

# Passion to **succeed**

Annual Report 2022

THE BLUE DOT



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# NAILA KIANI

At GulAhmed passion is our foremost ethos. We are proud to project our ethos through Naila Kiani who features in this year's annual report. We at GulAhmed see women in key positions as an asset to our organization. Naila our annual report ambassador is the first Pakistani woman to summit three 8000 meters peaks in just over a year.

A mother of two Naila became the first Muslim and Pakistani woman to summit K2 in first attempt in July of 2022. Endeavors like these require utmost skill and unmatched passion. These are the values people at GulAhmed practice every day.

“

## Message from the Super Mom

Growing up in Rawalpindi, looking at mountains was an unavoidable occurrence. Since I was a child I got a calling from the mountains but as I grew up, studied, married and moved out of Pakistan I could not fulfill this innate desire that I had held inside of me for so long.

After two kids and an exhausting job I decided to pursue my passion. My first trek was GGLA on K2, looking at K2 at such a proximity and yet not being on top of it fueled my passion further.

From that point onwards I trained hard and left my job to pursue the K2 summit in July of 2022 when I became the first Pakistani to have summited K2 in first attempt, I had felt the exhilaration to be on top of the world quite literally and I continued to another summit of Gasherbrum II within days of the K2 summit and made another record as the first Pakistani woman to summit 3 major 8000 meters peak in a span of 14 months.

Climbing mountains give me a purpose which is indescribable, it is my passion that leads me to climb peak after peak. I thank GulAhmed for acknowledging my efforts and making me as the brand ambassador for their Annual Report 2022.

”



# Passion to innovate

Our core values are established to innovate. This holds true in each aspect of our organization. Our processes, people and product all work in perfect harmony to innovate with a passion.

From creating breakthrough yarns to fabric, we innovate through out the entire process to enhance collective intelligence while increasing sustainability which is good for the company, its people and the planet.



# Company Information

## BOARD OF DIRECTORS

Mohomed Bashir  
Zain Bashir  
Mohammed Zaki Bashir  
Ziad Bashir  
Dr. Amjad Waheed  
Ehsan A. Malik  
Zeeba Ansar

- Chairman
- Vice Chairman/ Executive Director
- Chief Executive Officer
- Non Executive Director
- Non Executive Director
- Independent Director
- Independent Director

## CHIEF FINANCIAL OFFICER

Abdul Aleem

## COMPANY SECRETARY

Salim Ghaffar

## AUDIT COMMITTEE

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

- Chairman & Member
- Member
- Member
- Secretary

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ehsan A. Malik  
Mohomed Bashir  
Zain Bashir  
Salim Ghaffar

- Chairman & Member
- Member
- Member
- Secretary

## BANKERS

Allied Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Bank of Khyber  
Bankislami Pakistan Limited  
Citi Bank  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China  
JS Bank limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank Of Pakistan  
Samba Bank Limited  
Silkbank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank limited  
The Bank Of Punjab  
United Bank Limited

## AUDITORS

Kreston Hyder Bhimji & Co.  
Chartered Accountants

## INTERNAL AUDITORS

Grant Thornton Anjum Rahman  
Chartered Accountants

## LEGAL ADVISORS

A.K. Brohi & Co  
Advocates

## REGISTERED OFFICE

Plot No. H-7,  
Landhi Industrial Area,  
Landhi Karachi 75120.

## SHARE REGISTRAR

FAMCO Associates (Private) Limited  
8-F, Next to Hotel Faran, Nursery, Block 6,  
P.E.C.H.S., Shahrah-E-Faisal, Karachi.  
Phone No. (+92-021) 34380101-5  
Fax No. (+92-021) 34380106

## MILLS

Landhi Industrial Area,  
Karachi-75120

## E-MAIL

finance@gulahmed.Com

## URL

www.gulahmed.com









# Passion to **steer**

It all begins at the top, with our crystal-clear vision, Gul Ahmed strives to navigate daily through this ever-changing business landscape. The vision is passed along to each person in our value chain working towards the goal to be better than yesterday and to set example along the way.

# 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.

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## RESPECT

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

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## PASSION

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

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## QUALITY

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

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## TEAM WORK

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



A man is shown from the side, climbing a steep, textured rock face. He is shirtless, wearing a black climbing harness and a yellow chalk bag. His body is pressed against the rock, with his arms and legs extended to grip the surface. The background is a vast, hazy landscape of rolling hills and valleys, with a sky filled with large, white clouds. The lighting is warm, suggesting a sunrise or sunset, with a golden glow over the scene.

# Passion to **adapt**

The last few years have given many unexpected challenges, but we have adapted to these challenges and moved ahead forward in a positive manner. From investing in new technologies to adding new markets & product ranges, we have adapted to stay ahead of the curve.



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

## Tactics

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







# Statement of Business Conduct and Ethics Code

Our dealings with business partners, colleagues, shareholders, and 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

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

## CONFIDENTIALITY

1. Directors/employees shall not use or disclose the Company's trade secrets, proprietary information, or any other confidential information gained in the performance of duty.
2. Every employee must be cautious and discreet when using information



categorized as “classified” or “confidential-restricted access.” Such information should be shared only with the Company’s employees who have a legitimate “need to know.” Outside parties should have access to such information only if they are under binding confidentiality agreements and have a “need to know.”

3. Similarly, when handling sensitive information that has been entrusted to our Company by others, we must always treat it with the maximum care. Doing so, it can protect the Company from potential liability.
4. We must also comply with all laws, regulations, and contractual commitments regarding the valid and enforceable intellectual property rights of third parties, including patents, copyrights, trade secrets, and other proprietary information.
5. If anyone has a question about the use of patented or proprietary information, including the computer software of third parties, he/she should contact Legal Department. In order to use copyrights material such as articles, charts, maps, films, and music, permission must be obtained from the copyright owner.

## AVOIDING CONFLICT OF INTEREST

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

1. Directors and employees — and their close relatives — must never:
  - a) Compete against the Company.

- b) Use their position or influence to secure an improper benefit for themselves or others.
  - c) Use Company information, assets or resources for their personal gain or 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.
2. If anybody engages in insider trading then he/she will face disciplinary actions including significant civil and criminal penalties.



## COMPANY RECORDS AND INTERNAL CONTROLS

1. The Company's books and records must be prepared accurately and honestly, both by our accountants who prepare records of transactions and by any of us who contribute to the creation of business records.
2. The Company shall maintain accounting records and issue financial statements as required by the local laws to ensure transparency of information on the Company's financial performance.
3. Reliable internal controls are critical for 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 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

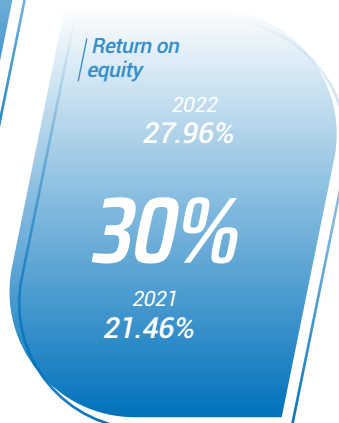
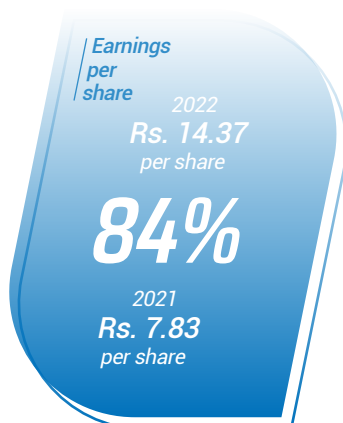
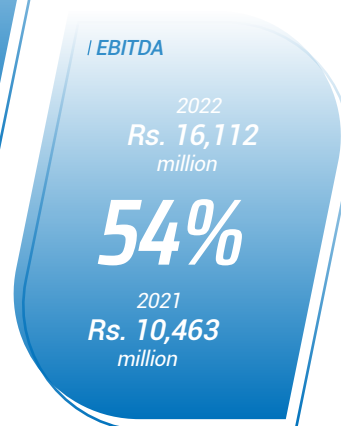
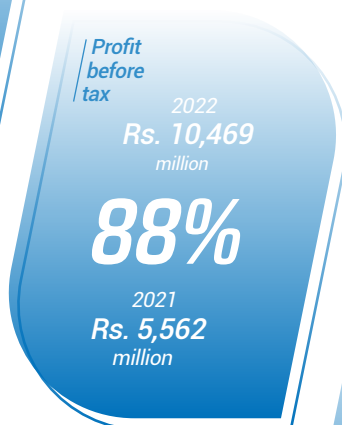
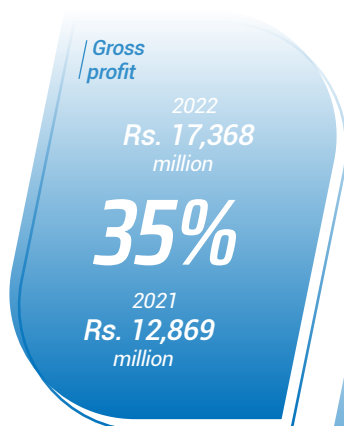
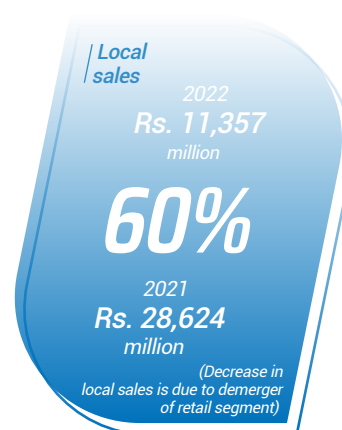
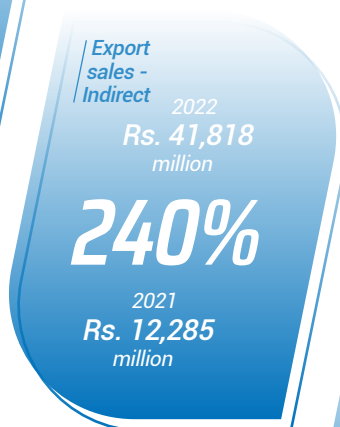
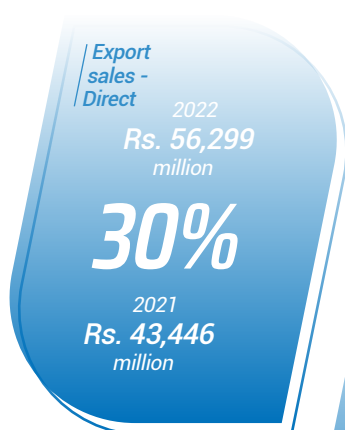
- a) Comply with all applicable laws, rules and regulations under which the Company operates.
- b) Maintain a constructive and open relationship with regulators to foster mutual trust, respect and understanding.



# Key Performance Indicators

## Financial Performance Indicators

Objective: Increase shareholder's wealth



Relevance: These KPIs will remain relevant in the future



# Non-financial Performance Indicators

## I. Internal Efficiency and Effectiveness

**Objective:** Promote Company's image by working ethically.

### Compliance with local laws

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

### Compliance with policies and procedures

The Company has policies and procedures to run business effectively and 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 supe

-rvision. Production of old spinning segment was reduced to cater to its own weaving requirement due to drop in yarn prices in the local and export markets. Accordingly, some of the machinery has been disposed of.

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

A review of activities 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.



# 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

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

The above is summarized as under:





## 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 (which is now managed by 100% subsidiary Messrs. Ideas (Pvt.) Lgtd., 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

# 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.

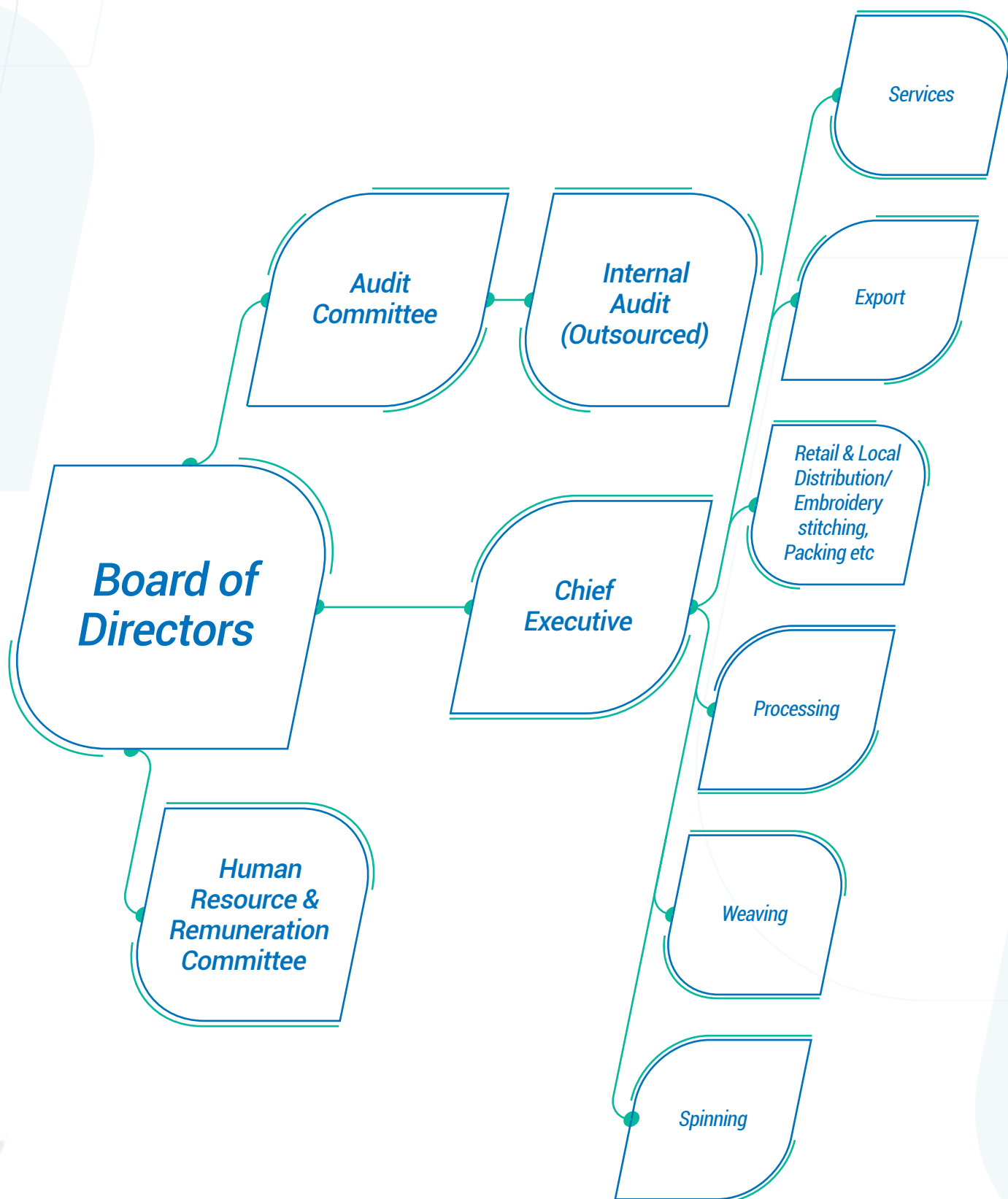
After getting impressive response from the local market, we have now expanded to the export of garments. Designing products according to the fashion flow of the target countries and the GSP Plus status have helped us increase our exports.

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

Mr. Mohomed Bashir has a very 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:

- 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 (ICA)
- International Textile Manufacturers Federation (ITMF)

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

- Honorary Consul General of Sweden – Sindh / Baluchistan
- Chairperson, Apparel, Made-Ups and Technical Textile Council, Ministry of Commerce.
- Member, Sindh Doing Business Reform Council
- 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 & Industry positions:

- Chairman, Pakistan Business Council – 2014 – 2015
- Founder Director, Pakistan Business Council – 2005 - 2022
- 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 2003 - 2013
- Member, Advisory Committee, Federal Tax Ombudsman, Government of Pakistan (2011 – 2014)
- Member, Economic Advisory Council, Government of Pakistan (2001 -2003 / 2008-2013)
- Member, Export Promotion Board, Government of Pakistan (2002 – 2007, 1995 – 1997)

- Member, National Strategy on Textiles (2006 – 2007)
- Chairman, Pakistan Britain Advisory Council (2002 – 2005)
- Chairman, All Pakistan Textile, Mills Association (1989 – 1990)
- Vice Chairman, All Pakistan Textile Mills Association (1982 – 1985)
- Chairman, Pakistan Swiss Trade and Industry Committee (1981 – 2000)
- Governing Board, Pakistan Design Institute (1981 – 2000)
- Member, Advisory Board of CPLC, Government of Sindh (2010)

## MR. ZAIN BASHIR

### Vice Chairman/Executive Director

Mr. Zain Bashir joined the Board in May 1997. He is also the Vice Chairman of the Company and is a certified director from the Pakistan Institute of Corporate Governance (PICG).

He is on the Board of Landhi Infrastructure Development and Management Company, which is responsible for enhancing the infrastructure of Landhi Industrial Area. In 2009-2010, 2015-2016 & 2018-2019, he remained the Chairman and President of the Landhi Association of Trade and Industry respectively. In 2012-2013, he remained the Chairman of the Pakistan Bedwear Exporters Association. He has also served as the Executive Committee Member of the Landhi Association of Trade and Industry.

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

## MR. MOHAMMED ZAKI BASHIR

### Chief Executive Officer

Mr. Mohammed Zaki Bashir joined Gul Ahmed Textile Mills 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 a member of the Pakistan Textile Council and serves on its board as a director. He is also a member of Young Presidents Organization ("YPO") Pakistan.

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

- Arwen Tech International Limited (FZC) – UAE
- Gul Ahmed Power Company (Private) Limited
- Gul Ahmed International Limited (FZC) – UAE
- GTM (Europe) Limited – UK
- GTM USA Corp. – USA
- Ideas (Private) Limited
- Gul Ahmed Holdings (Private) Limited
- Sky Home USA Corp. –USA
- Pakistan Textile Council

## MR. ZIAD BASHIR

### 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 degree in Entrepreneurial Studies, he has a comprehensive experience of the textile sector and is involved in various developmental and operational activities of the Company.

He is also associated with the Information Technology (IT) industry and has played a key



role in the transformation of the Company's IT infrastructure. He is a certified director from Pakistan Institute of Corporate Governance (PICG).

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

Furthermore, he has served 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 a 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. Amjad 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 inception of the company (seventeen years ago), Dr. Amjad Waheed is the Chief Executive Officer of NBP Fund Management Limited ('NBP Funds'), which is a subsidiary of National Bank of Pakistan and Baltoro Growth Fund as the other joint venture partner. NBP Funds is presently managing 26 Mutual Funds, 6 Pension sub-funds and several Advisory portfolios. Total assets under management of NBP Funds are presently

around Rs.218 billion (As of August 31, 2022). NBP Funds is one of the largest and highest rated Asset Management Company in Pakistan. Before joining NBP Funds, Dr. Amjad Waheed 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, Mehran Sugar, Management Association of Pakistan (MAP), LRBT, BankIslami, Telenor Microfinance Bank, Institute of Financial Markets of Pakistan (IFMP) and International Steels. He has also served as the 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, Syria and Sudan as well as Unilever's Head Office in UK. These preceded senior commercial and financial roles at Unilever Pakistan. He is also a Member of the Board of Directors of Abbott Laboratories Pakistan Limited, National Foods Limited and Standard Chartered Bank Pakistan Limited.

