	8,562	958	5,000	4,042	Bidding	Paradise Spinning Mills (Pvt) Limited P-44, Ist Floor, Chenab Market, Susan Road, Multan
Ring Machine	43,334	24,691	4,850	(19,841)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Ring Machine	154,428	56,260	-	(56,260)	Retired being unusable	Gul Ahmed Textile Mills Ltd Plot No.Ht/3A, Landhi Industrial Area
Ring Machine	19,956	8,665	3,900	(4,765)	Bidding	Muhammad Riaz B-149, Modern Society, Faisalabad
Ring Machine	8,903	2,481	1,200	(1,281)	Bidding	Channa Cotton & Textile Industries Plot No.N/27-A, S.I.T.E, Area, Jam Shoro
Ring Machine	6,677	1,861	1,200	(661)	Bidding	Huzaifa Enterprises Plot# C-9-A, S.I.T.E, Kotri
Weaving looms	37,967	7,541	31,000	23,459	Bidding	Shabbir Textile Mills (Pvt) Limited F-50 2nd Floor, Nishat Emporium, Johar Town, Lahore
Wrapping Machine	26,622	2,861	6,000	3,139	Bidding	Multitex Plot No,F-497, Karachi

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Pa	rticulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal /	Mode of Disposal	Particulars of Buyers
			Rs.	000s			
Sizin	g Machine	25,306	2,719	18,000	15,281	Bidding	Multitex Plot No,F-497, Karachi
Card	ling Machine	4,750	4,750	2,972	(1,778)	Bidding	Ideal Socks Chak No-7,Saim Nala, Sargodha Road, Faisalabad.
AC C	Chiller Plant	4,534	1,592	225	(1,367)	Bidding	Asad Enterprises F-hasan Square, Karachi
Simp	olex Machine	2,154	1,476	766	(710)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Weav	ving Looms	73,684	27,434	4,805	(22,629)	Bidding	Valitex (Pvt) Ltd. A-36/A, S.I.T.E, Karachi
Bale	Breaker	2,400	2,260	163	(2,097)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Blow	/ room	2,750	2,613	188	(2,425)	Bidding	AMS Enterprise Plot # D-126 .Bawany Challi, Site Town, Karachi
Blow	/ room	1,900	1,900	1,500	(400)	Bidding	Hasan & Co B-59/2, Qazafi Town Landhi, Main National Highway Road Karachi
Com	abing Machine	5,742	2,874	1,777	(1,097)	Bidding	AN Textile Mills Limited Sheikhupura Road, Faisalabad
Weav	ving Looms	86,383	65,978	15,092	(50,886)	Bidding	Ali Tex & Co F-200/A, S.I.T.E, South Saddar Town Karachi.
Weav	ving Looms	53,544	13,552	40,902	27,350	Bidding	HTM Spinning & Weaving Equipments Export Zone, Dubai
Weav	ving Looms	22,310	5,547	12,500	6,953	Bidding	Quetta Textile Mills Limited Ground Floor, Nadir House, I.I. Chundrigar Road, Karachi
	s with written down e below Rs. 500,000	106,242	5,889	3,993	(1,896)	Bidding	Various
		830,732	296,174	196,405	(99,769)		



For the year ended June 30, 2021

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal /	Mode of Disposal	Particulars of Buyers
Vehicles		110.	0000			
Toyota Corolla BFL-388	2,228	809	895	86	Bidding	Swisstex Chemicals (Pvt) Ltd. 54-E ,S.I.T.E. Karachi
Hilux Single Cabin CV-5974	2,019	695	748	53	Bidding	Swisstex Chemicals (Pvt) Ltd. 54-E ,S.I.T.E. Karachi
Honda Civic BEL-063	2,575	777	1,459	682	Company policy	Abdul Aleem Plot No.112/1 Street No 12, Phase 6 DHA, Karachi
Honda City BEV-480	1,671	534	944	410	Company policy	Abdul Aleem Plot No.112/1 Street No 12, Phase 6 DHA, Karachi
Honda City BET-419	1,671	514	945	431	Company policy	Mehmood Younus House No 601, Al Madina Arcade, PECHS, Block-3, Karachi
Toyota Corolla BEY-024	2,004	628	1,131	503	Bidding	Muhammad Ahsan Mukhtar House No. C-36, Block-9, , Gulshan E Iqbal, Karachi
Suzuki Swift Dlx BGX-993	1,336	533	1,100	567	Bidding	Muhammad Junaid Akram Area 37/D, Landhi No.1, Karachi
Toyota Corolla BEY-602	665	665	1,130	465	Bidding	Muhammad Ovais House No. A-37/A, Karachi Universii Employees Society Karachi
Toyota Corolla BFZ-592	1,887	646	1,500	854	Bidding	Syed Ashraf Hussain Shah House No. A-1055, Sector 11A, North Karachi, Karachi
Honda City BFV-720	1,686	545	945	400	Bidding	Muhammas Yasir House No. D-194, Block-4, Metrovil SITE Town, Karachi
Toyota Corolla BGB-966	1,887	631	1,056	425	Bidding	Shakeel Marfani 104/C, block 19,Gulistan-e-Johar, Karachi
Honda City BHC-983	1,474	544	1,000	456	Company policy	Imran Mushtaq House # 193/2,Khayban-E-Qasim, Phase 8, DHA Karachi
Items with written down value below Rs. 500,000		9,010	17,630	8,620	Bidding	Various
Vehicles Total	59,349	16,531	30,483	13,952		
As of June 2021	890,081	312,705	226,888	(85,817)		
As of June 2020	1,341,890	482,727	299,746	(182,981)		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

		June	June	
16.2 Capital work in progress	Note	2021	2020	
		Rs. 000s		
Machinery and store items		4,493,037	1,044,287	
Civil works		1,673,181	1,384,315	
	•	6,166,218	2,428,602	
The movement in capital work in progress is as follows				
Balance at beginning of the year		2,428,602	925,856	
Capital expenditure incurred during the year	r			
Machinery and store items		8,203,548	5,135,228	
Civil works		1,737,552	2,116,454	
		9,941,100	7,251,682	
Transfers to operating fixed assets during the year				
Machinery and store items	16.2.1	(4,747,141)	(4,214,382)	
Civil works		(1,448,685)	(1,534,154)	
		(6,195,826)	(5,748,536)	
Reclassification		-	,	
Machinery and store items		-	4,311	
Civil works		-	(4,311)	
		-	_	
Charged to consumption		(7,658)	(400)	
Balance at end of the year		6,166,218	2,428,602	