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 Bachelors 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 an independent director on the Board of Directors of Cherat Cement Company Limited and SAMBA Bank Limited respectively. Additionally, she is also a member of Board Risk Committee of the SAMBA Bank Limited. Ms. Zeeba Ansar is a certified director from Pakistan Institute of Corporate Governance.



# Board Committees

## AUDIT COMMITTEE

### 1. Composition

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

### 2. Terms of Reference

The committee shall be responsible for:


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

#### Major judgmental areas:

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










# HUMAN RESOURCE AND REMUNERATION COMMITTEE

## 1. Composition

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

## 2. Terms of Reference

The committee shall be responsible for:

-  Recommend to the Board for consideration and approval a policy framework for determining 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;
-  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.





# Passion to **aspire**

Our aspirations are big, we continue to bring in the best mix of ideas to improve our processes on a daily basis. This year our aspirations rose when we recorded the highest ever profit for the Gul Ahmed Textile group. This was possible through our leadership that never allows us stop dreaming Big.



# Chairman's Review

It gives me immense pleasure to communicate with our valued members and stakeholders to appraise them, as required by the Companies Act, 2017, on the overall performance and effectiveness of the role played by the Board in achieving the Company's objectives.

Major challenges faced by the Company, where the Board has provided strategic guidance included; effects of Russia & Ukraine confrontation; high energy cost; increasing finance cost; uncertainties at economic and political fronts; high inflation; changes in State Bank of Pakistan policies to support textile exports; volatility in PKR Vs US\$ parity; import policy restrictions, etc.

With key agenda of the Board to perform its duties diligently in accordance with the law and uphold the best interest of the Company and its stakeholders, your Board focused on getting the Company ready and equipped, well before time, to manage challenges and mitigate the related risks under all situations. The strategy primarily focused on early conceiving the challenges, associated direct & collateral risks and possible mitigating measures, which helped the Company to be resilient and meet its targets.

Your Board remained fully cognizant of the fact that the success, sustainability 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 its obligations and to guide the management under all conditions, the Board:

a) ensured that the composition of Board reflects mix of varied backgrounds, rich experiences, possessing necessary skills, capabilities, and experience in achieving the Company objectives

b) ensured that the board meetings are held in a congenial atmosphere focusing on achieving the goals encouraging each and every member of the

Board to contribute and deliberate on strategic and governance related topics

c) has developed a mechanism for annual evaluation of the Board's own performance as well as self-evaluation by each member, of overall performance and effectiveness measured and benchmarked against the expectations in the context of strategic objectives set for the Company. Accordingly, the Board 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 also conducted

d) has formed Audit and HR & Remuneration committees with well-defined objectives and these committees focused in particular on management/control risks & HR policies. The Committees also very seriously considered the key findings of internal and external auditors and gave the needed directions

e) strived to maintain and strengthen a high level of corporate governance, transparency, and corporate values.

f) had continuous interaction with the Chief Executive, working effectively during the entire year through its committees.

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.

I, as Chairman of the Board, very confidently conclude that your Board performed effectively with robust oversight and the Board's overall performance and effectiveness has been assessed as effective and satisfactory to provide valuable guidance and to ensure strong governance.

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: September 29, 2022



# Chairman's Review [urdu]

# 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, 2022 together with the auditors' report.

## ECONOMIC AND INDUSTRIAL OVERVIEW

### Global Economy

The global economy has been in a very challenging situation. The world has not fully recovered from the fallout of the Covid 19 pandemic, the war in Ukraine and the sanctions against the Russian Federation had upended the fragile global recovery, pushing up food and commodity prices, exacerbating supply-side shocks, slowing growth globally and exacerbating inflationary pressures worldwide. Further increasing food insecurity and poverty, exacerbating inflation, contributed to tighter financial conditions, increasing financial vulnerability, and heightening policy uncertainties.

Higher-than-expected inflation, especially in the United States and major European economies, has triggered a tightening of global financial conditions. Inflation has also broadened in many economies, reflecting the impact of cost pressures from disrupted supply chains. In order to counter the inflation etc., central banks of major advanced economies had withdrawn monetary support faster than expected, while many in emerging markets and developing economies have started raising interest rates. Geopolitical and economic uncertainties dampened business confidence and investment. Accordingly, growth in emerging market and developing economies remained 3.4% while the growth in global economic slowed down to 2.9%.

### Pakistan's Economy

Economic conditions weakened during fiscal year (FY) 2022 where impressive GDP growth rate of almost 6% was overshadowed by ballooning twin

fiscal and current account deficits. Political instability, high international fuel and food prices and the growing trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR which in turn contributed towards higher inflation in the country. Additionally, delay in reaching IMF agreement resulted in major uncertainty and Moody's downgraded Pakistan credit rating outlook from stable to negative. Moreover, rising commodity prices and a large fiscal deficit had inflated the import bill, putting the country on the verge of a balance of payments crisis. In the month of June, inflation in Pakistan increased to 21.32%, which is the highest in the last 13 years, according to reports.

Consequently, the foreign exchange reserves depleted to \$15.742 billion as on June 30, 2022 compared to all-time high of \$27.228 billion on August 27, 2021. According to data of balance of payment released by the State Bank of Pakistan (SBP), country had posted \$17.41 billion as current account deficit (CAD) for the FY 22, widening of trade deficit to \$48.38 billion during the year under review as compared with the deficit of \$31.07 billion in the preceding fiscal year.

The exports posted an encouraging increase of 25.64% to \$31.79 billion during FY 22 as compared with \$25.30 billion a year ago. Whereas import recorded an increase of 42.21% to \$80.18 billion during FY 22 as compared with \$56.38 billion in FY 21, according to Pakistan Bureau of Statistics (PBS). Record remittances amounting \$31.24 billion during FY 22 as compared with \$29.45 billion in the preceding fiscal year had have failed to curtail the current account deficit. The inflow of foreign private investment into the country fell by 27% to \$1.48

billion during the FY 22 as compared with \$2.03 billion in the preceding fiscal year.

Policy rates, on the other hand, were accordingly revised upward five times during 2021-2022 from 6% to 13.75%. The rates of financing for export industry were also revised upwards where markup rate for export refinance (ERF) and long-term finance (LTFF) were enhanced to 7.5% and 7.0 % respectively by SBP. Further, the rates of Export Finance Scheme (EFS) and LTFF has been linked with SBP Policy Rate through a formula so that any change in Policy Rate is automatically reflected in rates of these refinance schemes.

Despite global and domestic headwinds, FY 22 was well for the Large-Scale Manufacturing (LSM) with a growth of 11.7% against 11.2% in the last year. The growth was also seen as broad-based as 19 out of 22 sectors witnessed growth. On year on year (YoY) basis, LSM increased by 11.5% in June 2022.

### Textile Sector

In line with the global and domestic challenges, the textile sector also witnessed increasing power costs and shortages. Raw material prices remained high with supply chain disruptions and demand pressures during the year. However, despite the challenges faced during the year, Textile industry kept on the upward momentum while registering a growth of 25.5% from \$ 15.4 billion in FY 2021 to \$ 19.33 billion in FY 2022. The growth contributories were mainly Knit wear, Readymade garments, Bed Wear and Cotton Cloth which grew by 34%, 29%, 19% and 27% respectively.

### SCHEME OF RECONSTRUCTION

The Scheme of Arrangement dated May 5, 2021 involving the Gul Ahmed Textile Mills Limited (the Company), Ideas (Private) Limited (Ideas), Worldwide Developers (Private) Limited (WWDL), Grand Industries (Private) Limited (Grand) and Ghafooria Industries (Private) Limited (Ghafooria) was sanctioned by honorable High Court of Sindh through order dated 29th October 2021 effective from January 1, 2021 (the "Effective Date")

On implementation of Scheme:

- The Retail Segment stands de merged and had been amalgamated with and into Ideas. Accordingly, net assets of the retail segment aggregating to Rs. 1,133 million stands transferred to and vested in Ideas against which 113,279,100 ordinary shares of Rs 10 each of Ideas have been issued to the Company.
- The entire undertaking of WWDL, a subsidiary company, stands merged with and into the Company and in consideration thereof the Company has issued 29,838,102 ordinary shares of Rs 10 each and the loans provided to WWDL by its Directors stands adjusted / settled against the issuance of 4,733,350 shares of the Company;
- One immovable property of Grand valued at Rs. 1,500,000 stands merged with and into the Company against which the Company has issued 15,823,087 shares
- Certain immovable properties of Grand valued at Rs. 2,329,965 has been merged with and into Ideas against which the Company has issued 24,578,160 shares;
- One immovable property of Ghafooria valued at Rs. 1,058,000 stands merged with and into the Company against which the Company has issued 11,162,850 shares;
- The share capital of the Company has increased by 103,362,659 shares of Rs. 10 each;
- Capital reserves of the Company has increased by Rs. 8.25 billion.

### PERFORMANCE OVERVIEW

Alhamdulillah, our Company performed well this year. Well timed CAPEX along with a strategic approach in execution to bring changes in capacities, capabilities were in time and worked out well. During the year, our Company was conferred with the required volume of export orders which enabled a full utilization of available capacities. As a result, Company made ever highest sale of Rs. 100 billion and profit before tax of Rs. 10.47 billion. The following comparison of key figures for 2024 and 2021 reveals a



Description	Units	2022	2021 (Restated)
Export sales-indirect (net)	Rs. in millions	90,923	54,224
Local sales	Rs. in millions	9,334	24,550
Gross profit	Rs. in millions	17,368	12,869
Profit before tax (PBT)	Rs. in millions	10,469	5,562
Profit after tax (PAT)	Rs. in millions	8,862	4,424
EBITDA	Rs. in millions	16,112	10,463
Earnings per share (EPS)	Rupees	14.37	7.83
Debt to equity	Time	36:44	41:59
Current ratio	Time	1.15	1.13
Break-up value per share	Rupees	58.01	51.33
Gross profit margin	%	17.32%	16.34%
Profit before tax margin	%	10.44%	7.06%
Profit after tax margin	%	8.84%	5.62%

The above results were achieved despite challenges like unpredictable 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.

Accordingly, the liquidity position showed a similar picture with a quick/acid test ratio of 0.54 (2021: 0.58).

## SUBSEQUENT EVENTS

The Board of Directors of the Company in its meeting held on September 29, 2022 has not recommended any dividend or other appropriation of prior profit.

## FUNDS MANAGEMENT

The Company fully met all its obligation towards lenders, creditors, etc. and there were no delays in repayment of long-term loans and settling other financial obligations. Our Company remained strategic in closing the financing options considering, money & currency market and monetary policy of SBP

As a result of the revival in export demand, resumption of economic activity, additional capacity coming in production and volume of orders, considerable investment in inventory and debtors was made. However, the same was

managed through effective and efficient monitoring of working capital requirements, cash flow forecasts and short-term borrowing levels were kept manageable. Accordingly, our liquidity position showed a marginally better picture with a current ratio of 1.15 (2021: 1.13) and debt to equity ratio of 36.64 (2021: 41.59), as at June 30, 2022. As a result of increased operational level and weakening of PKR, our inventory and short-term borrowing levels went up.

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. 6,505 million (2021: Rs. 892 million) unutilized credit lines and Rs. 1,791 million (2021: Rs. 256 million) cash in hand and balances in banks to cover any temporary gaps.

Capital projects were primarily financed from State Bank long term finance facility at concessional rates and during the year Company obtained 6.1 billion (2021: Rs. 7.6 billion) and repaid Rs. 3.4 billion (2021: Rs. 0.30 billion)

## BUSINESS SEGMENTS

### SPINNING

Further investments capacity, back processes for creating additional capabilities in the spinning segment resulted in sales increase by 45.34% to Rs. 38.14 billion, while gross profit and operating profit increased by more than 100% when compared with to last year.

Spinning	June-22	June-21	Change Percent
	Rs. '000		
Sales	38,143,981	26,245,505	45.34%
Cost of sales	25,663,810	20,821,751	23.25%
Gross profit	12,480,171	5,423,754	130.10%
Distribution cost and Administrative cost	494,470	279,757	76.75%
Profit before tax and other operating costs	11,985,701	5,143,997	133.00%

With further expansion in progress with

state-of-the-art technology as well as balancing of back processes, the Management is confident that this segment will continue to operate at full capacity and would continue to be one of the major contributory in top as well as bottom line.

## WEAVING

Weaving	June-22	June-21	Change Percent
Rs. '000			
Sales	5,353,120	4,299,161	24.52%
Cost of sales	4,400,212	3,323,389	32.40%
Gross profit	952,908	975,772	-2.34%
Distribution cost and Administrative cost	135,136	125,467	7.71%
Profit before tax and other operating costs	817,772	850,305	-3.83%

This business segment primarily caters to in-house requirements, though a portion is also offered for commercial weaving over and above weaving and selling some quantity of specialized fabrics. The mix of capacity used for internal and commercial using depends on the quality of fabric to be produced, availability of commercial looms in market as well as weaving charges.

The balancing and modernization in the segment have resulted in sales revenue increased by 24.52% when compared with last year. However, due to change in internal pricing formula as well as higher number of looms available for commercial weaving the bottom-line change is not aligned with top line change.

## PROCESSING, HOME TEXTILE AND APPAREL

This segment deals in the processing of value-added textiles, which are mainly exported, and a thin quantity is also sold in the local market comprising of leftovers. Globally, but more in Europe & USA, due to supply chain disruption, higher energy cost, higher inflation, reduction in disposal income caused due to Russia and Ukraine confrontation, though volume of export was increased but there was pressure on prices and higher shipment cost which we could not sustain. The other factor which has dented the profit was the PKR Vs \$ parity. The profit of the segment would have been much higher but for reasons mentioned.

Processing, Home Textile & Apparel	June-22	June-21	Change Percent
Rs. '000			
Sales	70,552,794	56,882,696	26.14%
Cost of sales	66,618,203	53,224,237	27.44%
Gross profit	3,934,591	3,658,459	7.55%
Distribution cost and Administrative cost	3,548,796	2,987,197	18.43%
Profit before tax and other operating costs	385,796	671,262	-40.87%

## MANAGEMENT OBJECTIVES AND STRATEGIES

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

Our objectives and related strategies are discussed separately in detail on page 15 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 84 and 85 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. 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, import policy & restrictions thereunder, change in utilities rate, markup rates etc. These risks are managed by planning stock levels and purchasing through various sources at a time and intervals found appropriate, optimising working capital and financing requirements etc. 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**

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 including but not limited to debts servicing.

The Risk Management System of the Company comprises:

#### **THE BOARD OF DIRECTORS AND ITS COMMITTEES**

The Board periodically reviews major risks faced by the business and takes actions where required. Whereas, the Audit Committee reviews financial and compliance risks. The Remuneration and Human Resource Committee reviews compensation and reward policies to ensure that these are competitive and are effective for 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 34-35 of the Annual Report.

#### **POLICIES AND PROCEDURES**

The Board has established and 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 87 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 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 function to maximize a competitive edge. Understanding its importance, the Company has also invested in its IT framework which is upgraded as and when required. Better systems and use of technology have strengthened the control environment and have made financial and operational reporting more accurate while providing an opportunity to continuously improve business processes.

The Company has upgraded Oracle EBS to latest version and transition of data to Oracle Cloud for data storage also completed in August 2022. To encounter cyber risks and have robust strategy in place, two independent consultants were engaged during the year and all their recommendations were implemented. The monitoring by one of such consultants has been continued throughout the year to identify any possible risks to our data. Decision making as the acquisition of a platform for dashboards is in process and we hope to have the chosen solution by December 2022.

#### IT GOVERNANCE POLICY

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

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

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

#### BUSINESS CONTINUITY PLAN (BCP)

We are amongst the largest composite textile

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

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

#### SAFETY OF RECORDS

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

EMC VNX series storage has been successfully deployed and remote backup sites of all primary data have also been established as an alternate over and above the storage of data on Oracle Cloud.

#### CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is discussed in detail on page 85 of the Annual Report.

#### HOLDING COMPANY

The Company continues to be the subsidiary of Gul Ahmed Holdings (Private) Limited (the Holding Company) which owns 55.86% shares of the Company.

#### SUBSIDIARY COMPANIES

The Company has the following direct and indirect wholly owned subsidiaries that are

engaged in trading of textile-related products and serving the customers:

1. Gul Ahmed International Limited (FZC)

incorporated in UAE on December 11, 2002 is a wholly owned subsidiary of the Company

2. Ideas (Private) Limited ("Ideas") incorporated in Pakistan on December 27, 2004 is a wholly owned subsidiary of the Company. The retail business of the Company was transferred to Ideas with all related assets and liabilities under the Scheme of Arrangement ("Scheme") effective January 01, 2021.

3. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).

4. GTM USA Corp. incorporated in United States of America (USA) on March 19, 2012 is a wholly owned subsidiary of GTM (Europe) Limited.

5. Sky Home Corporation incorporated in USA on February 28, 2017 is a wholly owned subsidiary of GTM (Europe) Limited.

6. JCCO 406 Limited incorporated in USA on September 29, 2017 is a wholly owned subsidiary of GTM (Europe) Limited.

7. Vantona Home Limited Incorporated in UK on April 22, 2013 is a wholly owned subsidiary of JCCO 406 Limited.

## CODE OF CORPORATE GOVERNANCE (CCG)

The management of the Company is committed to 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, 2022 is Rs. 1.49 billion (FY2021: as per audited accounts Rs. 1.47 billion)

■ 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 guidelines.

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.

Furthermore, there is an approved Code of 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 approval.

## CEO'S PERFORMANCE REVIEW

Each year the Board establishes a list of goals and strategies aligned to achieve the mission of the Company and 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 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.

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



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

The Annual General Meeting of the Company was held on November 27, 2021. All the following agenda items of the meeting were approved without any specific issues raised by the members:

1. Audited consolidated and unconsolidated financial statements for the year ended June 30, 2021 together with the Directors' and Auditors' report thereon.

2. Appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants as statutory auditors for the year ending June 30, 2022 and fixation of their remuneration.

## AUDITORS

The present auditors of the Company Messrs. Kreston Hyder Bhimji & Co., Chartered Accountants have completed the annual audit for the year ended June 30, 2022 and have issued an unqualified audit report. The auditors will retire at the conclusion of the Annual General Meeting scheduled to be held on 27 October 2022. The Board has recommended Messrs. KPMG Taseer Hadi & Co, Chartered Accountants, for appointment as auditors of the Company for the year to be ended on June 30, 2023 in place of the retiring auditors.

The Board, for the outgoing auditors, wishes to place on record its appreciation for their valuable services rendered to the Company.

## CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended June 30, 2022 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) UAE, Ideas (Pvt) Ltd. GTM (Europe) Limited UK, GTM USA Corporation USA, Sky Home Corporation USA, and Vantona Home Limited, UK, are attached.

## PATTERN OF SHAREHOLDING

Please refer page 185 of the Annual Report.

## FORWARD LOOKING STATEMENT

The Company's business is closely associated with economic conditions in Pakistan and its exporting/importing countries. Post COVID-19, the landscape for international trade has further changed due to geopolitical situation of the World, specifically in the light of Russia and Ukraine confrontation.