- **16.2.1** There has been a reclassification in capital work in progress from Machinery and store items, amounting to Rs. Nil million (June-20: Rs. 4.3 million). This is due to subsequent clarification and bifurcation of capital expenditure.
- **16.2.2**This includes mark up on long term loan, during construction period capitalized amounting to Rs. 53.97 million

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

RIGHT OF USE ASSETS	June 2021	June 2020
	Rs. 0	00s
Balance as at July 01, 2020	2,323,849	
Recognition as at July 01,2019 upon initial application		2,650,039
Assets recognized during the year	1,709,294	324,079
Derecognition / Adjustment		
- Cost	(66,016)	-
- Accumulated Depreciation	33,992	-
	(32,024)	-
Depreciation expense		
- Charged to Cost of sales	(14,696)	-
- Charged to Distribution cost	(671,373)	(648,528)
- Charged to Administrative cost	(12,188)	(2,286)
	(698,257)	(650,814)
Foreign currency retranslation difference	(573)	545
Net book value	3,334,313	2,323,849
Gross carrying amount as at June 30, 2021		
Cost	4,717,404	2,974,118
Accumulated Depreciation	(1,383,063)	(650,814)
Foreign currency retranslation difference	(28)	545
Balance as at June 30, 2021	3,334,313	2,323,849
INVESTMENT PROPERTY		
Carrying value		
Land-Plot HT/5, Landhi Industrial Area	891,650	891,650
Land-Plot HT/6, Landhi Industrial Area	3,513,791	3,513,791
	4,405,441	4,405,441
Fair value adjustment on business combination	193,559	193,559
	4,599,000	4,599,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

19	INTANGIBLE ASSETS	Note	Computer Software	Trade Marks	Goodwill	Total
	A+ luly 01 2010			Rs. 0	00s	
	At July 01, 2019 Cost		135,693	161,904	19,211	316,808
	Accumulated amortisation		(91,047)	(59,887)	-	(150,934)
	Foreign currency retranslation difference		-	6,006	-	6,006
	Net book value as at July 1, 2019		44,646	108,023	19,211	171,880
	Movement during the year ended June 30, 2020			-	-	-
	Additions (at cost)		69,073	7,140	-	76,213
	Intangible assets excluded					
	Cost		95,444	-	-	95,444
	Accumulated amortisation		-		-	-
			95,444	-	-	95,444
	Goodwill under business combination				7,975	7,975
	Adjustment due to correction of prior year error				9,882	9,882
	Amortisation charge for the year		(24,151)	(9,228)	-	(33,379)
	Foreign currency retranslation difference			(122)		(122)
	Net book value as at June 30, 2020		185,012	105,813	37,068	327,893
	At July 01, 2020					
	Cost		305,743	153,722	37,068	496,533
	Accumulated amortisation		(216,175)	(48,835)	-	(265,010)
	Foreign currency retranslation difference			926		926
	Net book value as at July 01, 2020		89,568	105,813	37,068	232,449
	Movement during the year ended June 30, 2021					
	Additions (at cost)		18,591	-	_	18,591
	Write offs		(200)			(200)
	Intangible assets excluded					
	Cost		122,929	-	-	122,929
	Accumulated amortisation		(122,929)	-	-	(122,929)
			-	-	-	-
	Amortisation charge for the year	19.1	(26,885)	(10,004)	-	(36,889)
	Foreign currency retranslation difference			4,521	-	4,521
	Net book value as at June 30, 2021		176,518	100,330	37,068	313,916
	Cost		201,205	153,722	37,068	391,995
	Accumulated amortisation		(120,131)	(58,839)	-	(178,970)
	Foreign currency retranslation difference		-	5,447	-	5,447
	Net book value as at June 30, 2021		81,074	100,330	37,068	218,472



For the year ended June 30, 2021

19.1 The cost is being amortised using straight line method over a period of five years and the amortisation charge has been allocated as follows:

		June	June
	Note	2021	2020
		Rs. 00	)0s
Distribution Cost	30	2,382	2,423
Administrative Expenses	31	34,507	30,956
		36,889	33,379

#### 20 LONG TERM INVESTMENT

Investment in Term Finance Certificate- at amortised cost 20.1 **70,000** 70,000

**20.1** This represent Rs. 70 million invested in Term Finance Certificate issued by Habib Bank Limited which carries profit at the rate of KIBOR+1.6% bps receivable on quarterly basis. This is of perpetual nature.

21	LONG TERM LOANS AND ADVANCES	Note	June 2021	June 2020 00s
	Considered good - Due from executives (other than CEO and Directors) - Due from non-executive employees	21.2 & 21.3	137,249 9,283 146,532	81,517 9,798 91,315
	Current portion being receivable within twelve months - Due from executives - Due from non-executive employees	25	(57,614) (5,861) (63,475)	(26,620) (5,975) (32,595)
	Advance against intangible assets	_	83,057	1,110 59,830

21.1 Loans and advances have been given for the purchase of cars and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured to the extent of outstanding balance of retirement benefit and/or guarantees of two employees.

Included in these are loans of Rs. 23.4 million (June 20: Rs. 3.6 million) to executives and Rs. 2.3 million (June-20: Rs. 2.3 million) to non-executive which carry no interest. The balance amount carries mark-up at rates ranging from 6.5% to 12.9% (June-20: 6.5% to 14.25%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortized cost would not be material.

**21.2** The maximum aggregate amount due from executives at the end of any month during the year was Rs. 158.9 million (June-20: Rs. 87.67 million).

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

		Note	June 2021 Rs. (	June 2020 000s
22 STO	RES AND SPARES			
	es and spares ision for slow moving/obsolete items	22.1	1,214,346 (222,502) 991,844	1,018,380 (190,375) 828,005
22.1	Movement in provision for slow moving/obsolete items Opening balance Charge for the year - cost of goods manufactured Charge for the year - Administrative cost Exchange difference on foreign currency retranslation Closing balance	29.2 31	191,957 29,180 1,473 (108) 29,072 222,502	167,469 22,906 - 22,906 190,375

#### 23 STOCK-IN-TRADE

Finished goods	23.1 & 29	20,763,305	17,468,602
Raw materials	29.3	9,949,009	9,661,021
Work-in-process	29.2	759,762	566,325
Stock-in-transit		95,392	176,749
		31,567,468	27,872,697

- **23.1** Finished goods include stock of waste valuing Rs. Nil (June-20: Rs. 73.8 million) determined at net realizable value.
- 23.2 The aggregrate amount of general provision for inventories recognised as an expense during the year is Rs. 69.37 (June-20: Rs. 94 million).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

		June	June
	Note	2021	2020
		Rs. (	)00s
TRADE DEBTS			
Export debtors			
Considered good			
Secured		1,387,526	1,126,009
Unsecured		1,663,103	650,006
		3,050,629	1,776,015
Local debtors			
Considered good			
Secured		1,030,328	294,166
Unsecured		7,712,257	3,080,567
		8,742,585	3,374,733
Considered doubtful		284,404	289,799
		9,026,989	3,664,532
	24.2	12,077,618	5,440,547
Expected credit loss	24.3	(284,404)	(289,799)
		11,793,214	5,150,748

- **24.1** The maximum aggregate month end balance during the year due from related parties was Rs. 1,910.7 million (June -20: Rs. 1,501.8 million).
- 24.2 Aging analysis of the amounts due from related parties is as follows

				20	21	
		0 to 30 Days		to 180 lays	More than 181 days	Total as at June 2021
				Rs. (	000s	
	Swisstex Chemicals (Private) Limited- Associated company	-		-	3,681	3,681
				20	20	
		0 to 30 Days	11	to 180 days	More than 181 days	Total as at June 2020
				Rs. (	000s	
	Swisstex Chemicals (Private) Limited- Associated company	-		2,786	957	3,743
			Note	20	une )21 Rs. 000	June 2020
24.3	Movement in expected credit loss against doubtful trade debts				110.000	o .
	Opening balance Charge for the year Debts written off		31	1	289,799 00,251 05,183)	320,746 - (31,136)
	Exchange difference on foreign currency retra Closing Balance	ınslation		2	(463) 284,404	189 289,799

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

25	LOANS, ADVANCES AND OTHER RECEIVABLES	Note	<b>June</b> <b>2021</b> Rs. 00	June 2020 00s
	Loans and advances Considered Good Advances to suppliers Current portion of loans to employees Others	21 _	3,484,490 63,475 3,958 3,551,923	971,444 32,595 2,171 1,006,210
	Other Receivables			
	Receivable against sale of property	15.7	-	33,409
	Bank guarantee margin		38,792	48,980
	Others		141,804	274,122
			180,596	356,511
		=	3,732,519	1,362,721

- 25.1 This represents margin of bank guarantee in the form of Term Deposit Receipt carrying mark up rate of 6.65%.
- This includes Rs. 3.5 million and Rs. 2 million placements in mutual fund and term deposit receipts respectively made by a subsidiary company, Worldwide Developers (Pvt) Limited. Term deposits carry profit at the rate of 6.25%.

			June	June
		Note	2021	2020
			Rs. C	)00s
26	RECEIVABLE FROM GOVERNMENT			
	Sales tax refund		783,163	1,919,850
	Income tax refund		1,157,813	25,187
	Duty drawback, markup subsidy and rebate		2,146,443	859,279
	τ, τ τ τ τ τ τ τ τ τ τ τ τ τ τ τ τ τ τ		4,087,419	2,804,316
27	CASH AND BANK BALANCES			
	Cash in hand Balances with banks in current accounts		427,096	100,473
	- Local currency		242,088	387,931
	- Foreign currency		308,670	284,476
	-	27.1 & 27.2	550,758	672,407
			977,854	772,880

- 27.1 Bank balances include balances held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 52.4 million (June-20: Rs. 44.5 million).
- 27.2 This includes an amount of Rs. 33.38 million (June-20: Rs. 39.64 million) placed under Shariah compliant arrangement.



For the year ended June 30, 2021

			Note	June 2021 Rs.	June 2020 000s
28	SALE	S-NET		1.6.	
	Direct Indirect Duty Trad	t Sales ct export ect export  drawback e and other discount emission	-	45,497,839 10,669,104 56,166,943 1,571,949 (710,038) (608,542)	31,732,781 4,603,886 36,336,667 663,621 (395,537) (381,920)
		sales serage s tax	-	56,420,312 38,607,391 (308,632) (6,362,920) 31,935,839 88,356,151	36,222,831 23,703,372 (212,540) (3,781,005) 19,709,827 ————————————————————————————————————
	00.4	Lead adec include various from continue of De COA	4 mailliam (0)		
	28.1	Local sales include revenue from services of Rs. 524.  Information with respect to disaggregration of revesegment is disclosed in note 37 and 38 respectives.	enue by ge		,
				June 2021 Rs.	June 2020 000s
29	COST	OF SALES			
	Cost	ing stock of finished goods of goods manufactured ase of finished goods	29.1 29.2	17,468,602 73,013,746 1,127,628	13,313,206 49,028,019 1,400,218
	Closir	ng stock of finished goods	23	91,609,976 (20,763,305) 70,846,671	63,741,443 (17,468,602) 46,272,841
	29.2	Cost of goods manufactured			
		Raw materials consumed Other material and conversion cost Stores and spares consumed Salaries, wages and benefits Fuel, power and water Insurance	29.3	46,931,544 9,967,396 232,668 8,717,435 3,648,855 100,628	23,781,796 11,962,241 758,827 6,889,487 3,082,013 80,433
		Repair and maintenance Depreciation Depreciation on right of use assets	16.1.1	867,307 2,268,974 14,696	718,737 1,751,135 -
		Provision for slow moving/obsolete items Other manufacturing expenses Cost of samples shown under distribution cost	22.1	29,075 488,934 (60,328)	22,906 337,834 (137,556)
		Work-in-process Opening	[	73,207,183	49,247,853
		Closing	23	(759,762) (193,437)	(566,325) (219,834)
			_	73,013,746	49,028,019
			_		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

			Note	June 2021 Rs. (	June 2020 000s
	29.3	Raw materials consumed			
		Opening stock Purchases during the year Closing stock	23 _	9,661,021 47,219,532 (9,949,009) 46,931,544	8,503,455 24,939,363 (9,661,021) 23,781,796
30	DISTI	RIBUTION COST			
	Freigh Adver	es and benefits at and shipment expenses ttisement and publicity	31.1	1,484,209 980,177 1,063,920	1,434,754 728,227 846,990
	cost Rent a	of samples transferred from of goods manufactured and ancillary charges eciation and amortisation	31.2 16.1.1 & 19.1	60,328 221,407 336,980	137,556 219,401 272,704
	Depre Utilitie	eciation on right of use assets	17	671,373 132,642 112,203	648,528 205,610 11,954
		t development surcharge expenses	_	109,272 731,462 5,903,973	76,109 355,439 4,937,272
31	ADMI	INISTRATIVE COST	_		
	Rent a Repai Vehicl Utilitie Conve Printir	es and benefits and ancillary charges rs and maintenance e up keep and maintenance es eyance and traveling ng and stationery ge and telecommunication	31.1 31.2	1,517,763 184,245 95,476 229,925 165,498 59,393 57,215 221,604	1,230,949 214,455 36,845 217,147 25,697 237,956 32,331 149,883
	Depre Depre		16.1.1 & 19.1 31.3 31.4 & 31.5	148,146 142,803 12,188 13,440 35,262 61,955	219,894 159,216 2,286 10,672 21,184 64,741
	Expec Provis	cted credit loss against doubtful trade debts sion for slow moving/obsolete items expenses	24.3 22.1 	100,251 1,473 246,792 3,293,429	371,441 2,994,697