Accordingly, the domestic economic conditions are fast changing with higher energy cost, supply chain disruptions, increased finance cost, higher inflation etc. In addition, effects of recent floods in the country are likely to unfold in short run. 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. Accordingly, strategies are in place and are 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

Higher energy and food prices, rising inflationary pressures and slowing growth in the United States, the European Union and China, the global growth prospects are weakening. A growing number of developing countries including several least developed countries, facing stagnant growth prospects and rising risks to sustainable development, amid high levels of debt distress. This outlook is compounded by worsening food insecurity, especially in Africa and Western Asia.

On the other hand, in Europe, geopolitical and energy security concerns have moved to the top

of the political agenda amid the spike in energy prices. The decline in real incomes is particularly pronounced in developing countries, where poverty is more prevalent, wage growth remains constrained, and fiscal support measures to alleviate the impact of higher oil and food prices on the vulnerable groups are more limited.

Under these circumstances, the IMF is dubbing the world's economic outlook "gloomy and more uncertain" and expects the world economy to grow by 3.2% in 2022. The World Bank has slashed its 2022 global growth outlook to 2.9% from an earlier estimate of 4.1%, citing similar macroeconomic pressures. Asian Development Bank (ADB) has also revised the growth forecasts for developing Asia from 5.2% to 4.6% for 2022 and from 5.3% to 5.2% for 2023. Whereas the inflation forecast for developing Asia has been revised up, from 3.7% to 4.2% for 2022 and from 3.1% to 3.5% for 2023, amid higher fuel and food prices.

In addition to the global economic conditions, Pakistan is domestically facing significant economic uncertainties in the light of devastating monsoon season and tough economic conditions attached to the IMF program. As per the recent review report from IMF, tight economic policies are being implemented including increases in taxes and withdrawal of subsidies. The country's GDP growth is expected to remain 3.5% where as inflation is expected to be at 19.9% for FY 2023.

According to analysts and economists, under the recurrent cycle of boom and bust, Pakistan's economy has hit hard the bottom and is set to rebound with a requirement for foreign financing estimated at a much lower \$32 billion than previously projected for the current FY 2023. Accordingly, the current account deficit (CAD) is anticipated to cut sharply to \$8.7 billion against consensus for \$10-15 billion for FY23.

However, projected economic growth is projected to slow down to 3.8% compared to the government target of 5% for FY23. Tightening of fiscal policy and monetary policy, falling global commodity prices and the market-driven rupee-dollar exchange rate has significantly improved the outlook on current account. However, exports are likely to slow down to \$30

billion, and workers' remittances to remain steady at \$32 billion in FY23.

The key challenges, as conceived by the management and have started to become visible including higher energy cost; exorbitant increase in finance cost; historically higher inflation; depreciation of PKR & corresponding increase in raw material prices; pressure on sale prices due to higher inflation and reduction in disposal income globally and imposition of new/enhanced taxes. The tax rate for textile and few other sectors is higher by 250% when compared with remaining sectors. The higher taxation will impact the injection of working capital by the Company itself and increasing reliance on commercial borrowings.

Under these circumstances, the strategy of the Board is to invest in capabilities, people, processes, structures, and technology to navigate the risks arising from an evolving and fraught geopolitical landscape and make best efforts to keep Company on sound and sustainable track.

## 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  
September 29, 2022  
Karachi

**Mohomed Bashir**  
Chairman

**Mohammed Zaki Bashir**  
Chief Executive Officer

# **Directors' Report to the Shareholders [urdu] 07**



# Directors' Report to the Shareholders [urdu] 06

# **Directors' Report to the Shareholders [urdu] 05**

# Directors' Report to the Shareholders [urdu] 04



# **Directors' Report to the Shareholders [urdu] 03**

# Directors' Report to the Shareholders [urdu] 02

# **Directors' Report to the Shareholders [urdu] 01**



A photograph taken from inside a tent, looking out through the open entrance. The tent's interior is visible, with orange and red fabric walls and a blue sleeping bag in the foreground. Outside, a majestic mountain range is visible under a sky with soft, golden light from the sun, which is partially obscured by clouds. The mountains have sharp, rocky peaks and some green slopes. A body of water is visible in the distance on the left.

# Passion to sustain

At the heart of Gul Ahmed is our awareness and concern for the environment. This awareness is why we have work diligently to bring sustainability as an operating principle in each and every process. A great example of this drive is the success seen in renovating Our facilities for reusing treated water in all processes thereby reducing our carbon footprint. Gul Ahmed is the leader in the textile industry in bringing efficiencies through resource management while setting an example for the industry by sustaining our environment.



# Sustainability Report

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

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

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

As a socially responsible entity, Gul Ahmed Textiles Mills Limited (the Company) recognizes

its duty towards the safety and protection of the environment. Safeguarding the environment for the human race is of utmost importance to the Company. The Sustainability Policy of the Company provides the guidelines for maintaining coherence to conduct nature-friendly practices. This report updates the stakeholders about the steps taken by the Company to ensure compliance.

## Better Cotton Initiative (BCI)

BCI is a 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

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 26,660 tones in FY 2022 and 18,996 tones in FY 2021.

## Organic Cotton

Organic cotton cultivation is a production system that sustains the health of soils, ecosystems and

people. It works in synergy with ecological processes; local biodiversity and cycles adapted to the local conditions, instead of using synthetic inputs which affect humans and the environment adversely. It combines tradition, innovation and science to benefit the shared environment and improve quality of life for all involved. The demand and supply of organic cotton fiber products has grown considerably in recent years, indicating strong interest from both global retail markets and farmers in growing cotton organically. Some geographies of Pakistan are naturally fertile and free of chemical contaminations and therefore holds huge potential for organic cotton cultivation at a large-scale. Valuing the existing demand and potential of organic cotton cultivation, the Company, the Financing Partner and WWF-Pakistan have agreed to joint their resources and efforts to implement the project "Organic Cotton Cultivation, i.e., reforming the Economic & Environmental Status" under this agreement.

The period of agreement is 5 years and amount of investment to be made by Gul Ahmed is Rs, 156.083 million scattered over five years

### **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. 9.2 billion in FY 2022 (FY 2022: 8.8 billion) in various federal, provincial and local taxes, rates and duties.

### **Education**

Being a strong advocate of imparting quality education in today's era, the Company is a regular contributor to the "Fellowship Fund for Pakistan" and often 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, "KheloCricket" for women cricketers, and commemorating Women's Day in Gul Ahmed 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 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 Industrial or Residential as well as weekly scheduling of drinking water supply. Considering the importance of energy and water and to cater energy and water needs, the Company has been heavily investing in power generation which includes installation of turbines, fuel-efficient generators and addition of energy-efficient machines to our various manufacturing units, as well as using and converting to processes and 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.

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

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

### Solar Power Generation

As part of green initiatives, Company has installed 20 MW Solar Power project during 2021 with the investment of 34.2 million on a selected site.

### Caustic Recovery Plant

The Company has installed two Caustic Recovery Plants (CRP) at its processing facility to recover caustic from weak lye generated from the newly installed mercerizing machines. CRP helps in recovering caustic from 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.

### Amount invested/spent:

Amount of investment made/committed by Company, in strategic initiatives, during FY 2021 and 2022 were as under:

Wastewater Treatment	Rs. 658.36 million
Solar Power Plant	Rs. 34.20 million
Organic Cotton	Rs. 156.083 million
Philanthropist activities	Rs. 21.2 million

# Audit Committee Report

## The Audit Committee (the Committee) has concluded its annual review of the conduct and operations of the Company during 2022 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, 2022, 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 action or bringing the matters to the Board's attention where required.
- ▮ The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to the management and the right to seek information and explanations.
- ▮ Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## EXTERNAL AUDITORS

- ▮ The statutory Auditors of the Company, Kreston Hyder Bhimji & Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2022 and shall retire on the

conclusion of the 70th 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, 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 70th Annual General Meeting scheduled for October 27, 2022.

**Ehsan A. Malik**

Chairman Audit Committee

Karachi:

September 29, 2022



# Financial Highlights

## Profit & Loss

		2022	2021	2020	2019	2018	2017
Sales	Rs. Million	100,257	78,774	53,941	57,288	45,626	40,066
Gross profit	Rs. Million	17,368	12,869	9,069	11,982	9,576	7,207
Operating profit	Rs. Million	13,138	7,506	1,932	5,482	3,315	1,686
Earnings before interest and tax	Rs. Million	13,138	7,506	1,932	5,482	3,315	1,686
loss before tax	Rs. Million	10,469	5,562	(76)	4,008	2,328	809
Profit / (loss) after tax	Rs. Million	8,862	4,425	(479)	3,609	2,075	818
Cash dividend	Rs. Million	-	428	891	891	891	356
Bonus share	Rs. Million	-	856	713	-	-	-

## Balance Sheet

Property, plant and equipment	Rs. Million	45,842	38,351	23,936	18,994	16,104	15,969
Intangible	Rs. Million	52	78	90	45	24	34
Long term investment, loans, advances and deposits	Rs. Million	4,193	3,747	2,862	492	299	291
Net current assets	Rs. Million	8,372	5,540	1,017	4,819	3,193	2,088
Total assets employed	Rs. Million	58,459	47,716	27,905	24,350	19,620	18,382

## Represented by:

Share capital	Rs. Million	6,167	5,312	4,278	3,565	3,565	3,565
Reserves	Rs. Million	29,966	21,952	9,685	11,768	9,056	7,349
Shareholders' equity	Rs. Million	36,133	27,264	13,963	15,333	12,621	10,914
Long term loans	Rs. Million	20,551	18,571	13,446	8,857	6,912	7,146
Deferred liabilities	Rs. Million	753	413	172	158	87	322
Total capital employed	Rs. Million	57,437	46,248	27,581	24,348	19,620	18,382

## Cash Flow Statement

Operating activities	Rs. Million	3,512	(1,635)	(20)	160	(1,083)	2,071
Investing activities	Rs. Million	(10,664)	(9,867)	(8,806)	(4,899)	(1,956)	(5,275)
Financing activities	Rs. Million	2,432	6,837	2,298	875	100	4,097
Cash and cash equivalents at the end of the year	Rs. Million	(33,571)	(28,852)	(24,998)	(18,470)	(14,606)	(11,665)

# Financial Ratios

## Profitability ratios

		2022	2021	2020	2019	2018	2017
Gross profit ratio	%	17.32	16.34	16.81	20.92	20.99	17.99
Operating leverage ratio	Times	2.70	6.27	11.09	2.56	6.96	(1.03)
EBITDA margin to sales	%	15.96	12.87	7.61	12.99	11.37	8.16
Net profit to sales	%	8.84	5.62	(0.89)	6.30	4.55	2.04
Return on equity	%	27.96	21.46	(3.27)	25.82	17.63	8.34
Return on capital employed	%	25.13	20.33	7.44	24.94	17.45	10.52

## Liquidity ratios

Current ratio		1.15	1.13	1.03	1.16	1.14	1.11
Quick / acid test ratio		0.54	0.58	0.30	0.39	0.40	0.37
Cash to current liabilities		0.03	0.01	0.01	0.02	0.02	0.01
Cash flow from operations to sales		0.04	(0.02)	(0.00)	0.00	(0.02)	0.05

## Capital structure ratios

Financial leverage ratio		1.64	1.84	2.82	1.89	1.85	1.81
Weighted average cost of debt		4.68	4.34	5.87	4.54	3.57	3.87
Debt to equity ratio		2.36	0.41	0.49	0.37	0.35	0.40
Interest cover ratio		4.92	3.86	0.96	3.72	3.36	1.92

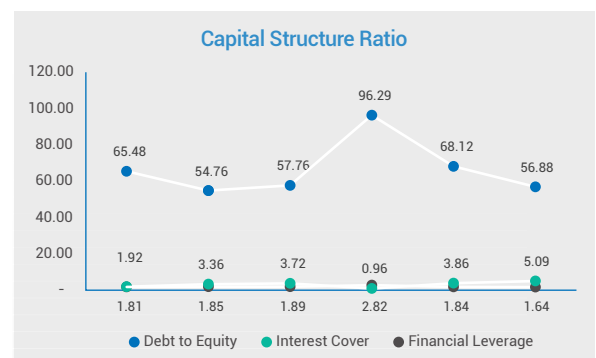
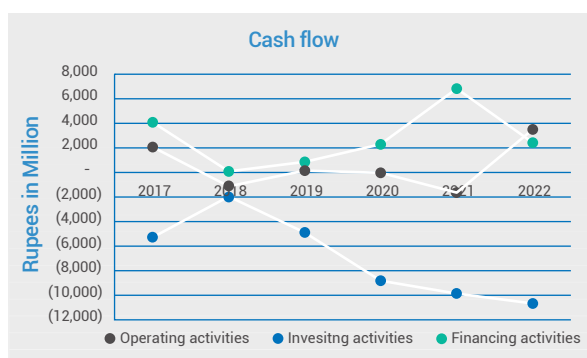
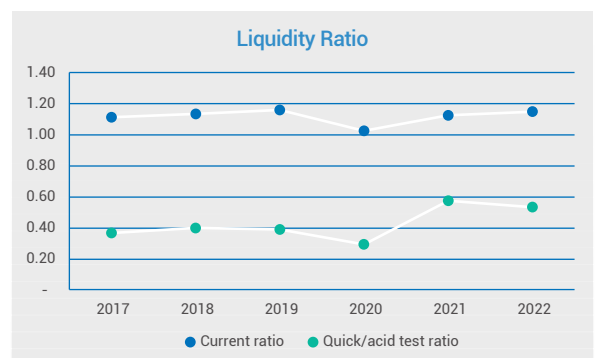
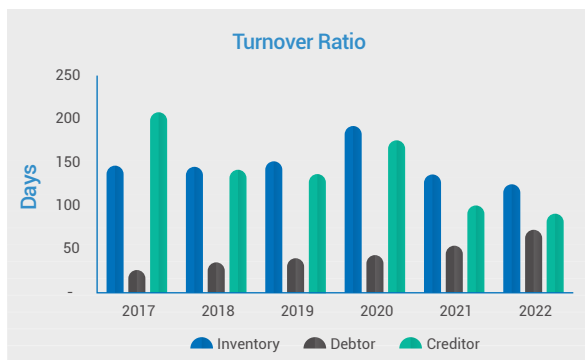
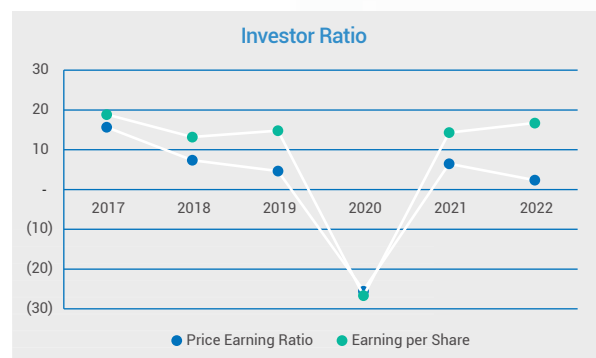
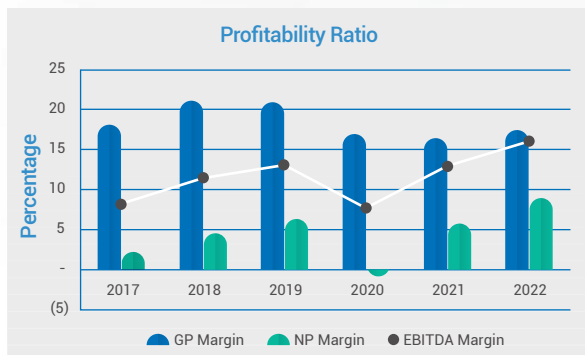
## Turnover ratios

Inventory	Days	125	136	192	151	145	146
Inventory turnover ratio		2.93	2.68	1.90	2.42	2.52	2.50
Debtor	Days	72	54	43	40	35	26
Debtor turnover ratio		5.04	6.74	8.45	9.19	10.44	14.04
Creditors	Days	94	100	175	136	142	208
Creditors turnover ratio		3.97	3.25	1.83	2.44	2.46	1.79
Fixed assets turnover ratio		2.19	2.05	2.25	3.02	2.83	2.51
Total assets turnover ratio		0.87	0.86	0.81	1.05	1.05	1.09
Operating cycle	Days	104	90	60	54	38	(35)

## Investor information

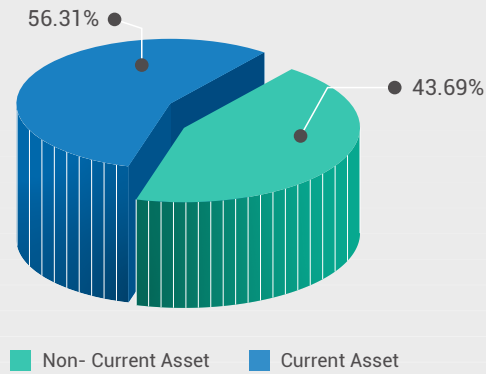
Earnings per share	Rupees	14.37	7.83	(1.12)	10.12	5.82	2.50
Price earning ratio		2.35	6.48	(25.56)	4.65	7.38	16.36
Price to book ratio		0.18	0.29	0.18	0.31	0.35	0.40
Dividend yeild ratio		-	0.02	0.09	0.05	0.06	0.02
Cash dividend per share	Rupees	-	1.00	2.50	2.50	2.50	1.00
Bonus shares issued	%	-	2.00	2.00	-	-	-
Dividend payout ratio	%	-	0.13	0.25	0.43	1.00	0.26
Dividend cover ratio	Times	-	7.83	(0.45)	4.05	2.33	2.50
Break - up value per share	Rupees	58.59	51.33	32.64	43.01	35.40	33.40
Market value per share							
at the end of the year	Rupees	33.81	50.73	28.63	47.12	42.93	40.98
high during the year.	Rupees	60.80	58.32	49.62	58.40	49.50	61.20
low during the year	Rupees	32.80	28.93	21.45	38.25	32.52	36.00
EBITDA	Rs. Million	16,112	10,141	4,103	7,442	5,186	3,267

# Graphical Analysis

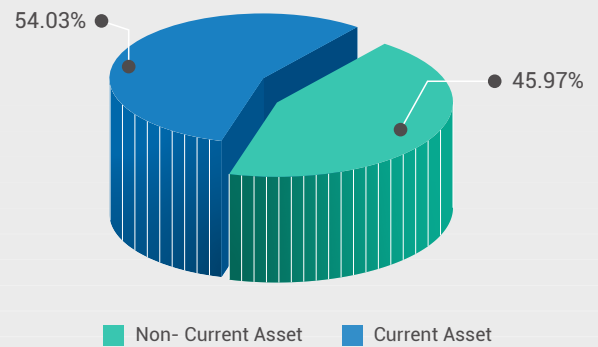




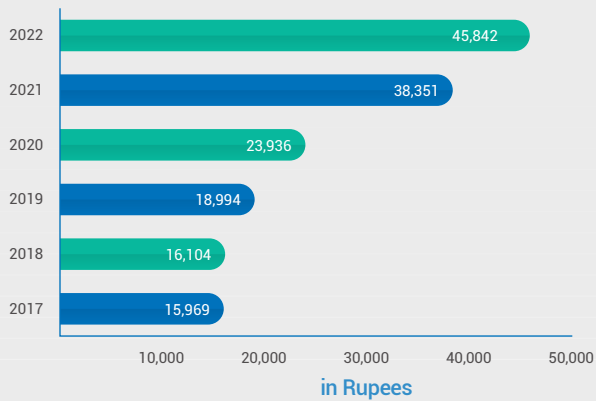
Assets 2022



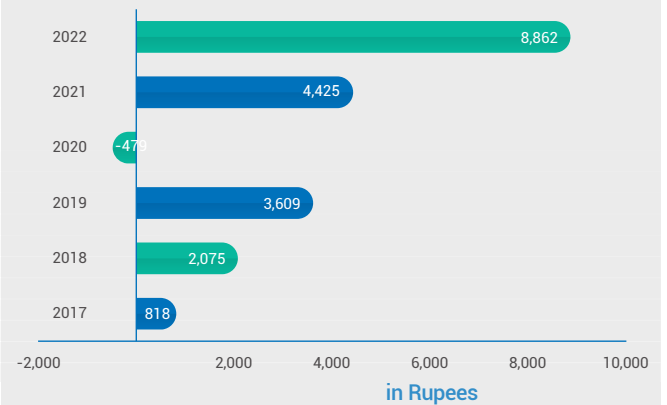
Assets 2021



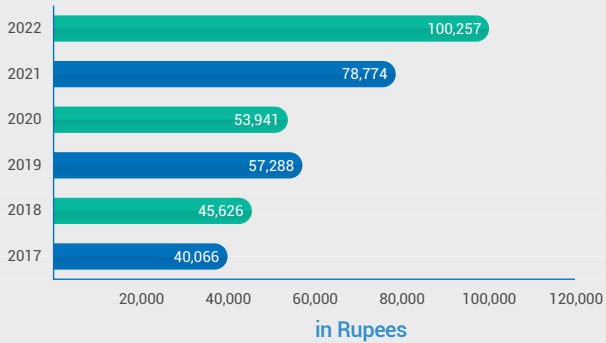
Fixed Assets Growth



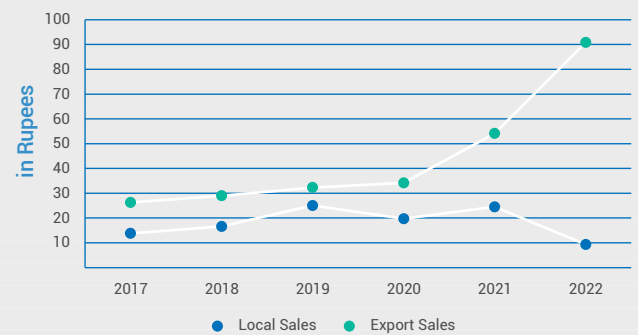
Profit after Tax



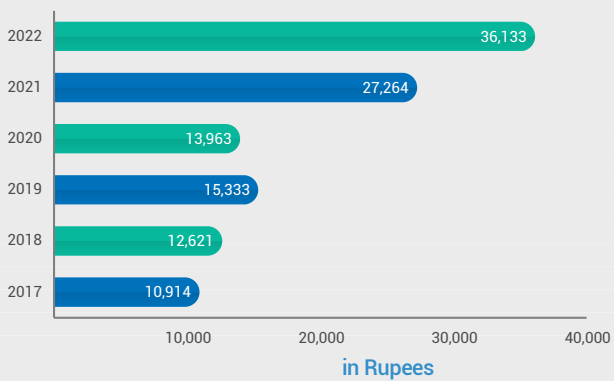
Sales Growth



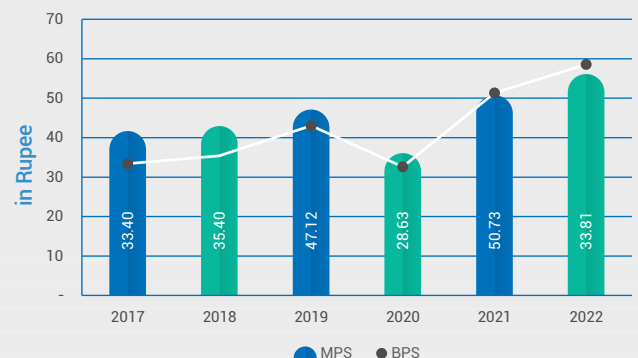
Local and Export Sales



Equity Growth



Market and Break Value per share

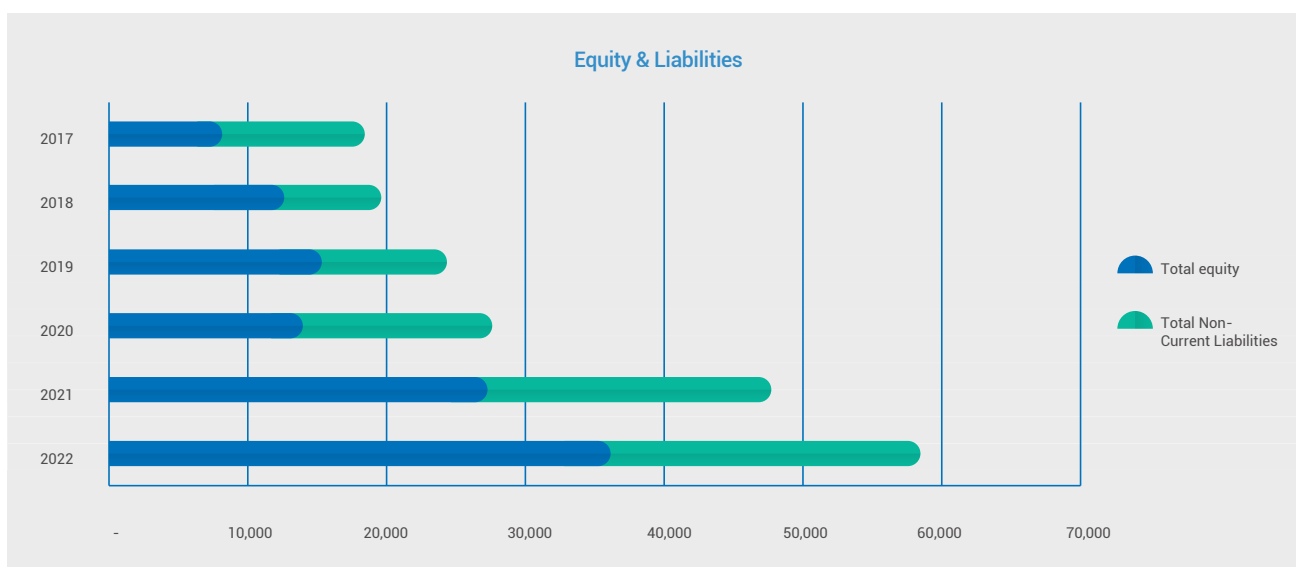


# Horizontal Analysis of Financial Statements

	2022	2021	2020	2019	2018	2017
<b>Balance Sheet</b>						
Total equity	36,133,299	27,263,246	13,963,200	15,333,213	12,620,727	10,913,917
Total non-current liabilities	22,324,425	20,451,900	13,652,747	9,014,948	6,998,726	7,468,625
Total current liabilities	56,185,077	44,022,484	38,504,346	30,104,046	23,643,992	18,336,130
Total equity and liabilities	114,642,801	91,737,630	66,120,293	54,452,206	43,263,445	36,718,672
Total non-current assets	50,086,803	42,176,442	26,887,087	19,530,496	16,427,027	16,294,109
Total current assets	64,555,997	49,561,188	39,519,947	34,921,711	26,836,418	20,424,563
Total assets	114,642,800	91,737,630	66,407,034	54,452,207	43,263,445	36,718,672

## Profit & loss account

Net sales	100,256,957	78,774,072	53,941,017	57,287,837	45,625,872	40,065,605
Cost of sales	(82,889,287)	(65,905,464)	(44,871,541)	(45,305,673)	(36,049,884)	(32,858,312)
Gross profit	17,367,670	12,868,608	9,069,476	11,982,164	9,575,988	7,207,293
Distribution expenses	(2,220,600)	(3,329,125)	(4,528,465)	(4,648,383)	(3,940,730)	(3,483,858)
Administrative expenses	(1,957,801)	(2,375,413)	(2,712,937)	(2,677,242)	(2,310,347)	(2,304,764)
Other expenses	(860,379)	(519,122)	(264,192)	(311,783)	(208,043)	(58,377)
Other income	809,089	860,899	367,679	1,137,104	198,601	326,055
Operating profit	13,137,979	7,505,847	1,931,561	5,481,860	3,315,469	1,686,349
Financial expenses	(2,669,400)	(1,944,058)	(2,007,673)	(1,473,407)	(987,076)	(877,587)
Profit before taxation	10,468,579	5,561,789	(76,112)	4,008,453	2,328,393	808,762
Income tax expense	(1,606,932)	(1,137,249)	(403,253)	(399,233)	(253,420)	9,660
Profit for the year	8,861,647	4,424,540	(479,365)	3,609,220	2,074,973	818,422



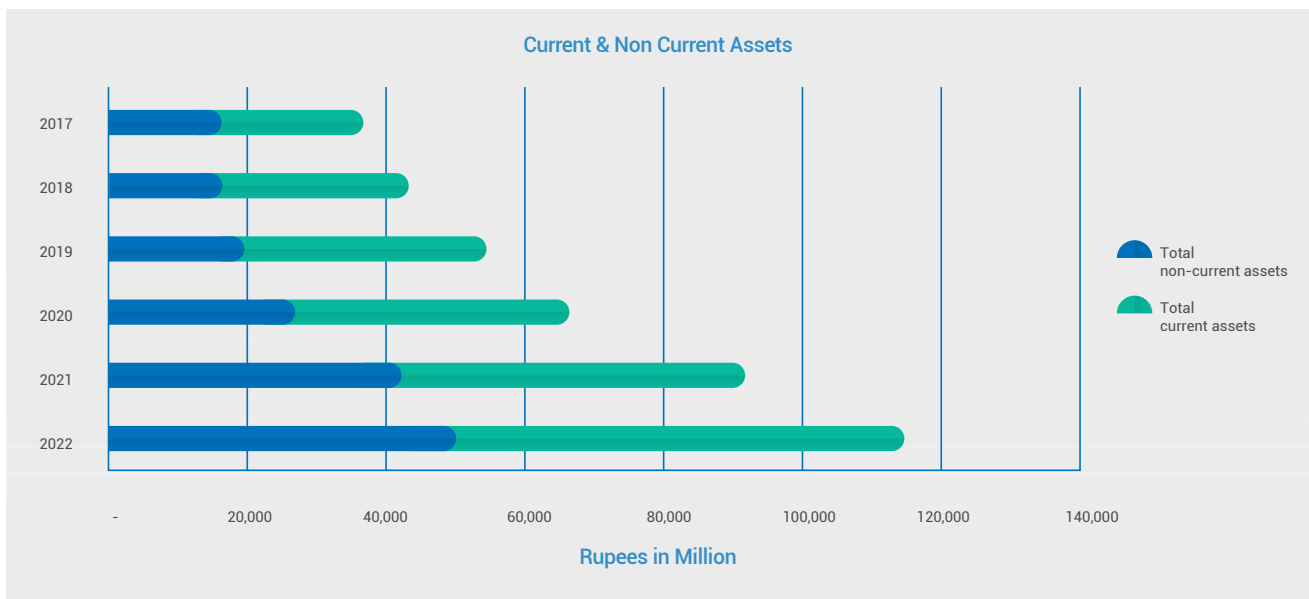
2022 2021 2020 2019 2018 2017

## Balance Sheet

Total equity	32.53	95.25	(8.93)	21.49	15.64	25.18
Total non-current liabilities	9.16	49.80	51.45	28.81	(6.29)	50.10
Total current liabilities	27.63	14.33	27.90	27.32	28.95	(0.75)
Total equity and liabilities	24.97	38.74	21.43	25.86	17.82	14.14
Total non-current assets	18.76	56.87	37.67	18.89	0.82	32.48
Total current assets	30.26	25.41	13.17	30.13	31.39	2.79
Total assets	24.97	38.14	21.95	25.86	17.82	14.14

## Profit & loss account

Net sales	27.27	46.04	(5.84)	25.56	13.88	24.14
Cost of sales	25.77	46.88	(0.96)	25.67	9.71	31.60
Gross profit	34.96	41.89	(24.31)	25.13	32.87	(1.35)
Distribution expenses	(33.30)	(26.48)	(2.58)	17.96	13.11	7.45
Administrative expenses	(17.58)	(12.44)	1.33	15.88	0.24	25.67
Other expenses	65.74	96.49	(15.26)	49.86	256.38	(57.56)
Other income	(6.02)	134.14	(67.67)	472.56	(39.09)	113.75
Operating profit	75.04	288.59	(64.76)	65.34	96.61	(24.88)
Financial expenses	37.31	(3.17)	36.26	49.27	12.48	(3.61)
Profit before taxation	88.22	(7,407.37)	(101.90)	72.16	187.90	(39.40)
Income tax expense	41.30	182.02	1.01	57.54	(2,723.40)	(105.00)
Profit for the year	100.28	(1,023.00)	(113.28)	73.94	153.53	(28.30)



# Vertical Analysis of Financial Statements

## Balance Sheet

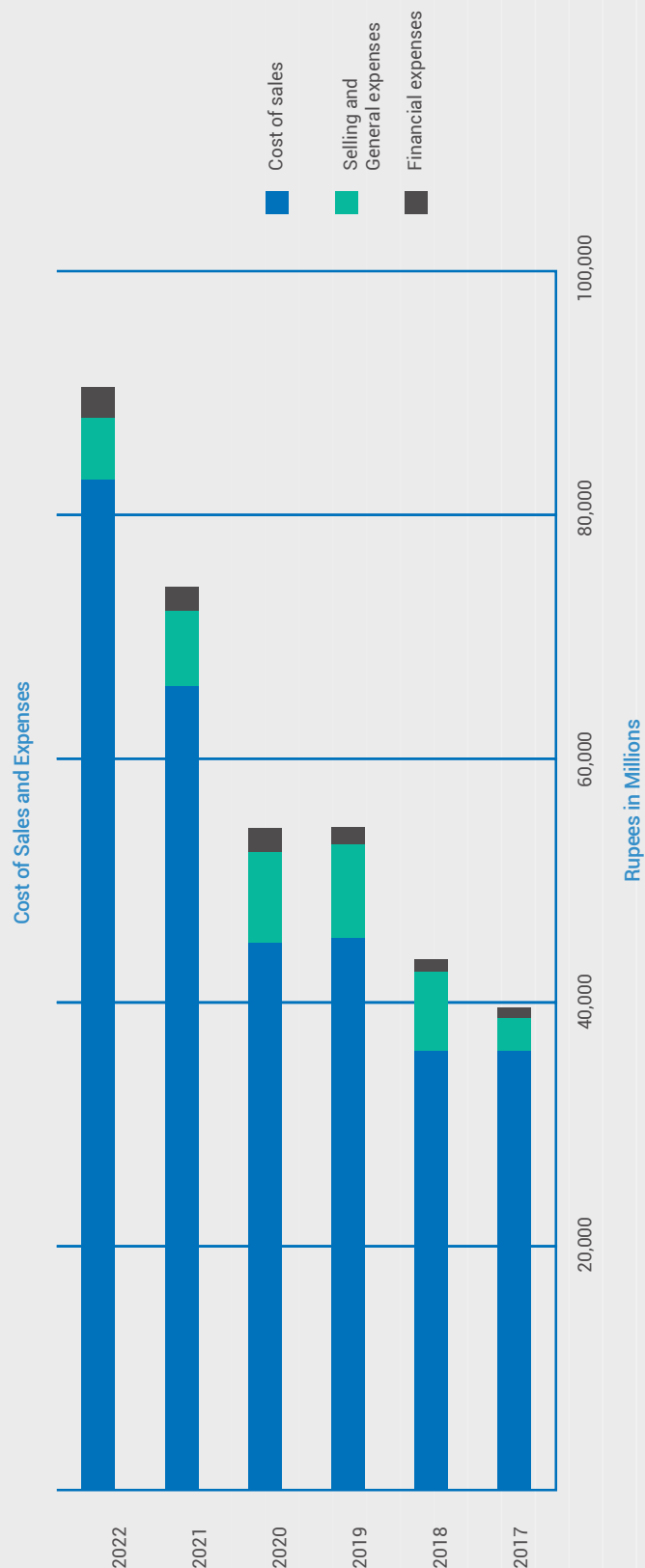
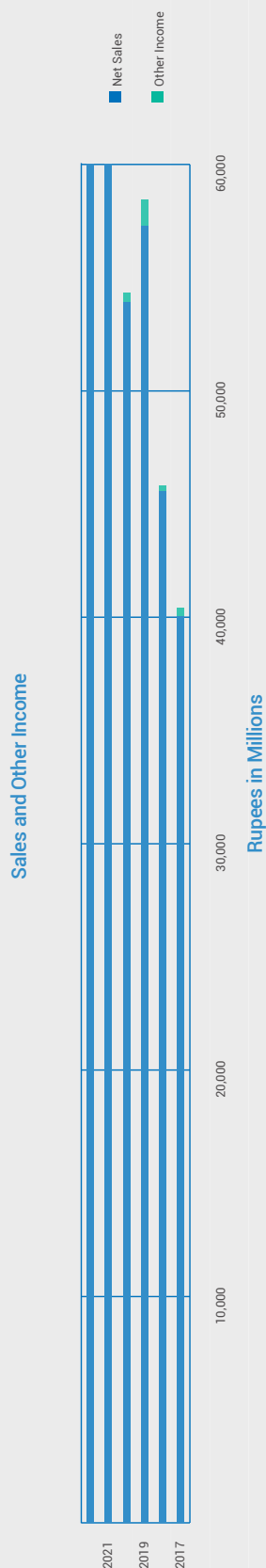
	2022		2021		2020		2019		2018		2017
	Rs. in 'ooo	%	Rs. in 'ooo	%	Rs. in 'ooo	%	Rs. in 'ooo	%	Rs. in 'ooo	%	Rs. in 'ooo
Total equity	36,133,299	31.52	27,263,246	29.72	13,963,200	21.12	15,333,213	28.16	12,620,727	29.17	10,913,917
Total non-current liabilities	22,324,425	19.47	20,451,900	22.29	13,652,747	20.65	9,014,948	16.56	6,998,726	16.18	7,468,625
Total current liabilities	56,185,077	49.01	44,022,484	47.99	38,504,346	58.23	30,104,046	55.29	23,643,992	54.65	18,336,130
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Total non-current assets	50,086,803	43.69	42,176,442	45.98	26,887,087	40.49	19,530,496	35.87	16,427,027	37.97	16,294,109
Total current assets	64,555,997	56.31	49,561,188	54.02	39,519,947	59.51	34,921,711	64.13	26,836,418	62.03	20,424,563
Total assets	114,642,800	100.00	91,737,630	100.00	66,407,034	100.00	54,452,207	100.00	43,263,445	100.00	36,718,672

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Cost of sales	(82,889,287)	(82.68)	(65,905,464)	(83.66)	(44,871,541)	(83.19)	(45,305,673)	(79.08)	(36,049,884)	(79.01)	(32,858,312)
Gross profit	17,367,670	17.32	12,868,608	16.34	9,069,476	16.81	11,982,164	20.92	9,575,988	20.99	7,207,293
Distribution expenses	(2,220,600)	(2.21)	(3,329,125)	(4.23)	(4,528,465)	(8.40)	(4,648,383)	(8.11)	(3,940,730)	(8.64)	(3,483,858)
Administrative expenses	(1,957,801)	(1.95)	(2,375,413)	(3.02)	(2,712,937)	(5.03)	(2,677,242)	(4.67)	(2,310,347)	(5.06)	(2,304,764)
Other expense	(860,379)	(0.86)	(519,122)	(0.66)	(264,192)	(0.49)	(311,783)	(0.54)	(208,043)	(0.46)	(58,377)
Other income	809,089	0.70	860,899	1.09	367,679	0.68	1,137,104	1.98	198,601	0.44	326,055
Operating profit	13,137,979	12.99	7,505,847	9.53	1,931,561	3.58	5,481,860	9.57	3,315,469	7.27	1,686,349
Financial expenses	(2,669,400)	(2.55)	(1,944,058)	(2.47)	(2,007,673)	(3.72)	(1,473,407)	(2.57)	(987,076)	(2.16)	(877,587)
Profit before taxation	10,468,579	10.44	5,561,789	7.06	(76,112)	(0.14)	4,008,453	7.00	2,328,393	5.10	808,762
Income tax expense	(1,606,932)	(1.60)	(1,137,249)	(1.44)	(403,253)	(0.75)	(399,233)	(0.70)	(253,420)	(0.56)	9,660
Profit for the year	8,861,647	8.84	4,424,540	5.62	(479,365)	(0.89)	3,609,220	6.30	2,074,973	4.55	818,422



# Vertical Analysis of Financial Statements



# Comments on Financial Analysis

## EQUITY AND LIABILITIES

### • Shareholders' Equity

Total equity of the Company has increased by Rs. 8.87 billion as compared to the prior year due to the turnaround sales volume/value and profitability. As at June 30, 2022, total equity was Rs. 36.13 billion which indicates a growth of around 414.46% over the last six years. During 2021 the reserves were improved on account of profitability earned as well as reserve created on the implementation of Scheme of Merger. The increase in reserves during current year is only due to higher profit earned.