For the year ended June 30, 2021

31.1	Salaries, wages and benefits	Cost	of sales	Distribu	tion cost	Administr	ative cost	To	otal
		2021	2020	2021	2020	2021	2020	2021	2020
					Rs. (	000s			
	- Salaries, wages and								
	benefits	8,399,445	6,600,847	1,442,311	1,398,062	1,473,649	1,191,406	11,315,406	9,190,315
	Retirement benefits								
	- Gratuity	90,754	131,872	-	-	269	1,781	91,023	133,653
	- Contribution to								
	provident fund	152,334	129,650	41,830	36,573	43,845	37,762	238,008	203,985
		243,088	261,522	41,830	36,573	44,114	39,543	329,031	337,638
	- Staff compensated								
	absences	74,902	27,118	68	119	-	-	74,970	27,237
		8,717,435	6,889,487	1,484,209	1,434,754	1,517,763	1,230,949	11,719,407	9,555,190

This represents rent expense which comprises of variable rents, rent of certain short term and low value leases, ancillary and maintenance charges incurred in respect of lease premises.

31.3 Auditor's Remuneration	Note	<b>June</b> <b>2021</b> Rs. 0	June 2020 00s
Holding Company Audit fee - Statutory audit of the unconsolidated financial statements Fee for review of condensed interim financial statements Fee for audit of consolidated financial statements Review fee of statement of compliance with code of corporate governance Fee for special purpose audit Other certification fee Sindh sales tax on services Out of pocket expenses	_	3,450 575 575 115 3,400 935 719 699	3,000 500 500 100 1,350 347 411
Foreign Subsidiaries - Audit fee (multiple audit firms)		10,468 2,972	6,208 4,464
	=	13,440	10,672

**31.4** Donations include donations to the following organizations in which a director is a trustee:

Name of Donee	Interest in Donee	Name of Director	-	
Habib University Foundation	Director	Mr. Mohomed Bashir	8,000 8,000	12,000 12,000

31.5 Donations to following Organizations and Trusts exceed 10% of total amount of donations made or Rs.1 million whichever is higher:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

		Note	June 2021	June 2020
	Name of Donee		Rs. 00	00s
	Patients' Aid Foundation Habib University Foundation Karwan-e-Hayat		10,000 8,000 6,750	12,000 4,050
32	OTHER OPERATING COST			
	Workers' profit participation fund Workers' welfare fund Loss on sale of property, plant and equipment Loss on derecognition of right of use assets	11.2 16.1.3 16.1.3	343,048 129,347 85,817 23,632	29,879 182,981
		_	581,844	212,860
33	OTHER INCOME			
	Income from non-financial assets and others Scrap sales Remeasurement of provision for GIDC Remeasurement of Government grant Unclaimed liabilities written back Others	_	7,312 289,523 130,715 40,311 30,992 498,853	4,228 - 1,058 112,185 1,371 118,842
	Income from financial assets  Mark-up income on Term Finance Certificate Other markup income, gain and dividend Foreign currency exchange gain - Net	33.1	7,454 6,228 386,952 400,634 899,487	10,230 7,290 179,985 197,505 316,347

33.1 This includes Rs. 130.3 million (June 2020: Rs. 155.8 million) in respect of export receivables.

		June 2021	June 2020
FINANCE COST		Rs. 00	00s
Mark-up/ profit on short term borrowings Mark-up/ profit on long term financing Bank and other charges Exchange loss on foreign currency loans Markup on workers' profit participation fund Finance cost on GIDC		941,462 641,214 296,837 - - 108,635	961,194 347,449 212,517 159,822 4,826
Interest on liability against right of use assets	7 _	350,438 2,338,586	368,465 2,054,273

242 243



For the year ended June 30, 2021

- **34.1** Finance cost includes Rs. 101.6 million and Rs. 87.7 million (2020: Rs. 30.1 million and Rs. 289.13 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.
- **34.2** Finance cost includes Rs. 115.5 million (2020: Rs. 135.4 million) on financing from an associated company.

		Note	June 2021	2020
35	TAXATION		Rs. C	)00s
	Taxation			
	- Current		1,115,436	635,833
	- Prior		-	41,249
			1,115,436	677,082
	Less: Tax credit		-	(235,776)
	Deferred tax		(90,430)	(38,482)
		35.1	1,025,006	402,824

### 35.1 Reconciliation between accounting profit and tax expense

tax expense		
Net profit / (loss) for the year before taxation	6,291,135	(222,938)
Tax rate (%)	29%	29%
Tax on accounting profit	1,824,429	-
Tax effect of Tax credits/ Rebates Minimum tax Prior year Differences due to accounting and tax treatment including depreciation Final Tax Regime Others	(119,142) - - 34,731 (596,406) (118,606) (799,423)	(235,776) 297,677 41,249 337,476 (37,802) 402,824
Tax Expense	1,025,006	402,824

The provision for current year tax represent minimum tax under section 113 and tax on export sales under final tax regime. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision before adjustment of tax credit with tax assessed is presented below:

Year	As per Accounts	As per Return/ Assessment
	Rs. (	000s
2020	642,690	637,928
2019	720,135	734,987
2018	620,513	644,196

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

36	EARNINGS / (LOSS) PER SHARE - basic and diluted	Note	June 2021 Rs. (	June 2020 000s
	Profit / (loss) for the year attributable to the owners of the Holding Company		5,271,004	(625,761)
	Weighted average number of shares Issued subscribed and paid up capital Bonus shares approved during the year but allotted subsequently	36.1	427,794,630 85,558,926 513,353,556	427,794,630 85,558,926 513,353,556
	Earnings / (loss) per share (Rs.)	36.2	10.268	Re-stated (1.219)

- **36.1** Weighted average number of shares include the effect of bonus shares issued in July 2021.
- **36.2** There is no dilutive effect on the (loss)/ earnings per share of the Group as the Group has no potential ordinary shares.

#### 37 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.
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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.

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c) Retail and Distribution: On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.

d) Processing, Home Textile and Apparel:

Production of greige fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-ups and home textile products.

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.



For the year ended June 30, 2021

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 37.3 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.
- 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.

#### 37.5 Information about major customer

Sales from major customer whose revenue exceeds 10% of gross sales is Rs.12,488 million (2020: Rs. 10,569 million).

#### 38 INFORMATION BY GEOGRAPHICAL AREA

	Revenu	ie	Non-current assets		
	June	June	June	June	
	2021	2020	2021	2020	
		Rs. 00	0s		
Pakistan	42,604,944	24,313,713	39,408,035	31,447,050	
Germany	16,294,861	9,767,982	-	-	
United States	9,525,184	6,492,605	4,394	9,988	
Italy	1,220,900	1,946,436	<u>-</u>	_	
Netherlands	3,830,210	2,850,371	-	-	
United Kingdom	3,171,863	2,041,728	91,308	125,408	
France	3,917,264	1,979,381	<u>-</u>	_	
Spain	607,073	667,914	-	-	
China	300,136	737,752	-	-	
Sweden	1,526,767	945,338	-	-	
United Arab Emirates	400,238	691,009	142,031	46,998	
Other Countries	4,956,711	3,498,429	= = = = = = = = = = = = = = = = = = = =	-	
Total	88,356,151	55,932,658	39,645,768	31,629,444	
Total	20,000,101	33,032,000	00,010,100	01,020,	

#### 39 CASH AND CASH EQUIVALENTS

Cash and bank balances	27	977,854	772,880
Short term borrowings	13	(29,610,876)	(25,995,109)
		(28,633,022)	(25,222,229)

#### 40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020				
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
		Rs.	000s			Rs.	000s	
Managerial remuneration Bonus	20,000	12,000	896,665	928,665	14,013 806	10,510 605	746,657 29.436	771,180 30.847
House rent allowance Other allowances	6,400 1,605	4,800 1,200	287,115 251,201	298,315 254,006	5,605 1,401	4,204 1,051	262,838 240,513	272,647 242,965
Contribution to provident fund	1,555	1,000	56,763	59,318	1,167	876	51,040	53,083
	29,560	19,000	1,491,745	1,540,304	22,992	17,246	1,330,484	1,370,722
Number of persons	1	3	282	286	1	1	274	276



For the year ended June 30, 2021

- 40.1 The Chief Executives and Directors are provided with free use of Company maintained cars and are also covered under Company's Health Insurance Plan along with their dependents. The Chief Executive is also provided with free residential telephones.
- 40.2 Aggregate amount charged during the year in respect of meeting fee to four Non Executive Directors and the Chairman was Rs. 4.5 million (2020:Five Non Executive Directors and Chairman Rs. 4.4 million).
- **40.3** Executive means an employee, other than the Chief Executive and Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.
- **40.4** Mr. Mohomed Bashir, Chairman of Gul Ahmed Internation Ltd FZC UAE has waived his entitlement to remuneration of AED 10,000 (Rs. 0.435 millon) per month.

#### 41 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 carries out transactions with various related parties.

Relationship with the Group	Nature of Transactions	<b>June</b> <b>2021</b> Rs. 00	June 2020 Os
Associated companies	Purchase of goods	3,890	68,544
and other related parties	Sale of goods	5,266	8,608
	Sale of fixed assets	1,504	-
	Gain on disposal of vehicle	139	-
	Rent paid	8,760	62,898
	Fees paid	2,000	2,500
	Donation paid	8,000	12,000
	Bills discounted	13,099,185	9,680,350
	Markup and other bank charges	115,581	135,431
	Holding Company's contribution to		
	provident fund	238,008	203,985
	Dividend paid	15,212	36,491
	Services rendered	8,141	_

- 41.1 There are no transactions with directors of the Holding and subsidiary companies and key management personnel other than under the terms of employment. loans and remuneration of the key management personnel are disclosed in Note no. 21 and 40 respectively.
- 41.2 Related parties status of outstanding receivables and payable as at June 30, 2021 are also included in respective notes to the consolidated financial statements.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

41.3 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

S.No	Company Name	Basis of Relationship	% of shareholding in the Company
1	Habib Metropolitan Bank Limited (HMBL)	Common Directorship	-
2	Swisstex Chemicals (Private) Limited	Group Company & Common Directorship	-
3	Arwen Tech. (Private) Limited	Group Company & Common Directorship	-
4	Win Star (Private) Limited	Group Company & Common Directorship	-
5	TPL Properties Limited	Common Directorship	-
6	Habib University Foundation	Common Directorship	-
7	The Pakistan Business Council	Common Directorship	-
8	Ghafooria Industries (Private) Limited	Group Company & Common Directorship	-
9	LITE Development and management company	Common Directorship	
10	Grand Industries (Private) Limited	Group Company & Major Shareholders	-
11	Haji Ali Mohammad Foundation	Member of Foundation	-
12	Gul Ahmed Holdings (Private) Limited	Holding Company	-
13	Gul Ahmed Textile Mills Limited Employees		
	Provident Fund Trust	Employees Fund	

#### 42 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Group as at June 30, 2021 are as follows:

				2021			
	Interest/mark-up/profit bearing Non interest/mark-up/profit bearing						
	Maturity upto one Year	Maturity after one Year	Sub total	one Year	Maturity after one Year	Sub total	Total
		year		<b>year</b> Rs. 000s	year		
Financial assets				MS. UUUS			
At Cost / Amortised cost							
Long term investment	-	70,000	70,000	-	-	-	70,00
Loans, advances and other receivables	63,475	83,057	146,532	184,554	-	184,554	331,08
Long term deposits	_	_	-	_	296,146	296,146	296,14
Trade debts	-	_	_	11,793,214	<u>-</u>	11,793,214	11,793,21
Cash and bank balances	-	-	-	977,854	-	977,854	977,85
	63,475	153,057	216,532	12,955,622	296,146	13,251,768	13,468,30
Financial liabilities							
At Amortised cost							
Long term financing	2,500,941	18,571,409	21,072,350	-	-	-	21,072,35
Lease liability against right of use assets	568,220	3,279,223	3,847,443	-	-	-	3,847,44
Trade and other payables	343,048	-	343,048	13,744,213	-	13,744,213	14,087,26
Accrued mark-up / profit	-	-	-	341,473		341,473	341,47
Short term borrowings	29,610,876	-	29,610,876	-	-	-	29,610,87
Unclaimed dividend	-	-	-	297,702	-	297,702	297,70
Unpaid Dividend	_	-	-	23,505	-	23,505	23,50
	33,023,085	21,850,632	54,873,717	14,406,893	-	14,406,893	69,280,61
Off balance sheet items							
Guarantees	-	-	-	-	-	-	-
Bills discounted	-	-	-	2,495,530	-	2,495,530	2,495,53
Commitments	-	-	-	5,412,490	-	5,412,490	5,412,49
	-	-	-	7,908,020	-	7,908,020	7,908,02
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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Financial assets and liabilities of the Group as at June 30, 2020 were as follows;