### ▮ Non-current Liabilities

Due to the management's strategic decision to capture low markup rates financing, which would remain locked over the term of loan, the Company obtained further long-term financing of Rs. 6.11 billion under the State Bank of Pakistan's (SBP) concessionary financing for textile exporters as compared to Rs 7.67 billion during 2021. The servicing of medium-term financing availed under the SBP scheme to support employment included in above figure was on time. Company started repayment of loan after availing the deferment permitted by State Bank of Pakistan and Rs. 3.39 billion was repaid during the year as per agreed terms. Though long-term loans have increased substantially over the years but the increase 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 2019.

### ▮ Current Liabilities

Current liabilities have gone up by Rs. 12.16 billion i.e., 27.63% as compared to 2021 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. 37.71 billion in current liabilities over the last six years due to reasons mentioned above. The increase in inventory and export debtors is also attributable to weakening of PKR over the years.

## 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. 7.91 billion as compared to the prior year. The increase of Rs. 15.29 billion during 2021 does includes Rs. 9.2 billion properties acquired under the Scheme of Arrangement. Additions during the year were of Rs. 10.80 billion as against Rs. 10.07 billion during 2021. The cost of assets disposed and depreciation charge for the year, were higher when compared with 2021. During the year 2021 (as per re-stated accounts) investment in Worldwide Developers (Pvt.) Ltd. (WWDL) of Rs. 2.3 billion was adjusted against net assets acquired, and Rs. 3.5 billion investment was recorded against net assets minus current account transferred to Ideas (Pvt.) Ltd, now a wholly owned subsidiary of the Company. Over the last six years, non-current assets have grown by 4.07 times which indicates steady growth in the operational capabilities 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 bank balances

and loans and advances etc. These have increased by Rs. 14.99 billion compared to 2021 and Rs. 44.69 billion over last six years mainly due to increase in the levels of inventory and trade debtors. Refunds from Govt. has decreased by Rs. 0.74 billion whereas trade debtors increased by 19.73 billion over last six years. The current assets as on June 30th are highest in last six years and 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. However, the main components of current assets i.e., inventory and debtors are dollarized and any further weakening of PKR against US\$ will automatically increase the investment in these two heads.

## PROFIT AND LOSS

### Revenue and Cost of Sales

Direct export sales have gone up by US\$ 44.4 million due to customers satisfaction, enhanced capacity as well as geographical changes. Direct export sales in PKR have gone up by Rs. 12.85 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 including indirect export have increased by Rs. 12.27 billion as compared to last year both on account of additional capacities coming online as well as better prices even after demerger of retail business during 2021. The sales would have been higher if cotton prices were not unprecedently higher during 2022. Over the last six years, total sales have increased by around 310.64% i.e., by Rs. 67.98 billion. Besides exports, the Company is also focusing on the local market by increasing line of products, strengthening quality, efficient delivery system and keeping the customers continuously engaged.

### Gross Profit

The increase in sales during the current year is around 27.27%, whereas gross profit margin has also increased to 17.32% from 16.34% in last year. Gross profit margin would have been higher but was restricted due to:

- unprecedently higher cost of raw material due to

short crop and international demand of cotton

- volatile changes in PKR / US\$ parity during the second half of the year
- very competitive yarn market
- higher inflation
- immense competition in local market resulting in reduction of margin.
- higher depreciation due to further investment in property, plant and equipment
- Profit before Tax**

The Company has earned, historically highest Profit Before Tax amounting to Rs. 10.47 billion. The increase in profit of about Rs. 4.91 billion is primarily a result of:

- additional spinning capacities coming online
- additional export and local sales, despite demerger of retail segments
- major BMR in processing and stitching setups
- replacement of inefficient machinery in spinning and processing
- cost optimizations

## CASH FLOWS

- Cash and cash equivalents as of June 30, 2022 were Rs. (33.57) billion as compared to Rs. (28.85) billion as at June 30, 2021. During the year under review, more amount was invested in debtors and inventories, as well as blocked in refunds from government in view enhanced scale of operation. CAPEX for which, State Bank of Pakistan's concessionary financing was not available were also financed from internal generation of funds, which further enhanced the working capital requirement.

## RATIO ANALYSIS

### Profitability Ratios

CAPEX investment both in current and in prior years, timely investment in inventories, enhanced operational efficiencies has helped improve the Gross Profit ratio to 17.32%. The increase of around 1.0% in Gross Profit over prior year, 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 helped the net profit before tax to sales ratio increased to 10.44% from 7.06% compared to last year. Though administrative costs were very effectively controlled but in spite of same there was an increase in same due to change in operational level and inflation. Whereas increase in selling & distribution cost (excluding 6 months cost of Ideas included in 2021 figures) is due to change in PKR/US\$ parity besides, inflation. Return on capital employed is 25.34% showing an increased return when compared with last year.

### Liquidity Ratios

Efficient fund management has helped in steady growth in the current ratio as well as acid test ratio, though a little comprised during the year was 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

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

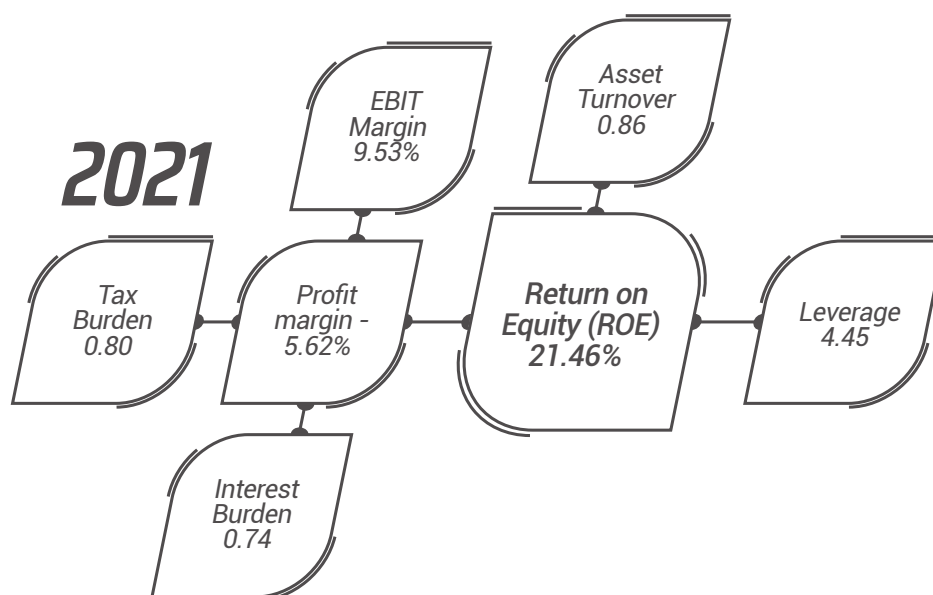
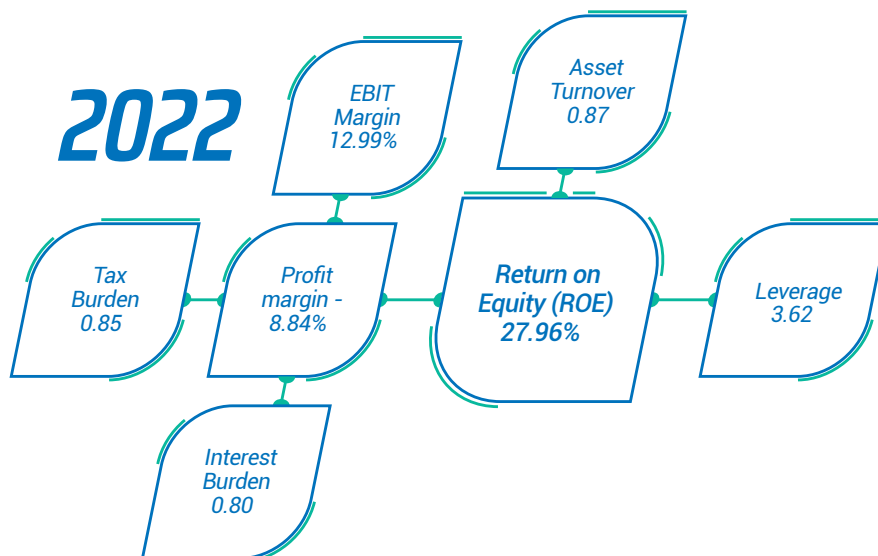
Earnings per share had increased to Rs. 14.37 from Rs. 7.83 in the current year due to increase in profitability. Price earnings ratio decreased to 2.35 times from 6.48 times due to changes in market price of the shares. Market price was Rs. 33.81 at the end of FY 2022 as compared to Rs. 50.73 at the end of preceding 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. 2.72 billion to Rs. 24.04 billion despite the repayments during the year. However, the high volume of borrowings has enhanced the debt portion and debt to equity ratio was 36:64 as compared to 41:59 at the end of last year. Resultantly, the financial leverage ratio had also decreased to 1.64 times as compared to 1.84 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 4.92 from 3.86 last year.



# Dupont Analysis



		2022	2021	2020	2019	2018	2017
Return on Equity (ROE)	$ROE = (A \times B \times C) \times F \times G$	27.96%	21.46%	-3.27%	25.82%	17.63%	8.34%
Asset Turnover	$F = S/W$	0.87	0.86	0.81	1.05	1.05	1.09
Leverage	$G = W/X$	3.62	4.45	4.53	3.90	3.68	3.74
Net Profit Margin	$D = A \times B \times C$	8.84%	5.62%	-0.89%	6.30%	4.55%	2.04%
Interest Burden	$A = Y/O$	0.80	0.74	(0.04)	0.73	0.70	0.48
Tax Burden	$B = P/Y$	0.85	0.80	6.30	0.90	0.89	1.01
EBIT Margin	$C = O/S$	13.10%	9.53%	3.58%	9.57%	7.27%	4.21%

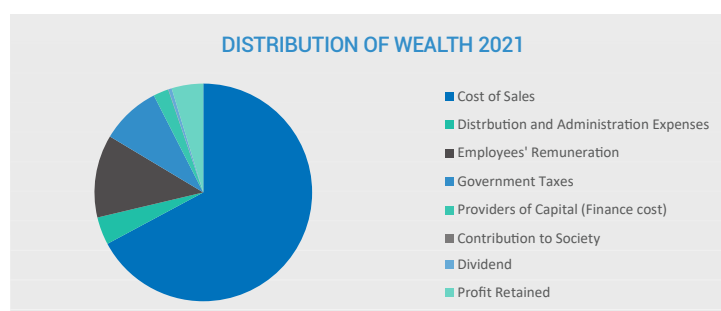
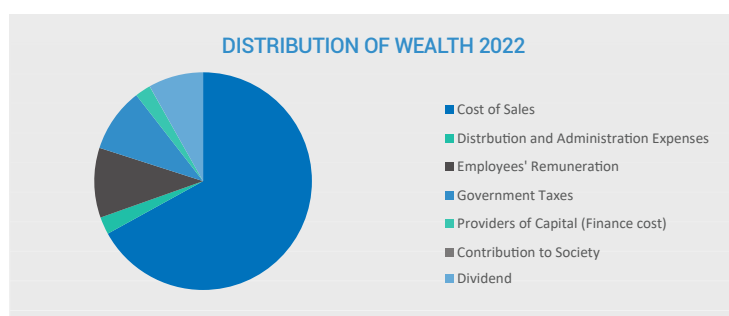
# Our Value Addition and its Distribution

## Value addition

	2022		2021	
	Rs. '000s	%	Rs. '000s	%
Net sales including Sales tax	107,830,745	99.36	84,156,386	98.99
Other operating income	809,089	0.74	860,899	1.01
	108,639,834	100.00	85,017,285	100.00

## Value distribution

Cost of sales (excluding employees' remuneration, duties and taxes)	73,111,946	67.29	57,426,695	67.54
Distribution and administration expenses (Excluding employees' remuneration and taxes)	2,821,111	2.60	3,561,721	4.19
Employees' remuneration	10,839,067	9.98	10,072,647	11.85
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, Sales Tax etc.)	10,356,359	9.53	7,573,557	8.91
Providers of capital (Finance cost)	2,644,203	2.43	1,923,975	2.26
Dividend	-	-	427,795	0.50
Contribution to society - Donations	21,179	0.02	34,150	0.04
(Accumulated Loss) / Profit retained	8,861,647	8.16	3,996,745	4.70
	108,655,512	100.00	85,017,285	100.00



# Quarterly Analysis

Under the Scheme of Arrangement approved by Sindh High Court on October 29, 2021, the retail business was demerged and amalgamated with and into Ideas (Private) Limited, a wholly owned subsidiary company of Gul Ahmed Textile Mills Limited ("GTM" or "Company"). The Scheme had become effective from January 01, 2021 and accordingly retail business from July 01, 2020 to December 2020 remained part of Gul Ahmed. Whereas results for last two quarters of 2021 are without inclusion of retail business.

The quarterly results were as under:

(Figures are in PKR rounded off to million)

	1st Quarter				2nd Quarter				3rd Quarter				4th Quarter				Total			
	2022	2021	Change		2022	2021	Change		2022	2021	Change		2022	2021	Change		2022	2021	Change	
Sales	20,509	19,658	851	4.33%	26,417	21,937	4,480	20.42%	21,279	14,545	6,734	46.30%	32,052	22,634	9,418	41.61%	100,257	78,774	21,483	27.27%
Gross Profit	3,438	3,518	(80)	-2.27%	4,415	4,060	355	8.74%	4,441	2,746	1,695	61.73%	5,074	2,545	2,529	99.37%	17,368	12,869	4,499	34.96%
Profit before Tax	1,612	841	771	91.68%	2,567	1,562	1,005	64.34%	2,699	1,717	982	57.19%	3,591	1,442	2,149	149.03%	10,469	5,562	4,907	88.22%
Profit after tax	1,216	599	617	103.01%	2,140	1,167	973	83.38%	2,249	1,306	943	72.21%	3,257	1,353	1,904	140.72%	8,862	4,425	4,437	100.27%
Tax	396	242	154	63.64%	427	396	31	7.83%	450	411	39	9.49%	334	88	246	279.55%	1,607	1,137	470	41.34%
Depreciation	490	756	(266)	-35.19%	907	857	50	5.83%	713	277	436	157.40%	837	719	118	16.41%	2,947	2,609	338	12.96%
Amortization	7	7	-	0.00%	7	6	1	16.67%	5	5	-	0.00%	8	8	-	0.00%	27	26	1	3.85%
Markup	479	609	(130)	-21.35%	690	549	141	25.68%	649	144	505	350.69%	851	642	209	32.55%	2,669	1,944	725	37.29%
EBITDA	2,588	2,213	375	16.95%	4,171	2,975	1,196	40.20%	4,066	2,143	1,923	89.73%	5,287	2,810	2,477	88.15%	16,112	10,141	5,971	58.88%
EPS	2.16	1.17	0.99	84.62%	3.28	2.27	1.01	44.49%	3.65	1.54	2.11	137.01%	5.28	2.85	2.43	85.26%	14.37	7.83	6.54	83.52%

## First Quarter ended September 30, 2021

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, thus the new variants of pandemic had not disturbed the level of operations. However, supply chain disruptions due to non-availability of containers and concession at ports were the challenges. Compared to the corresponding quarter, overall sales went up by Rs. 0.851 billion, i.e., 4.33% without retail business. The increase in local sales was contributed primarily by yarn sales over and above the sale of textile products.

Gross profit was little lower by 2.2% or Rs. 0.08 billion when compared with corresponding period of last year mainly due to pressure on yarn prices as well as PKR & US\$ parity. However, profit before and after tax were higher by 91.68% and 103.01% in comparison with first quarter of last year. EBITDA improved by 84.62% over the corresponding period of last year. The improvement in pre and post-tax profit were the result of strategic approach to optimize operating and financial cost.

## Second Quarter ended December 31, 2021

The Company started to march on the road of progress even without ideas, with new production lines into production finding new customers for exports, changes in customer evaluation criteria, revision of pricing and credit policy, smart use of raw material mix etc. Supply chain disruptions were eased during the period enabling higher dispatches and full utilization of available capacities.

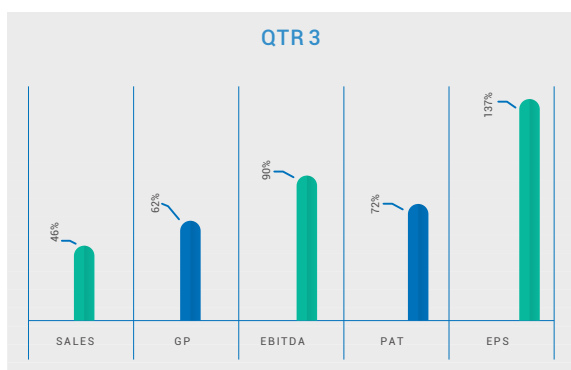
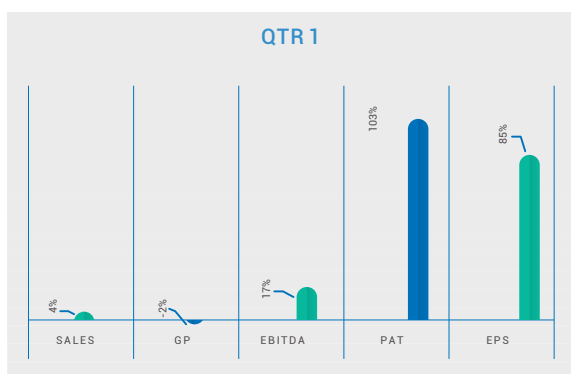
Sales gone up by 4.480 billion and gross profit was higher by Rs. 0.355 billion or 8.74% when compared with corresponding quarter of last year. Higher sales improved gross margin and effective cost optimization had helped to earn higher pretax profit (Rs. 1.005 billion or 64.34%) as well as higher post tax profit (Rs. 0.973 billion or 83.38%). EBITDA also improved by 40.20% and earning per share gone up by 44.49% when compared with corresponding quarter of prior year.