				2020			
	Interest	Interest/mark-up/profit bearing Non interest/mark-up/profit bearing					
	Maturity upto one Year	Maturity after one Year year	Sub total	Maturity upto one Year year	Maturity after one Year year	Sub total	Total
Financial assets				Rs. 000s			
At Cost / Amortised cost							
Long term investment	-	70,000	70,000	-	-	-	70,000
Loans, advances and other receivables	32,595	59,830	92,425	356,511	200	356,711	449,136
Long term deposits	-	-	-	_	388,669	388,669	388,66
Trade debts	-	-	-	5,150,748	-	5,150,748	5,150,74
Cash and bank balances	-	-	-	772,880	-	772,880	772,88
	32,595	129,830	162,425	6,280,139	388,869	6,669,008	6,831,43
Financial liabilities							
At Amortised cost							
Long term financing	420,113	13,445,600	13,865,713	-	-	-	13,865,71
	420,113 -	13,445,600	13,865,713 -	-	-	- -	13,865,71
Long term financing Staff retirement benefits Lease liability against right of use assets	,		, ,	- - -	- - -	- - -	2,610,06
Staff retirement benefits Lease liability against right of use assets Trade and other payables	-	-	-	- - - 11,932,681	- - -	11,932,681	2,610,06 11,932,68
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit	411,526 - -	2,198,535	- 2,610,061 - -	- - - 11,932,681 405,979	- - - -	11,932,681 405,979	2,610,06 11,932,68 405,97
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit Short term borrowings	-	2,198,535	2,610,061 -	405,979	- - - - -	11,932,681 405,979 -	2,610,06 11,932,68 405,97 25,995,10
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit Short term borrowings Unclaimed dividend	411,526 - -	2,198,535	2,610,061 - - 25,995,109	405,979 - 9,739		11,932,681 405,979 - 9,739	2,610,06 11,932,68 405,97 25,995,10 9,73
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit Short term borrowings	411,526 - - 25,995,109 - -	2,198,535 - - - - -	2,610,061 - - 25,995,109 -	405,979 - 9,739 21,103		11,932,681 405,979 - 9,739 21,103	2,610,06 11,932,68 405,97 25,995,10 9,73 21,10
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit Short term borrowings Unclaimed dividend	411,526 - -	2,198,535	2,610,061 - - 25,995,109	405,979 - 9,739	- - -	11,932,681 405,979 - 9,739	2,610,06 11,932,68 405,97 25,995,10 9,73 21,10
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit Short term borrowings Unclaimed dividend Unpaid Dividend	411,526 - - 25,995,109 - -	2,198,535 - - - - -	2,610,061 - - 25,995,109 -	405,979 - 9,739 21,103	- - -	11,932,681 405,979 - 9,739 21,103	2,610,06 11,932,68 405,97 25,995,10 9,73 21,10 54,840,38
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit Short term borrowings Unclaimed dividend Unpaid Dividend  Off balance sheet items	411,526 - - 25,995,109 - -	2,198,535 - - - - -	2,610,061 - - 25,995,109 -	405,979 - 9,739 21,103 12,369,502	- - - -	11,932,681 405,979 - 9,739 21,103 12,369,502	13,865,71: 2,610,06 11,932,68 405,97 25,995,10 9,73 21,10 54,840,38
Staff retirement benefits Lease liability against right of use assets Trade and other payables Accrued mark-up/profit Short term borrowings Unclaimed dividend Unpaid Dividend  Off balance sheet items  Guarantees	411,526 - - 25,995,109 - -	2,198,535 - - - - - - - 15,644,135	2,610,061 - - 25,995,109 - - 42,470,883	405,979 - 9,739 21,103 12,369,502 3,208,530	- - -	11,932,681 405,979 - 9,739 21,103 12,369,502 3,208,530	2,610,06 11,932,68 405,97 25,995,10 9,73 21,10 54,840,38

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 43 CAPACITY AND PRODUCTION

			2021			2020	
	Unit	Capacity	Production	Working	Capacity	Production	Working
Spinning	Kgs. (20 Counts converted)	69,926	66,898	3 shifts	47,021	38,438	3 shifts
Weaving	Sq. meters (50 Picks converted)	185,602	166,009	3 shifts	156,925	138,780	3 shifts

Production is lower as compared to capacity due to variation in production mix and various technical and market factors.

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

#### 44 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 17,409 (2020: 13,513) and average number of employees during the year were 15,983 (2020: 14,985).

#### 45 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

	Note	2021 Un-audited	2020 Audited
Size of the fund - Total assets (Rs. 000s)		1,572,527	1,267,124
Cost of investments made (Rs. 000s)		1,379,266	1,214,742
Percentage of investments made		94.89%	95.06%
Fair value of investments (Rs. 000s)	45.1	1,492,230	1,204,511

45.1	The break-up of fair value of investment is:	202 Un-au	<del>-</del> -	2020 Audited	
	•	Rs. 000s	%	Rs. 000s	%
	Shares in listed companies	89,029	6%	69,562	6%
	Government securities	427,968	29%	492,209	41%
	Debt securities	142,339	10%	264,469	22%
	Mutual funds	704,903	47%	286,508	24%
	Balance in saving accounts	127,990	9%	91,763	8%
		1,492,230	100%	1,204,511	100%

45.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.



For the year ended June 30, 2021

#### 46 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, markup risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

Risk Management is carried out under policies and principles approved by the Board of Directors. All treasury related transactions are carried out within the parameters of these policies and principles.

The information about the Group's exposure to each of the above risk, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital, is as follows:

#### 46.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates / markup rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, markup risk and other price risk. The Group is exposed to currency risk and markup risk only.