### Third Quarter ended March 31, 2022

Marching on the road of progress continued during the quarter and company made sales of Rs. 21.279 billion, higher by Rs. 6.734 billion or 46.30%. The increase was on account of full utilization of capacity, smart mix of raw material and improved selling prices.

The higher sales were achieved even besides, facing the challenges of Russia & Ukraine confrontation causing supply chain disruption as well as adjustment in export orders. Company successfully coped with this challenge with very smart approach by tactfully negotiating the prices, delivery schedule and effective communication with customers.

Sales were higher by Rs. 6.734 billion and gross profit by 1.695 billion. In percentage terms the sales were higher by 46.30% and gross profit was higher by 61.73% when compared with corresponding period. Profit before and after tax were by Rs. 0.982 billion (57.19%) & Rs. 0.943 billion (72.21%) respectively. Improvement in EBITDA by 89.73% and in EPS by 137.01% were very impressive.

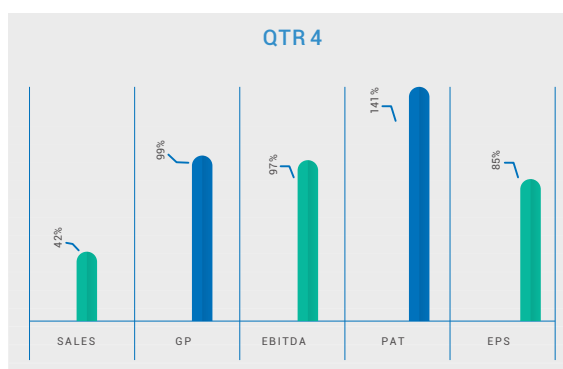
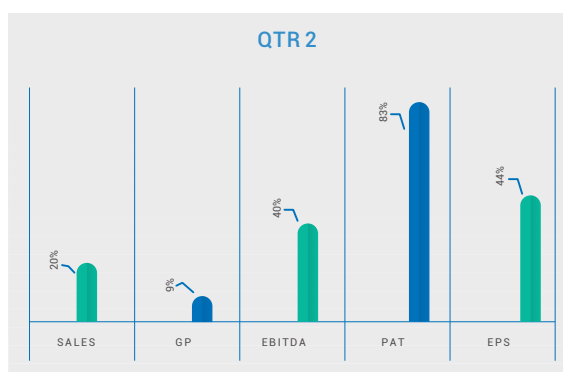


### Fourth Quarter ended June 30, 2022

Starting from third quarter the disruption of supply chain getting little severe, increase in cost of living in Europe and USA, unprecedented increase in raw material prices, high volatility in PKR & US\$ parity, increase in finance cost and policy rates, political uncertainty, invisibility of economic direction by the government etc. were the major challenges faced.

Company with strategic approach tried to keep the impact of higher raw material prices scatted, made best efforts to resist market pressure on local yarn prices, met the inflationary pressure with cost optimization, and made investment in new power generation capacities capable to using tri fuel due to lessor availability of natural gas. These efforts enabled the Company to make higher sales and earned even higher profit when compared with correspond third quarter of the year under review.

Sales for the quarter were Rs. 32.052 billion, higher by Rs. 9.418 billion or 41.61%, compared to corresponding quarter of last year, as well as the gross profit which was higher by 99.37%. Profit before and after tax were Rs. 3.59 billion and Rs. 3.26 billion during the quarter meaning higher by 149.03% and 140.72% respectively. EBITDA also was higher by 88.15% and earning per share by 85.26%.

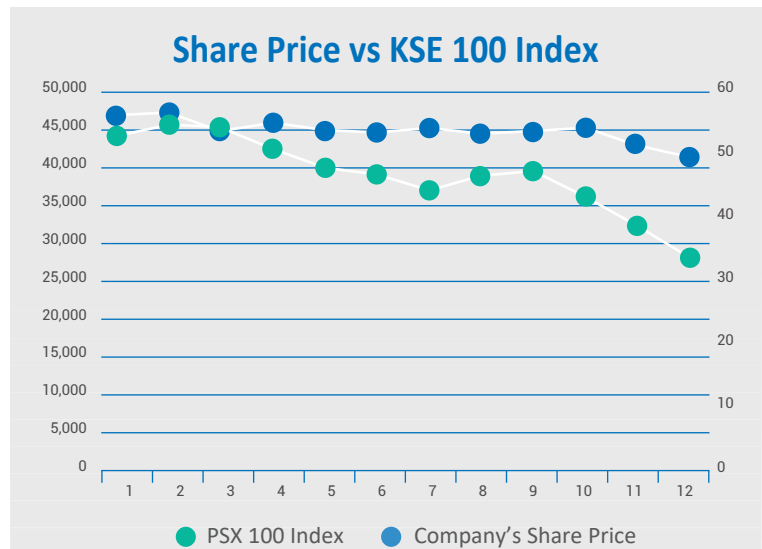




# Share Price Sensitivity Analysis

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-21	53.23	47,055
Aug-21	55.21	47,420
Sep-21	54.81	44,900
Oct-21	51.09	46,185
Nov-21	48.05	45,072
Dec-21	47.06	44,596
Jan-22	44.40	45,375
Feb-22	46.83	44,461
Mar-22	47.45	44,929
Apr-22	43.50	45,249
May-22	38.90	43,078
Jun-22	33.81	41,541



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

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

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

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

# Stakeholder Engagement and Investor Relations

Good stakeholder relationships are important to the core business of the Company which is necessary for the Company's sustainable development agenda

The management believes that organizations grow only if they take into consideration the environment in which they operate and endeavor to meet the needs of the stakeholders affected by it.

## Employees

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

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

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

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

## Suppliers and Partners

The quality of products which goes into what we manufacture has a direct impact on the quality of our 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 free-procedures both for the human resource of the Company as well as the local community or general public surrounding the premises. We deploy extra amount of resources to keep the environment green and conducive to the community.

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

## INVESTOR RELATIONS

### Shareholders

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

The Company recognizes the value of transparent and open communications with all its stakeholders in line with regulatory considerations and ensuring maintenance of corporate confidentiality.

Therefore consistent, coherent and clear communications help to establish sound reputation of the Company and its management. Accordingly, the Company aims to promote dialogue with investors, analysts and other stakeholders.

### Annual General Meeting

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

### Financial Reporting

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

### Stock Exchange Notifications

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

### Media

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

### Website

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

# SWOT Analysis

## S

### 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-of-the-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 for sustainable environment, Gul Ahmed has a mission of becoming a green company
- Extensive retail network consists of 108 well-designed and well-equipped retail outlets
- 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

## W

### Weaknesses

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

## O

### 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

## T

### 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 global economy has created an expanding array of risks that require effective management to ensure the viability and success of the Company.

Organizations face the task of managing their risk exposures while remaining profitable and competitive and in this context managing risks is not a new challenge. The challenges and demands of contemporary markets, customers, regulatory authorities, employees and shareholders present organizations with an interesting paradox: It is the intelligent assumption of risk, not its avoidance that creates value in a Company. Risk management is no longer discretionary but essential for managing in today's increasingly complex and fast-paced world. It takes commitment from the top, a sound

methodology, and discipline in its application to obtain the maximum benefit. We, at Gul Ahmed:

- ▮ Identify
- ▮ Handle
- ▮ Avoid
- ▮ Reduce
- ▮ 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 favorable credit terms and unsecured credit			

## Risk Mitigation Activities

Strategic Risks	Commercial Risks	Operational Risks	Financial Risks	Compliance Risks
<ul style="list-style-type: none"> <li>• Compete through improved quality of product</li> </ul>	<ul style="list-style-type: none"> <li>• Entering into running and long term contracts with suppliers and improved and extended storage facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Well trained maintenance and operational staff</li> </ul>	<ul style="list-style-type: none"> <li>• Using various financial instruments such as Forward Contracts, Bill discounting etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee and internal audit department to review adequacy and effectiveness of controls over compliance and Financial reporting</li> </ul>
<ul style="list-style-type: none"> <li>• Upgrade manufacturing facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Product research and development</li> </ul>	<ul style="list-style-type: none"> <li>• Standby and backup facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Committed Credit Facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Regular social audits</li> </ul>
<ul style="list-style-type: none"> <li>• Continuously assess product demand by consumer surveys, attending exhibitions and fashion shows</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous training, workshops on HSE matters and HSE Audit</li> </ul>	<ul style="list-style-type: none"> <li>• Sales on credit after customer due diligence</li> </ul>	<ul style="list-style-type: none"> <li>• Effective checks over product quality controls</li> </ul>
	<ul style="list-style-type: none"> <li>• Expanding customer base by exploring new export markets and through investment in retail and whole sale business</li> </ul>	<ul style="list-style-type: none"> <li>• Market based remuneration package, clear career path sharing and continuous mentoring for career development to retain skilled staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepayment and rollover options</li> </ul>	
	<ul style="list-style-type: none"> <li>• Continuous credit evaluation both internally and by engaging credit managers and obtaining insurance covers wherever found prudent</li> </ul>	<ul style="list-style-type: none"> <li>• Succession planning</li> </ul>		
		<ul style="list-style-type: none"> <li>• Engaging consultants prior to execution to identify any risk and suggesting solution and also yearly insurance audit</li> </ul>		



A full-page background image showing two mountaineers on a rocky peak at sunset. One climber in a red jacket and blue pants is on the left, reaching out to assist another climber in a yellow shirt and blue pants on the right. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the water in the background. The sky transitions from a deep blue at the top to a lighter orange near the horizon. The rock they are on is dark and craggy.

# Passion to collaborate

Gul Ahmed is made up on an amazing team of people who collaborate across work streams to produce great energy for a common goal. This passion to produce the best products for our customers across the globe is possible through every team member working closely together. Our local and global collaborations with suppliers, partners and customers work collectively to produce a more responsible team effort for success.

# 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 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

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

## Diversity

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

## Special Persons

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

## 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 ques 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 exits and in working areas
- Hand wash facilites 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 facilities 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 policy and the same is ensured by way of integration of same into our operation and culture.**

The key beliefs observed are:

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

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

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

The HSE Management System established by the Company 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](mailto:whistleblowing@gulahmed.com)  
[bol@gulahmed.com](mailto:bol@gulahmed.com)
- iii Whistle Blower Drop Box

## Handling Protected Disclosures

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



# Passion to **persist**

Our determination is our pride, our teams strive to take on every challenge that comes our way and to still deliver on our goals. Optimization of all resources fuels Gul Ahmed's passion to continuously succeed in every aspect of our business.





# Shareholders' Information

## Annual General Meeting

The Annual General Meeting of the shareholders' will be held on October 27, 2022 at 10:30 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 October 20, 2022 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxy must be a shareholder of the Company. Proxies should be filed with the Company at least 48 hours before the meeting time.

CDC shareholders or their proxies are requested to bring with them copies of their Computerized National Identity Card along with the Participant's ID Number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

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

## Ownership

On June 30, 2022 the Company has 5,838 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 2022 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](http://www.gulahmed.com) and send it duly signed along with a copy of CNIC to the Share Registrar of the Company in case of physical shares.

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

Pakistan Stock Exchange Share Prices 2021-22		
	Price in Rupees	
Period	High	Low
1st Quarter	60.80	48.55
2nd Quarter	56.00	41.60
3rd Quarter	50.10	41.16
4th Quarter	48.69	32.80

## Announcement of Financial Results

The tentative dates of the announcement of financial results and payment of cash dividend (if any) for the year 2022-23 are as follows:

Period	Financial Results	Dividend Payment (if any)
1st Quarter	October 26, 2022	---
2nd Quarter	February 27, 2023	---
3rd Quarter	April 27, 2023	---
Annual Accounts	September 28, 2023	November 7, 2023

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

## Share Registrar

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to our Share Registrar **FAMCO Associates (Private) Limited**, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-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](http://www.gulahmed.com)

### Investor Relation Contact

Mr. Salim Ghaffar,  
Company Secretary  
Email: [salim.ghaffar@gulahmed.com](mailto:salim.ghaffar@gulahmed.com)  
UAN: (+92-021) 111-485-485 & 111-486-486



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 70th 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 video-link facility on Thursday, October 27, 2022 at 10:30 a.m. to transact the following businesses:

## ORDINARY BUSINESS:

1. To receive, consider and approve the Audited Financial Statements for the year ended June 30, 2022 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors for the financial year ending June 30, 2023 and to fix their remuneration.

The Board proposes to appoint KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Company for the year ending June 30, 2023.

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.38 during the year ended June 30, 2022 be and are hereby ratified and approved,
- b) 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, 2023, 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

Karachi  
September 29, 2022

**SALIM GHAFAR**  
Company Secretary

## NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2022 to October 27, 2022 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers received in order at the office of our Share Registrar M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of the business on October 19, 2022 will be in time for the purpose of attending Annual General Meeting.

The Company has made 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.3 hereof.

2. 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.

3. 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](mailto:salim.ghaffar@gulahmed.com) giving particulars as per below table by the close of business hours (5:00 p.m.) on October 24, 2022:

Name of Member	CNIC No/ NTN No	CDC Participant ID / Folio No	Cell Number	Email Address
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4. The Video link will be emailed to the registered members / proxies who have provided all the requested information.

5. 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 3 hereof. Without the copy of the CNIC, such member(s) shall not be registered for the Video link facility.

6. 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.

7. 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.

8. 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.

9. 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.

10. In compliance with SECP notification No.634 (1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2022 are being placed on the Company's website: [www.gulahmed.com](http://www.gulahmed.com) for the information and review of shareholders.

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

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

13. As per 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 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.

14. The Company has recently sent notices to shareholders 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.

An updated list for unclaimed dividend/shares of the Company, which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable, is available on the Company's website:

<http://gulahmed.com/wp/wp-content/uploads/2018/07/List-of-Unclaimed-Shares-and-Unpaid-Cash-Dividend.pdf>

Claims can be lodged by shareholders on Claim Form as is available on the Company's website. Claim Forms must be submitted to the Company's Share Registrar for receipt of dividend/ shares.

#### **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 70th AGM of Gul Ahmed Textile Mills Limited ("the "Company") that is scheduled to be held on October 27, 2022.

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

The details of such transactions are as under:

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

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

The Shareholders are requested to ratify the transactions with related parties in which the majority of the Directors are interested as disclosed in the Financial Statements for the year ended June 30, 2022 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, 2023. 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. Mohamed Bashir**

 **Mr. Zain Bashir**

 **Mr. Mohammed Zaki Bashir**

 **Mr. Ziad Bashir**



# Notice of Annual General Meeting [urdu] 02

# Notice of Annual General Meeting [urdu] 01

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019.

For the year ended June 30, 2022

**Gul Ahmed Textile Mills Limited (hereinafter referred to as “The Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) in the following manner:**

1. The total number of Directors are Seven (7) as per 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 (7) 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. 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:

<b>a) Audit Committee</b>	Four quarterly meetings
<b>b) HR and Remuneration Committee</b>	One annual meeting

15. The Board has outsourced the internal audit function 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. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with non-mandatory requirements i.e. other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

- i. 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 is 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 is 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  
September 29, 2022

# Independent Auditor's Review Report 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 Gul Ahmed Textile Mills Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on 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, 2022.

Kreston Hyder Bhimji & Co  
Chartered Accountants  
Karachi

Date: October 5, 2022

UDIN: CR2022102212UDQfNgXkk

# 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, 2022, and the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity, the un-consolidated statement of cash flows for the year then ended, and notes to the un-consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key Audit Matters

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

Following are the Key audit matters:

S.No	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Stock in Trade</b></p> <p>The Company has significant levels of stock in trade amounting to Rs. 33,362 million as at the reporting date, being 29% 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.</p> <p>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.</p> <p>(Refer Notes 20, 2.4 (g) and 3.16 to the annexed un-consolidated financial statements)</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <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 re-calculation 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>



S.No	Key audit matter	How the matter was addressed in our audit
2.	<p><b>Borrowings</b></p> <p>The Company has significant amounts of borrowings from banks and other financial institutions amounting to Rs. 59,215 million, being 75% of total liabilities, as at reporting date.</p> <p>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, it is considered to be a key audit matter.</p> <p>(Refer Notes 6, 12 and 3.6 to the annexed un-consolidated financial statements)</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Verified disbursement of loans and utilization on sample basis. Reviewed charge registration documents.</li> <li>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.</li> <li>Obtained confirmation from Banks and other lenders of the Company to confirm balances, terms &amp; conditions stated in the terms sheets and compliance thereof and inquired for any breach of covenant, in order to covenant testing.</li> <li>Performed analytical procedures, recalculations and other related procedures for verification of finance costs.</li> <li>Ensured that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the un-consolidated financial statements.</li> </ul>

S.No	Key audit matter	How the matter was addressed in our audit
3.	<p><b>Recognition of Revenue</b></p> <p>The Company recognized revenue from the sales of textile goods and related processing services of Rs. 100,257 million for the year ended 30 June 2022.</p> <p>We identified recognition of revenue as a key audit matter as it has increased significantly compared to last year and because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>(Refer to note 3.18 and 25 to the financial statements).</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process relating to recognition of revenue and assessed the design, implementation and operating effectiveness of key internal controls over recording of revenue.</li> <li>• Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards including IFRS-15 "Revenue from contracts with customers".</li> <li>• Obtained an understanding of the nature of the revenue contracts entered into by the Company, tested a sample of sales contracts to confirm our understanding and assessed whether or not management's application of requirements of IFRS-15 was in accordance with the standard.</li> <li>• Performed analytical procedures and test of details by selecting sample of transactions for comparing with sales contracts, sales invoices, good delivery documents and other underlying sales records.</li> <li>• Compared a sample of revenue transactions recorded around the year end with the relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.</li> <li>• Reviewed the adequacy of disclosure as required under applicable financial reporting framework.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Company, but does not include the un-consolidated financial statements and our 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 un-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the un-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the un-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these un-consolidated financial statements.

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

## Other Matter

As more fully explained in note 1.2 to the annexed un-consolidated financial statements, the management has presented corresponding figures in the un-consolidated financial statements after incorporating the effect of the Scheme of the Arrangement. However, these revised corresponding figures are un-audited as we have issued our audit report dated October 28, 2021 only on the un-consolidated financial statements of the Company for the year ended June 30, 2021 before sanction of the Scheme.