#### a Currency risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign exchange.

#### Exposure to foreign currency risk

The Group is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	<b>June</b> <b>2021</b> Equivalent U	June 2020 JSD 000s
Trade debts Cash and bank balances Short term bank borrowings Trade and other payables	19,332 1,956 - (3,494)	10,556 1,691 (7,373) (4,839)
Net exposure	17,795	35

The Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	June	June
	2021	2020
	000s	S
Foreign currency commitments and guarantees outstanding at year end are as follows:		
USD	12,099	3,520
EURO	16,492	5,938
JPY	408	1,008,216
CHF	352	957
CNY	2,942	36,484
GBP	99	-

#### The following significant exchange rates were applied during the year:

#### Rupee per USD

Average rate (Selling/Buying) 160.3/160.7 158.2/158.69
Reporting date rate (Selling/Buying) 158.3/157.8 168.75/168.25

#### Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2021 would have increased/ decreased the equity and profit/ loss after tax by Rs. 81.25 million (June-20: Rs.10.1 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for June 30, 2020.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

#### b Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Company has long term finance and short term borrowings at fixed and variable rates. During the year the Company has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

The Group is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 190.7 million (June-20: Rs.162,425 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs. 54.35 million (June-20: Rs. 42,471 million) which are subject to interest/mark-up rate risk. Applicable interest/mark-up rates for financial assets and liabilities are given in respective notes.

#### Cash flow sensitivity analysis for variable rate instruments

At June 30, 2021, if markups on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs. 119.7 million (2020: Rs. 83.98 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.



For the year ended June 30, 2021

At June 30, 2021, if markups on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 149.7 million (June 2020: Rs. 181.379 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. Effect of change in 1% interest rate on financial assets is Rs.0.5 million.

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in markup rate at the consolidated statement of financial position would not effect consolidated statement of profit or loss of the Group.

#### c Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk.

#### 46.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation without considering the fair value of the collateral available there against. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

#### Exposure to credit risk

Group's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	June 2021	June 2020
		Rs. 00	)US
Long term Investment	20	70,000	70,000
Loans, advances and other receivables	25	331,086	449,136
Long term deposit		296,146	388,669
Trade debts - net of impairment allowance	24	11,793,214	5,150,748
Bank balances	27	550,758	672,407
		13,041,204	6,730,960

The Group manages credit risk as follows:

#### Loans, advances and other receivables

These loans are due from employees and are recovered in monthly installments deductible from their salaries. Retirement balances are also available for these employees against which balance can be adjusted in case of default. The Group actively pursues for the recovery of these loans and the Group does not expect that these employees will fail to meet their obligations, hence the Group believes that no impairment allowance is required there against.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Other advances and receivables include bank guarantee margin, advance for investments and miscellaneous which are neither past due nor impaired. The Group believes that based on past relationship, credit rating and financial soundness of the counter parties chances of default are remote and also there is no material impact of changes in credit risks of such receivables so no impairment allowance is necessary in respect of these advances and receivables.

#### **Long Term Deposits**

These are mainly held for rented premises and utilities with the counter parties which have long association with the Group and have a good credit history. The management does not expect to incur credit loss there against.

#### Trade debts

Trade debts are due from local and foreign customers. The Group manages credit risk inter alia by setting out credit limits in relation to individual customers, and/or by obtaining advance against sales and/or through letter of credits and/or by providing imapirment allowance for life time expected credit losses trade debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments. Further the majority of the customers have been transacting with the Group for several years. The Group actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Group does not expect these customers will fail to meet their obligations except for some past due trade debts against which adequate allowance for impairment have been made.

The Group has established an allowance for expected credit losses against trade debts that represent its estimate of expected losses based on actual credit loss experience over last year in respect of trade debts. Ageing of the trade debts of the Group outstanding as at year end is as follows:

		June	June
	Note	2021	2020
		Rs. C	000s
1 to 6 months		11,455,050	4,652,310
6 months to 1 year		110,624	237,943
1 year to 3 years		227,540	260,495
		11,793,214	5,150,748
Less: Expected credit losses		(284,404)	(289,799)
	24	11,793,214	5,150,748

Management believes that the unimpaired balances that are past dues are still collectable in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debts are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

#### Bank balances

The Group limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating.



For the year ended June 30, 2021

The bank balances along with credit ratings are tabulated below:

	Note	June 2021	June 2020
		Rs. (	000s
Long term Investment			
AAA	20	70,000	70,000
Bank Balances			
AAA		412,336	512,301
AA+		113,967	111,781
AA		22,032	32,223
A+		453	13,845
A		1,893	1,848
BBB-		77	409
		550,758	672,407
	27	620,758	742,407

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

#### Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which allowance for impairment has been made as a matter of prudence. The ageing of the past due and impaired trade debts is more than 3 months and less than 3 years.

#### 46.3 Liquidity risk

Liquidity risk represent the risk where the Group will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and in Note no. 45.

The Group manages liquidity risk by maintaining sufficient cash in hand and at banks and ensuring the fund availability through adequate credit facilities. At June 30, 2021, the Company has Rs.30,142.4 million (June-20: Rs. 28,952 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs.981 million (June-20: Rs. 3,405 million) and also has Rs. 978 million (June-20: Rs.773 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

The following are the contractual maturities of financial liabilities, including markup payments.

<u> </u>	Carrying amount	Contractual cash flow	Less than one year	More than one years
	(Pak Rup	ees in Thous	and)	
As at June 30, 2021			,	
Long term financing	21,072,350	20,660,150	1,717,313	18,942,837
Lease liability against right of use assets	3,847,443	5,270,294	928,634	4,341,660
Trade and other payables	14,087,261	14,087,261	14,087,261	-
Accrued markup	341,473	341,473	341,473	-
Short term borrowings	29,610,876	29,610,876	29,610,876	-
Unclaimed dividend	297,702	297,702	297,702	-
Unpaid dividend	23,505	23,505	23,505	-
	69,280,610	70,291,261	47,006,763	23,284,497
	·		-	·
Total as at June 30, 2020	54,840,385	56,765,935	39,843,999	16,921,936

#### 46.4 Capital risk management

The primary objectives of the Group when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2021 and 2020 were as follows:

	June 2021	June 2020
	Rs. 0	00s
Total borrowings	50,683,226	39,860,822
Cash and bank	(977,854)	(772,880)
Net debt	49,705,372	39,087,942
Total equity	21,047,322	16,327,459
Total equity and debt	70,752,694	55,415,401
Gearing ratio (%)	70	71

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 47 FAIR VALUE

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

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

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

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property, plant and equipment is carried at cost less accumulated depreciation and impairment, if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. The Group does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

#### 48 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 28th October 2021.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 49 CORRESPONDING FIGURES

For better presentation, certain re-classification have been made in the corresponding figures including following:

Reclassification from component	Reclassification to component	Amount Rs, 000s
Stores and Spares	Inventory-Raw material	1,219,062
Stores and spares consumed Administration - Provision for	Raw materials consumed Cost of sales - Provision for	3,833,961
slow moving/obsolete items	slow moving/obsolete items	10,444
Administration - Utilities Administration - Postage and	Distribution cost - Utilities	205,610
telecommunication Administration - Repairs and maintenance	Distribution cost - Postage and telecommunication Distribution cost - Other expenses	11,954 39,226

#### 50 GENERAL

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR Chairman MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer



### **DEFINITIONS AND GLOSSARY OF TERMS**

For the year ended June 30, 2021

#### **Definitions**

#### **Profitability Ratios**

Profitability ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

#### **Liquidity Ratios**

Liquidity ratios determine the Company's ability to meet its short term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

#### **Turnover Ratios**

Turnover ratios evaluate the operational efficacy of the Company to convert inventory and debtors into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

#### **Investment/Market Ratios**

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market ratios evaluate the current market price of a share versus an indicator of the Company's ability to generate profits.