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

Chartered Accountants  
Karachi  
Date: October 05, 2022  
UDIN: AR202210221FpLEJKgkG



Passion to  
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# GulAhmed Textile Mills Limited

## Un-consolidated Statement of Financial Position

As at June 30, 2022

	Note	June 2022	Re-stated Un-Audited June 2021
-----Rs. 000s-----			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	6,167,162	5,311,573
Reserves	5	29,966,137	21,951,673
		36,133,299	27,263,246
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	20,550,890	18,571,409
Provision for Gas Infrastructure Development Cess		885,219	1,325,299
Deferred taxation	7	542,417	257,699
Deferred income - government grant	8	135,122	142,003
Defined benefit plan- Staff Gratuity	9	210,777	155,490
<b>Total non-current liabilities</b>		22,324,425	20,451,900
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	16,643,507	11,611,965
Accrued mark-up / profit	11	614,522	341,473
Short term borrowings	12	35,362,069	29,108,282
Current maturity of long term financing	6	3,301,695	2,500,941
Current maturity of deferred government grant	8	54,551	108,416
Unclaimed dividend		10,413	297,702
Unpaid dividend	13	23,505	23,505
Taxation-net		174,815	30,200
<b>Total current liabilities</b>		56,185,077	44,022,484
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	-	-
<b>Total Equity and Liabilities</b>		114,642,801	91,737,630

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

# GulAhmed Textile Mills Limited

## Un-consolidated Statement of Financial Position

As at June 30, 2022

	Note	June 2022	Re-stated Un-Audited June 2021
-----Rs. 000s-----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	45,841,908	38,351,353
Intangible assets	16	51,720	78,213
Long term investment	17	3,591,206	3,594,732
Long term loans	18	127,260	83,057
Long term deposits		474,709	69,087
<b>Total non-current assets</b>		<u>50,086,803</u>	<u>42,176,442</u>
<b>CURRENT ASSETS</b>			
Stores and spares	19	1,071,274	891,463
Stock-in-trade	20	33,361,826	23,275,250
Trade debts	21	22,098,618	17,685,551
Loans, advances and other receivables	22	2,826,121	3,336,473
Short term prepayments		55,992	28,422
Receivable from government	23	3,351,546	4,087,419
Cash and bank balances	24	1,790,621	256,610
<b>Total current assets</b>		<u>64,555,998</u>	<u>49,561,188</u>
<b>Total Assets</b>		<u>114,642,801</u>	<u>91,737,630</u>

The annexed notes from 1 - 47 form an integral part of these un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

# GulAhmed Textile Mills Limited

## Un-consolidated Statement of Profit or Loss

For the year ended June 30, 2022

	Note	June 2022	June 2021 (Restated)
		-----Rs. 000s-----	
Sales - net	25	100,256,957	78,774,072
Cost of sales	26	82,889,287	65,905,464
Gross profit		17,367,670	12,868,608
Distribution cost	27	1,957,801	3,329,125
Administrative cost	28	2,220,600	2,375,413
Other operating cost	29	860,379	519,122
		5,038,780	6,223,660
		12,328,890	6,644,948
Other income	30	809,089	860,899
Operating profit		13,137,979	7,505,847
Finance cost	31	2,669,400	1,944,058
Profit before taxation		10,468,579	5,561,789
Taxation	32	1,606,932	1,137,249
Profit after taxation		8,861,647	4,424,540
Earnings per share - diluted (Rs.)	33	14.37	7.83

The annexed notes from 1 - 47 form an integral part of these un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer



# GulAhmed Textile Mills Limited

## Un-consolidated Statement of Profit or Loss

For the year ended June 30, 2022

	June 2022	June 2021 (Restated)
	-----Rs. 000s-----	
Profit after taxation	8,861,647	4,424,540
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Remeasurement gain on defined benefit plan	9,087	19,741
Related tax effect	(681)	(2,126)
	8,406	17,615
Total comprehensive income	<u>8,870,053</u>	<u>4,442,155</u>

The annexed notes from 1 - 47 form an integral part of these un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

# GulAhmed Textile Mills Limited

## Un-consolidated Statement of Financial Position

For the year ended June 30, 2022

	Share Capital	Reserve				Total
		Capital Reserve - Share Premium	Capital Reserve - Amalgamation Reserve	Unappropriated Profit	Total Reserves	
-----Rs. 000s-----						
Balance as at July 1, 2020	4,277,946	692,424	-	8,992,830	9,685,254	13,963,200
Share capital allotted under the Scheme of arrangement (Note 1.2)	1,033,627	-	-	-	-	1,033,627
Amalgamation reserve arising under the Scheme of arrangement (Note 1.2)	-	-	8,252,059	-	8,252,059	8,252,059
<b>Total comprehensive income for the year ended June 30, 2021</b>						
Profit after taxation	-	-	-	4,424,540	4,424,540	4,424,540
Other comprehensive income	-	-	-	17,615	17,615	17,615
	-	-	-	4,442,155	4,442,155	4,442,155
<b>Transaction with owners</b>						
Interim dividend for the nine months ended March 31, 2021	-	-	-	(427,795)	(427,795)	(427,795)
<b>Balance as at June 30, 2021 (Un-Audited-Restated)</b>	<u>5,311,573</u>	<u>692,424</u>	<u>8,252,059</u>	<u>13,007,190</u>	<u>21,951,673</u>	<u>27,263,246</u>
<b>Balance as at July 1, 2021 (Un-Audited-Restated)</b>	5,311,573	692,424	8,252,059	13,007,190	21,951,673	27,263,246
<b>Transaction with owners</b>						
Issuance of bonus shares	855,589	(692,424)	-	(163,165)	(855,589)	-
<b>Total comprehensive income for the year ended June 30, 2022</b>						
Profit after taxation	-	-	-	8,861,647	8,861,647	8,861,647
Other comprehensive income	-	-	-	8,406	8,406	8,406
	-	-	-	8,870,053	8,870,053	8,870,053
<b>Balance as at June 30, 2022</b>	<u>6,167,162</u>	<u>-</u>	<u>8,252,059</u>	<u>21,714,078</u>	<u>29,966,137</u>	<u>36,133,299</u>

The annexed notes from 1 - 47 form an integral part of these un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

# GulAhmed Textile Mills Limited

## Un-consolidated Statement of Cash Flows

For the year ended June 30, 2022

	Note	June 2022	June 2021 (Restated)
-----Rs. 000s-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		10,468,579	5,561,789
Adjustments for:			
Depreciation on property, plant and equipment	15.1.1	2,947,474	2,609,306
Depreciation on right of use asset			322,192
Amortisation on intangible assets	16.1	26,615	25,790
Provision for gratuity	9.1	125,521	90,786
Finance cost		2,345,405	1,667,875
Finance cost on provision for Government Infrastructure Development Cess (GIDC)		323,995	108,635
Finance cost on lease liability against right of use asset		-	167,548
Provision for slow moving/obsolete stores and spares	19.1	28,508	25,172
Government grant	30	(116,193)	(130,715)
Gain on remeasurement of provision for GIDC	30	(110,206)	(289,523)
Capital work in progress charged to consumption		-	7,658
Loss on disposal of property, plant and equipment - net	29	228,974	86,892
Expected credit loss against doubtful trade debts	21.3	61,695	56,086
		5,861,788	4,747,702
Cash flows from operating activities before adjustments of working capital changes		16,330,367	10,309,491
Changes in working capital:			
(Increase) / decrease in current assets			
Stores and spares		(208,319)	(88,630)
Stock-in-trade		(10,086,575)	3,773,764
Trade debts		(4,474,762)	(12,040,100)
Loans, advances and other receivables		510,352	(2,062,668)
Short term prepayments		(27,570)	213,343
Receivable from government		757,825	(150,482)
		(13,529,049)	(10,354,773)
Increase in current liabilities			
Trade and other payables		4,377,674	644,832
Net increase in working capital		(9,151,375)	(9,709,941)
Cash generated from operations before adjustment of following:		7,178,992	599,550
Gratuity paid		(61,147)	(52,315)
Finance cost paid		(1,956,164)	(1,601,666)
Income tax paid - net		(1,200,232)	(866,662)
Net change in long term loans and advances		(44,203)	(24,337)
Net change in long term deposits		(405,622)	310,245
		(3,667,368)	(2,234,735)
Net cash generated from / (used in) operating activities		3,511,624	(1,635,185)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(10,802,127)	(10,072,192)
Addition to intangible assets		(122)	(17,703)
Proceeds from sale of property, plant and equipment		135,124	222,786
Long term investments encashed during the year		3,526	-
Net cash used in investing activities		(10,663,599)	(9,867,109)
Balance carried forward to next page		(7,151,975)	(11,502,294)

# GulAhmed Textile Mills Limited

## Un-consolidated Statement of Cash Flows

For the year ended June 30, 2022

	Note	June 2022	June 2021 (Restated)
		-----Rs. 000s-----	
Balance brought forward from previous page		(7,151,975)	(11,502,294)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		6,111,900	7,673,112
Long term financing repaid		(3,392,411)	(300,197)
Dividend paid		(287,289)	(137,430)
Payments for lease liability against right of use asset		-	(398,503)
Net cash generated from financing activities		2,432,200	6,836,982
Net decrease in cash and cash equivalents		(4,719,776)	(4,665,312)
<b>Cash and cash equivalents - at the beginning of the year</b>		(28,851,672)	(24,998,063)
Net impact under scheme of arrangement		-	811,703
<b>Cash and cash equivalents - at the end of the year</b>	36	<u>(33,571,448)</u>	<u>(28,851,672)</u>

The annexed notes from 1 - 47 form an integral part of these un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer



# Gul Ahmed Textile Mills Limited

## Notes to the un-consolidated financial statements

For the year ended June 30, 2022

### 1. LEGAL STATUS AND ITS OPERATIONS

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

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

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited.

The Company has the following subsidiaries:

#### Details of Subsidiaries

Name	Country of Incorporation
Gul Ahmed International Limited FZC	UAE
GTM (Europe) Limited - Indirect subsidiary	UK
GTM USA Corp. - Indirect subsidiary	USA
Sky Home Corp.- Indirect Subsidiary	USA
Vantona Home limited - Indirect Subsidiary	UK
JCCO 406 limited - Indirect Subsidiary	UK
Ideas (Private) limited	Pakistan

All subsidiaries are engaged in distribution/trading of textile related products while ideas also carries out production of finished goods.

- 1.2** The Scheme of Arrangement dated May 5, 2021 involving the Gul Ahmed Textile Mills Limited (the Company), Ideas (Private) Limited (Ideas), Worldwide Developers (Private) Limited (WWDL), Grand Industries (Private) Limited (Grand) and Ghafooria Industries (Private) Limited (Ghafooria) has been sanctioned by honorable High Court of Sindh through order dated 29th October 2021. According to the Scheme with effect from the start of business on January 1, 2021 (the "Effective Date"),

i) Retail Segment of the Company stands de merged from the company and has been amalgamated with and into Ideas. Accordingly net assets of the retail segment aggregating to Rs. 1,133 million stands transferred to and vested in Ideas against which 113,279,100 ordinary shares of Rs 10 each of Ideas have been issued to the Company. The existing share capital of Ideas has been cancelled and the ideas has become wholly owned subsidiary of the Company;

ii) The entire undertaking of WWDL, a subsidiary company, stands merged with and into the Company and in consideration thereof the Company has issued 29,838,102 ordinary shares of Rs 10 each in favour of the other shareholders of WWDL (other than the Company). Furthermore, as part of the arrangement, the loans provided to WWDL by its Directors stands adjusted / settled against the issuance of 4,733,350 shares of the Company to the said directors of WWDL;

iii) One of the business / undertaking of Grand comprising certain immovable properties valued at Rs. 1,500 million stands merged with and into the Company against which the Company has issued 15,823,087 shares to Grand. Further, a business undertaking constituting certain immovable properties of Grand valued at Rs. 2,329,965 million has been merged with and into Ideas against which the Company has issued 24,578,160 shares to Grand;

iv) One of the business / undertaking of Ghafooria comprising an immovable property valued at Rs. 1,058 million stands merged with and into the Company against which the Company has issued 11,162,850 shares to Ghafooria;

The valuation of the business / undertakings, properties and assets etc and swap ratios for issuance of shares, as mentioned above, are based on the reports of Independent Valuers and Consultant, i.e., Joseph Lobo (Private) Limited, Iqbal. A. Nanjee & Co (Private) Limited and A.F Ferguson & Co which are made part of the Scheme; and

The amalgamation is a business combination of entities under common control and therefore scoped out of IFRS-3 'Business Combinations'. The assets and liabilities acquired or transferred by the Company has been accounted for in the books at the values used to determine the swap ratios for issuing Company shares as mentioned in the Scheme. The difference in value of the net assets acquired and shares issued has been carried in the equity under the head "Amalgamation reserve". Consequently, corresponding figures in statement of financial position and related notes are clubbed to include assets and liabilities acquired / transferred under the Scheme and corresponding figures of statement of profit or loss, statement of comprehensive income and related notes are adjusted to exclude the effect of results of retail segment and include the effect of WWDL for the six month periods from January 01, 2021 to June 30, 2021.

The summary of the net assets acquired / transferred as at January 01, 2021 , shares issued there against and computation of amalgamation reserve is as follows;

	WWDL	Grand	Ghafooria	Ideas	Total
----- (Rupees '000') -----					
<b>Assets acquired / (transferred)</b>					
Property, plant and equipment	6,688,483	1,500,000	1,058,218	(1,976,915)	7,269,786
Right-of-use assets	-	-	-	(2,492,179)	(2,492,179)
Stock-in-trade	-	-	-	(6,005,005)	(6,005,005)
Receivable from Ideas Private Ltd	-	-	-	6,559,272	6,559,272
Cash and bank balances	1,290	-	-	(292,167)	(290,877)
Other assets	7,131	-	-	(1,384,317)	(1,377,186)
	6,696,904	1,500,000	1,058,218	(5,591,311)	3,663,811
<b>Less: liabilities transferred in / (transferred out)</b>					
Lease liability against right-of-use assets	-	-	-	(2,870,157)	(2,870,157)
Trade and other payables	399	-	-	(1,492,420)	(1,492,021)
Other liabilities	4,002	-	-	(95,943)	(91,941)
	4,401	-	-	(4,458,520)	(4,454,119)
<b>Net assets acquired / (transferred)</b>	6,692,503	1,500,000	1,058,218	(1,132,791)	8,117,930
<b>Shares issued pursuant to the Scheme</b>					
Share issued to WWDL's shareholders / Grand / Ghafooria	(298,381)	(404,012)	(111,629)	-	(814,022)
Shares issued to Directors of WWDL	(47,334)	-	-	-	(47,334)
Impact of bonus shares allotted subsequently	(69,143)	(80,802)	(22,326)	-	(172,271)
Value of investment in shares issued by Ideas to GTML	(414,858)	(484,814)	(133,955)	-	(1,033,627)
Investment in WWDL eliminated	-	-	-	3,462,756	3,462,756
Amalgamation reserve	(2,295,000)	-	-	-	(2,295,000)
	3,982,645	1,015,186	924,263	2,329,965	8,252,059

### 1.3 Geographical locations and addresses of all immovable 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, Deh Khjanto Tapo Landhi, Karachi Deh Khanto Tapo Landhi, Karachi.
4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi , Karachi
6.83 acres	Plot No. 368, 369 & 446, Deh Landhi, Karachi
25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
12 acres	Plot No. HT 3/A, Landhi, Karachi
51.1 Acre	Plot No. H-5 and HT-6, Landhi Industrial Area, Karach

### 1.4 Geographical locations and addresses of all premises obtained on rented basis are as follows;

#### Address

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

## **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 changes in equity and un-consolidated statement of cash flows 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 investments in subsidiary companies have 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**

"These un-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."

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. 9.4 to the un-consolidated financial statements for determination of defined benefit obligations as at year end.

**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 as and when any such condition arise.

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

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

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

Provision for obsolescence and slow moving stores and 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.

## 2.5) **New and revised standards and interpretations**

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

There are certain amendments to published accounting and reporting standards that are applicable for the financial year beginning on July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these unconsolidated financial statements.

### 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 2022 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 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 the current period. The effect, if any, on future periods 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.

**(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 un-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	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, 2022. The results of valuation are summarized in note no. 9.

Current service cost, past service cost and interest cost is recognized in unconsolidated 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.

### **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.

## **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.

### **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.16.

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 companies 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.



### **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"),

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).

Derivatives that are not designated as hedging instrument are presented as current assets or liabilities to the extent these are expected to be settled within 12 months after the end of reporting period. Changes in fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit or loss and are included in other operating expenses / income.

### **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.

## **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 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**

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.

### **3.24 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.

### **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.

Re-stated  
Un-Audited  
June 2021  
-----Rs. 000s-----

## 4 SHARE CAPITAL

### 4.1 Authorized capital

June 2022	June 2021		June 2022	June 2021
<b>Number of Shares</b>				
<b>750,000,000</b>	750,000,000	Ordinary shares of Rs.10 each	<b>7,500,000</b>	7,500,000

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

June 2022	June 2021			
<b>Number of Shares</b>				
192,161,738	192,161,738	Ordinary shares of Rs.10 each allotted for consideration paid in cash	1,921,617	1,921,617
108,809,985	108,809,985	Ordinary shares of Rs.10 each allotted as fully paid shares under scheme of arrangement for amalgamation	1,088,100	1,088,100
315,744,492	230,185,566	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	3,157,445	2,301,856
<b>616,716,215</b>	<b>531,157,289</b>		<b>6,167,162</b>	<b>5,311,573</b>

**4.2.1** As at June 30, 2022, Gul Ahmed Holdings (Private) Limited, the holding company of Gul Ahmed Textile Mills Ltd, held 344,486,467 (June-2021: 287,072,056) ordinary shares of Rs. 10 each, constituting 55.86% (June-2021: 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 82,897,355 (June-2021: 17,516,349) ordinary shares of Rs. 10 each.

**4.2.2** As per the Honorable Sindh High Court's order, the Company has held 2,892,953 out of the total bonus shares issued for the year 2015,2019 and 2021 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** These fully paid ordinary shares carry one vote per share and equal right to dividend.

Re-stated  
Un-Audited  
June 2021  
-----Rs. 000s-----  
No. of shares

### 4.3 Reconciliation of the number of shares outstanding

Number of shares outstanding at the beginning of the year		531,157,289	427,794,630
Shares to be issued pursuant to the scheme of arrangement	1.2	-	103,362,659
Add: 20% Bonus shares issued during the year		85,558,926	-
		<b>616,716,215</b>	<b>531,157,289</b>

## 5 RESERVES

### Capital Reserve

- Share Premium	5.1	-	692,424
- Amalgamation Reserves	1.2	<b>8,252,059</b>	8,252,059
		<b>8,252,059</b>	<b>8,944,483</b>

## Capital Reserve

- Unappropriated Profit

<b>21,714,078</b>	<b>13,007,190</b>
<b>29,966,137</b>	<b>21,951,673</b>

- 5.1** The share premium account is a capital reserve have been applied against bonus shares issued during the year in accordance with provisions of section 81 of the Companies Act, 2017.