#### **Capital Structure Ratios**

Capital structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.

#### Glossary of terms

AGM – Annual General Meeting
BCI Better Cotton Initiative
BCP Business Continuity Planning
BOD Board of Directors
CCG Code of Corporate Governance
CDC Central Depository Company
CEO Chief Executive Officer
CFO Chief Financial Officer
CNIC Computerised National Identity Card
CPEC China Pakistan Economic Corridor
CPI Consumer Price Index
CSR Corporate Social Responsibility
DFI Development Finance Institution
EBITDA Earnings before Interest, Tax, Depreciation, and Amortization
EOBI Employees Old Age Benefit Institution
EPS Earnings per Share

### **DEFINITIONS AND GLOSSARY OF TERMS**

For the year ended June 30, 2021

ERP Enterprise Resource Planning	R&D Research & Development
ETP Effluent Water Treatment Plant	ROE Return on Equity
FDI Foreign Direct Investments	SECP Securities and Exchange Commission
FY Fiscal Year	of Pakistan
FZC Free Zone Company	SWOT Strength, Weakness, Opportunity, Threat
GDP Gross Domestic Product	USD United States Dollar
GIDC Gas Infrastructure Development Cess	WPPF Workers' Profi Participation Fund
GST General Sales Tax	WWF Workers' Welfare Fund
HSE Health Safety and Environment	YoY Year on Year
IAS International Accounting Standard	
IASB International Accounting Standards Board	
ICAP Institute of Chartered Accountants Pakistan	
Institute of Chartered Management	
Accountants Pakistan	
IFRS International Financial Reporting Standards	
ISO International Organization for Standardization	
IT Information Technology	
KIBOR Karachi Inter Bank Offr Rate	
KPI Key Performance Indicators	
KSE Karachi Stock Exchange	
LSM Large Scale Manufacturing	
MMBTU Million British Thermal Units	
MW Mega Watts	
NBFI Non-Banking Financial Institution	
NEQS National Environmental Quality Standard	
PAT Profi after tax	
PBT Profi before tax	
PESTEL Political, Economic, Social, Technical,	
Environmental, Legal	
PICG Pakistan Institute of Corporate Governance	
PKR Pak Rupee	

#### #Gul.Ahmed

### **FORM OF PROXY**

I/We_		
of		
being	a member	of Gul Ahmed Textile Mills Limited and holder of
Ordin	ary Shares h	ereby appoint
of		
the 69		another member of the Company, in my/our absence to attend and vote for me/us and on my/our behalf at eneral Meeting of the Company to be held on November 27, 2021 or at any eof.
1)	Witness	Signed by me thisday of2021
	Name	
	Address	Signed
	CNIC No.	
		Affix Revenue
		Stamp Rs.5.00
2)	Witness	
	Name	Folio No./CDC Account No
	Address	
	CNIC No.	

#### Notes:

- A member entitled to vote at the meeting may appoint a proxy. Proxies in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
- 2. Proxies granted by shareholders who have deposited their shares into Central Depository Company of Pakistan Limited must be accompanied with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owners. Representatives of corporate members should bring the usual documents required for such purpose. A proxy must be a member of the Company.
- If member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- 4. If the member is a corporate entity its common seal should be affixed to the proxy.
- In case of CDC Account Holders, attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

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# براکسی فارم

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	ملاس بنے
	سانن
	بحثیت گل احد ٹیکسٹائل ملزلہ پیٹر کا/ کے ایک رکن اور ہولڈر
	عموتی شیئر رکھتا ہوں اپنی جانب سے نامز دکرتا ہوں
	ساكن
	اورِابیانہ ہونے کی وجہہے محتر م/ محترمہ
کو 27 نومبر202 کومنعقدہ کمپنی کےانہترویں (69) سالانہاجلاسِ عام میں	ساكن
. وہ احلاس ملیں شرکت کریے اور ووٹ ڈ الے_	میری اہماری جانب سے اپنا/ہمار ایراکسی مقرر کرتا ہوں ا کرتے ہیں تا کہ
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لود مسخط کئے	
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(براہ مہر ہائی پانچ روپےکار بو نیواسٹامپ لگائیں)	
	كمپيوٹرائز ڈقومي شناختي كار ڈنمبر
فوليونمبراس ڈی تی اکاؤنٹ نمبر	
	A .
	تو <i>ش</i> :
ونے کے لیےضروری ہے کہ وہ اجلاس شروع ہونے ہے8 4 گھنٹے بل با قاعدہ مہر شدہ اور دستخط شدہ کمپنی	1 - ممبر جوودٹ ڈالنے کا حقدار ہے وہ اپنا پراکسی مقرر کرسکتا ہے۔ پراکسیز کے موثر ہو
	کے رجسٹر ڈینة پرموصول ہوجا نئیں۔
وا بھے ہیں،ان کی جانب ہے جمع کروائی گئی پراکسیز کے ساتھ بینیفیشل اوزز کے کمپیوٹرائز ڈقو می شناختی کارڈیا	2 - السَّشِيرَ ، ولدُّرز جوابِ شيرَ رسينيرُل دُيازيري تميني آف ما كسّان لمبينهُ ميں جع كر
اس مقصد کے لیے در کارنموی دستاویزات اپنے ہمراہ لائنیں۔ پرائسی کے لیے کمپنی کارکن ہونالازی ہے۔ اس مقصد کے لیے درکار عمومی دستاویزات اپنے ہمراہ لائنیں۔ پرائسی کے لیے کمپنی کارکن ہونالازی ہے۔	استوریه کی اتصد نق شده کاسوا نکامو ناضروری سر کار بور سر ممیران کرنمایند سرا
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ونرز کے تصد این شذہ کمپیوٹرائز ڈقو می شناختی کارڈیا پا سپورٹ کی تصدیق شدہ کا پی فراہم کریں۔	5 - سی ڈی سی اکا وُنٹ ہولڈر ہونے کی صورت میں ، پراسی فارم کے ساتھ سیسس او





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