## 6 LONG TERM FINANCING

	Note	June 2022	June 2021
		-----Rs. 000s-----	
From Banking Companies - Secured	6.1	14,342,422	11,598,550
From Non-Banking Financial Institutions - Secured	6.2	4,929,328	4,502,538
Financing under Temporary Economic Refinance Scheme Facility - net of Government Grant	6.3	3,878,688	3,507,368
Financing for payment of salaries and wages under State Bank of Pakistan Re-finance scheme - net of Government Grant	6.4	702,147	1,463,894
		<u>23,852,585</u>	<u>21,072,350</u>
Current portion shown under current liabilities		<u>(3,301,695)</u>	<u>(2,500,941)</u>
		<u>20,550,890</u>	<u>18,571,409</u>

Particulars	Note	Number of installments	Aggregate Installment amount ----Rs. 000s----	Mark-up/profit rate per annum	June 2022	June 2021
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### 6.1 Banking Companies - Secured

					-----Rs. 000s-----	
Askari Bank Limited Under LTFF scheme	6.6, 6.9	20 quarterly	47,205	2.75% - 8.5% p.a. payable quarterly	<b>840,086</b>	975,672
Al-Baraka Bank (Pakistan) Limited Under ILTFF scheme - Diminishing Musharaka	6.6, 6.10	20 quarterly	7,780	Three months KIBOR Ask rate + 1.10% payable quarterly	-	15,560
Bank Al-Habib Limited Under LTFF scheme	6.8	16 half yearly	13,519	2.75 % p.a. payable half yearly	<b>162,222</b>	189,259
Bank Al-Falah Limited Under LTFF scheme	6.5, 6.9	16 half yearly	58,964	3 % - 3.5% p.a. payable half yearly	<b>855,787</b>	749,523
The Bank of Khyber Under LTL scheme	6.5	07 half yearly and 32 Quarterly	26,812	Six months KIBOR Ask rate + 0.50% payable half yearly and quarterly	<b>360,839</b>	85,714
Bank of Punjab Under LTFF scheme	6.5, 6.9	28 quarterly	71,428	3 % p.a. payable quarterly	<b>1,538,835</b>	1,787,007
Faysal Bank Limited Under ILTFF scheme Diminishing Musharaka	6.6, 6.8, 6.11	32 quarterly	28,125	2.75% - 3.9% p.a. payable quarterly	<b>830,742</b>	886,216
Habib Bank Limited Under LTL and LTFF scheme	6.7, 6.10	10 half yearly and 32 Quarterly	66,604	2.8% - 3.25% p.a. payable half yearly and quarterly	<b>1,523,101</b>	739,287
MCB Bank Limited Under LTL scheme	6.7, 6.8	10 half yearly and 32 Quarterly	36,685	4.0% - 8.25% p.a. payable half yearly and quarterly	<b>333,184</b>	386,191
Meezan Bank Limited Under ILTFF scheme Diminishing Musharaka	6.7, 6.9, 6.10	32 quarterly	91,730	3.25% - 5.50% p.a. payable quarterly	<b>2,924,968</b>	1,498,617
National Bank of Pakistan Under LTFF scheme	6.5, 6.6, 6.7, 6.9	10 half yearly and 32 Quarterly	151,602	2.75% - 8.69% p.a. payable half yearly and quarterly	<b>2,482,395</b>	2,855,140
Soneri Bank Limited Under LTFF scheme	6.5, 6.9	16 half yearly and 32 Quarterly	40,395	3.50% - 5% p.a. payable half yearly and quarterly	<b>960,111</b>	159,025
United Bank Limited Under LTFF scheme	6.6, 6.9	10 and 16 half yearly 32 Quarterly	88,837	2.75% - 8.00% p.a. payable half yearly and quarterly	<b>1,244,847</b>	915,047
Samba Bank Limited Under LTFF scheme Total	6.5, 6.9	10 and 16 half yearly	35,501	3% p.a. payable half yearly	<b>285,305</b>	356,292
					<b>14,342,422</b>	11,598,550

## 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	65,392	3.0%- 3.5% p.a. payable half yearly	680,909	849,141
Pak Kuwait Investment Pvt. Limited Under LTFF scheme	6.5, 6.6, 6.9	32 quarterly	65,615	3.0%- 5.5% p.a. payable quarterly	1,753,236	1,671,612
Pak China Investment Pvt. Limited Under LTFF scheme	6.5, 6.6, 6.9	32 quarterly	44,763	3.35% - 8.96% p.a. payable quarterly	1,432,414	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	378,610	451,656
Pak Oman Investment Company Limited Under LTFF scheme	6.6, 6.9, 6.11	32 quarterly	30,724	2.75% p.a payable quarterly	684,159	807,052
<b>Total</b>					<b>4,929,328</b>	<b>4,502,538</b>

## 6.3 Financing Under Temporary Economic Refinance Scheme Facility Net of Government Grant

Habib Bank Limited	6.6, 6.9	16 half yearly	59,375	2.25 % p.a. payable half yearly	912,572	904,376
MCB Bank Limited	6.7, 6.9	32 quarterly	13,841	3.00% p.a. payable quarterly	425,128	421,447
MCB Islamic Bank Limited	6.7, 6.9	32 quarterly	9,375	2.50% p.a. payable quarterly	288,249	285,687
Bank of Punjab	6.5, 6.6, 6.9	32 quarterly	31,250	3.5 % p.a. payable quarterly	952,324	600,924
Pak Kuwait Investment Pvt. Limited	6.5, 6.6, 6.9	32 quarterly	9,464	2.5% p.a. payable quarterly	284,298	287,810
Pak China Investment Pvt. Limited	6.5, 6.6, 6.9	32 quarterly	17,738	2.50% p.a. payable quarterly	545,350	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	470,767	466,620
<b>Total</b>					<b>3,878,688</b>	<b>3,507,368</b>

## 6.4 Financing for payment of salaries and wages under State Bank of Pakistan Re-finance scheme - net of Government Grant

Finance obtained from Faysal Bank Ltd	6.5, 6.10	8 quarterly March-2021	120,297	1% p.a. payable quarterly	353,975	731,364
Finance obtained from Bank of Punjab	6.5, 6.10	8 quarterly April-2021	120,297	0.50% p.a. payable quarterly	348,172	732,530
<b>Total</b>					<b>702,147</b>	<b>1,463,894</b>

- 6.5** These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company.
- 6.6** 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.

	note	June 2022	June 2021 (Restated) (Un-audited)
		-----Rs. 000s-----	
Opening balance		257,699	35,167
Charged to statement of profit or loss		283,441	240,387
Transfer under the scheme of arrangement	1.2	-	(19,981)
Charged to other comprehensive income		681	2,126
Closing balance		<u>542,417</u>	<u>257,699</u>

#### Deferred tax arises due to:

Taxable temporary difference in respect of			
Accelerated tax depreciation allowance		390,557	482,845
Deductible temporary differences in respect of			
Provision for gratuity		(17,969)	(16,742)
Expected credit loss against trade debts		(26,706)	(28,252)
Provision for slow moving items/obsolete items of stores and spares		(20,807)	(23,209)
		(65,482)	(68,203)
Tax Credit		-	(156,943)
Disallowance of provision due to three years limitation		217,342	
		<u>542,417</u>	<u>257,699</u>

- 7.1** Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001. However, as at year end, considering the uncertainty relating to future export sales ratio, deferred tax liability has been calculated and maintained in the proportion of three years local and export sales ratio in accordance with guidelines of Institute of Chartered Accountants of Pakistan (ICAP).



	Notes	June 2022	June 2021 (Restated)
-----Rs. 000s-----			
<b>8. DEFERRED INCOME - GOVERNMENT GRANT</b>			
Opening balance		250,419	84,141
Fair value differential of loan at subsidized rate treated as government grant		55,447	296,993
Government grant recognized as income during the year	30	(116,193)	(130,715)
		189,673	250,419
Current maturity of deferred income government grant		(54,551)	(108,416)
		135,122	142,003
<b>9. DEFINED BENEFIT PLAN- STAFF GRATUITY</b>			
9.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability			
Opening balance		155,490	136,760
Charge for the year	9.2	125,521	90,786
Remeasurement (gain) credited in other comprehensive income	9.3	(9,087)	(19,741)
Benefits paid during the year		(61,147)	(52,315)
Closing balance		210,777	155,490
<b>9.2 Charge for the year recognized in statement of profit or loss</b>			
Current service cost		101,311	81,385
Past service cost	9.2.1	11,719	-
Markup cost		12,491	9,401
		125,521	90,786
9.2.1 Past service cost related to employees employed in preceding year but become eligible for gratuity during the current year			
<b>9.3 Remeasurement (gain)/loss charged in other comprehensive income</b>			
Actuarial losses from changes in demographic assumptions		-	6,096
Actuarial losses from changes in financial assumptions		83	106
Experience adjustments		(9,170)	(25,943)
		(9,087)	(19,741)

June 2022                      June 2021  
(Restated)

-----Rs. 000s-----

## 9.4 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation:

Discount rate used for year end obligation	13.25% p.a	10.00% p.a
Rate used for markup cost	10.00%	8.50%
Expected increase in salary	12.25%	9.00%
Average expected remaining working life time of employees	5 years	5 years
Mortality rates	SLIC 2001-2005 Set back 1 Year	SLIC 2001-2005 Set back 1 Year
Withdrawal rates	Age-Based	Age-Based
Retirement assumption	Age 60	Age 60

## 9.5 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 the final salary (which will closely reflect inflation and other macro-economic 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 beneficiaries.

## 9.6 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, 2022. The disclosure is based on information included in that actuarial report.

## 9.7 Sensitivity Analysis

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

	June 2022	June 2021 (Restated)
	-----Rs. 000s-----	
Discount Rate + 100 bps	208,047	153,284
Discount Rate - 100 bps	213,607	157,780
Salary increase + 100 bps	213,607	157,780
Salary increase - 100 bps	207,999	153,244

## 9.8 Maturity Profile

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

	June 2022	June 2021
	-----Rs. 000s-----	
FY 2022	N/A	95,915
FY 2023	131,678	81,781
FY 2024	108,924	55,759
FY 2025	76,274	37,174
FY 2026	52,219	24,992
FY 2027	35,838	16,861
FY 2028	24,892	11,633
FY 2029	17,924	8,273
FY 2030	12,804	5,760
FY 2031	9,614	4,356
FY 2032	6,486	9,831
FY 2033 onwards	18,013	N/A

The average duration of the defined benefit obligation is 1.3 years.

## 9.9 Estimated expenses to be charged to profit or loss in financial year 2023:

Current service cost	113,078
Mark up on defined benefit obligation	19,204
Total	<u>132,282</u>

Note	June 2022	June 2021 (Restated) (Un-Audited)
	-----Rs. 000s-----	

## 10 TRADE AND OTHER PAYABLES

Creditors	- Others	7,042,118	5,471,469
	- Due to related parties	23,007	37,546
		<u>7,065,124</u>	<u>5,509,015</u>
Accrued expenses		5,652,900	3,276,487
Current portion of provision for Gas Infrastructure Development Cess	14.6	2,878,521	2,224,653
Advances from customers		114,077	63,558
Workers' profit participation fund	10.1	549,607	316,944
Workers' welfare fund		81,798	162,237
Taxes withheld		218,300	21,950
Payable to employees' provident fund trust		36,157	37,121
Liability under forward cover	10.3	32,220	-
Others		14,802	-
		<u>16,643,507</u>	<u>11,611,965</u>

### 10.1 Workers' profit participation fund

Opening balance		316,944	-
Allocation for the year	29	549,607	316,944
Reversal of excess provision of WPPF		(14,659)	
Markup for the year	31 & 10.2	17,430	-
		<u>869,322</u>	<u>316,944</u>
Payments made during the year		(319,715)	-
Closing balance		<u>549,607</u>	<u>316,944</u>

**10.2** 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.

**10.3** This represents forecasted loss on forward cover obtained under the policy of State bank of Pakistan from various banks.

## 11 ACCRUED MARK-UP

Long term financing		222,252	191,658
Short term borrowings		392,270	149,815
	11.1 & 11.2	<u>614,522</u>	<u>341,473</u>

**11.1** This includes profit of Rs. 39.1 million and Rs. 30.87 million (June-21: Rs. 71.38 million and Rs. 23.07 million) accrued in long term financing and short term borrowings respectively under Shariah Compliant arrangements.

**11.2** Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 2.49 million (June-21: Rs. 0.75 million).

	Note	June 2022	June 2021 (Restated) (Un-Audited)
		-----Rs. 000s-----	
<b>12 SHORT TERM BORROWINGS</b>			
Short term bank borrowings			
Foreign currency		4,315,500	-
Local currency		31,046,569	29,108,282
	12.1 to 12.3	<u>35,362,069</u>	<u>29,108,282</u>

**12.1** This includes Istisna (Shariah Compliant) amounting to Rs. 6,156 million (June-21: Rs. 2,919 million) in local currency.

**12.2** 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 5,781 million (June-21: Rs. 891.7 million). Short term borrowings include amount due to Habib Metropolitan Bank Limited, an associated company, of Rs. 2,488 million (June-21: Rs. 976.5 million).

**12.3** Local currency mark-up/profit rates range from 3% to 16.16% (June-21: 1.2% to 13.3%) per annum.

## 13 UNPAID DIVIDEND

Dividend payable includes the dividend amount Rs.23.5 million (June-2021: Rs.23.5 million) held by the Company 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-2021: Rs. 18.035 million and Rs. 0.808 million) of Gul Ahmed Holdings (Private) Limited and an Associated Company respectively.

## 14 CONTINGENCIES AND COMMITMENTS

**14.1** 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 2021: 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 injunction 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.



- 14.2** The Company has filed a Petition in the Honorable Sindh High Court, dated March 30, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (June 2021: 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.
- 14.3** 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 foresee any claim/losses that are likely to arise therefrom. Therefore the Company has not made provision to the extent of Rs. 80.03 million out of expected liability of Rs. 467.58 million. (June 2021: Rs.417.46 million)
- 14.4** The Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent on October 17, 2011 and against which part payment of Rs. 2.6 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made for difference unpaid amount of Rs. 7.4 million.
- 14.5** 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 foresee any liability that is likely to arise, however provision has been amounting to Rs. 431.88 million.
- 14.6** The Company's review petition challenging the decision 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.3.69 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 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. However, the management on prudent basis has maintained provision of Rs.3.7 billion (June:2021: Rs.3.7 billion) made in these un-consolidated financial statements. This provision was discounted using risk free rate and is being carried in accordance with the guidelines issued by the Institute of Chartered Accountants of Pakistan in respect of accounting of GIDC.

- 14.7** 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.
- 14.8** 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.
- 14.9** 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.
- 14.10** 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 Company along with other petitioners has challenged the amendment in the Honorable Sindh High Court through constitutional petition for tax year 2019, 2020 and 2021, 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 Company has claimed tax credit on BMR @10% in the income tax returns for the tax year 2019,2020 and 2021 The amount of credit involved for tax year 2019, 2020 and 2021 approximates to Rs. 1,112 million. (June 2021 : Rs. 653 million)

- 14.11** 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. 113.426 million (June 2021 Rs. 70.287 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.
- 14.12** 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 2021 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.
- 14.13** Accrued expenses include Infrastructure Cess amounting to Rs. 931.7 million (June-21: Rs. 616.9 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. During the year no progress was made in court proceedings.
- 14.14** 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 2021 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 2021 Rs. 410.60 million) in these unconsolidated financial statements. Thereafter, OGRA 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. 214.651 million (June 2021 : Rs. 80.62) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision amounting to Rs. 125.933 million (June 2021 : Rs. 47.28) in these unconsolidated financial statements.

- 14.15** 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 2021 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 2021 : 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 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. 88.718 million (June 2021 : Rs. 33.34) in these unconsolidated financial statements.

#### **14.16 Guarantees and others**

- (a) Guarantees of Rs. 1,983 million (June-2021: Rs. 1,526 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 1,102 million (June-2021: Rs. 1,102 million).

- (b) Post dated cheques of Rs. 5,068 million (June-2021: Rs. 3,752 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. 8,947 million (June-2021: Rs. 4,885 million), including bills discounted from Associated company amounting to Rs. 4,852 million (June-2021:Rs. 5,945 million).
- (d) Corporate guarantee of Rs 170 million (June-2021: Rs. 149 million) Rs. 825 million (June-2021: 634 million) and Rs. 185 million (June-2021: 142 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.

#### **14.17 Commitments**

The Company is committed for capital expenditure as at June 30, 2022 of Rs. 3,697 million (June-2021: Rs. 5,313 million).



Note June 2022 June 2021  
(Restated)  
(Un-Audited)

-----Rs. 000s-----

## 15 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets  
Capital work in progress (CWIP)

15.1	36,609,500	32,328,904
15.2	9,232,408	6,022,449
	<u>45,841,908</u>	<u>38,351,353</u>

### 15.1 Operating fixed assets

Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
-----Rs. 000s-----							
	374,892	7,694,428	25,594,402	162,729	1,007,130	594,518	35,428,099
	-	(3,467,680)	(9,380,507)	(78,881)	(634,460)	(359,156)	(13,920,684)
	374,892	4,226,748	16,213,895	83,848	372,670	235,362	21,507,415
	7,668,218	1,578,483	-	-	-	-	9,246,701
	(118,195)	(2,423,907)	(81,036)	(69,463)	(576,938)	(82,641)	(3,352,180)
	-	1,375,726	26,662	16,941	327,355	60,637	1,807,321
	(118,195)	(1,048,181)	(54,374)	(52,522)	(249,583)	(22,004)	(1,544,859)
	-	1,301,101	4,591,976	26,660	99,154	19,740	6,038,631
	-	-	(830,117)	-	-	(53,321)	(883,438)
	-	-	534,531	-	-	39,229	573,760
	-	-	(295,586)	-	-	(14,092)	(309,678)
15.1.1	-	(641,245)	(1,858,833)	(7,201)	(57,295)	(44,732)	(2,609,306)
	7,924,915	5,416,906	18,597,078	50,785	164,946	174,274	32,328,904
	7,924,915	8,150,105	29,275,225	119,926	529,346	478,296	46,477,813
	-	(2,733,199)	(10,678,147)	(69,141)	(364,400)	(304,022)	(14,148,909)
	7,924,915	5,416,906	18,597,078	50,785	164,946	174,274	32,328,904
	-	2,398,447	4,674,893	146,844	243,172	128,812	7,592,167
15.1.2	-	-	(871,847)	-	-	(49,263)	(921,110)
	-	-	525,039	-	-	31,973	557,012
	-	-	(346,808)	-	-	(17,290)	(364,098)
15.1.1	-	(639,171)	(2,181,940)	(8,474)	(55,056)	(62,833)	(2,947,474)
	7,924,915	7,176,183	20,743,222	189,155	353,061	222,963	36,609,500
	7,924,915	10,548,552	33,078,271	266,770	772,518	557,845	53,148,870
	-	(3,372,370)	(12,335,048)	(77,615)	(419,456)	(334,882)	(16,539,370)
	7,924,915	7,176,183	20,743,222	189,155	353,061	222,963	36,609,500
	-	10 to 20	10 to 20	10 to 12	15 to 33	20	

Note June 2022 June 2021  
(Restated)  
(Un-Audited)

### 15.1.1 Depreciation charge for the year has been allocated as follows:

Cost of goods manufactured	26.1	2,838,984	2,340,276
Distribution cost	27	191	171,525
Administrative cost	28	108,299	97,505
		<u>2,947,474</u>	<u>2,609,306</u>

## 15.1.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
<b>Plant and machinery</b>						
Air Dryer	4,781	1,438	1,363	(76)	Bidding	Ahmad Rafiq H# 696, Block D, Sir Syed Town, Faisalabad
Compressor ZR	15,161	1,699	1,610	(89)	Bidding	Ahmad Rafiq H# 696, Block D, Sir Syed Town, Faisalabad
Mach coner (36 Speandle)	6,227	564	534	(30)	Bidding	Ahmad Rafiq H# 696, Block D, Sir Syed Town, Faisalabad
Babcock Stenter	75,405	8,813	1,490	(7,323)	Bidding	Azeem Engineering SHOP NO 12, IST SHOPPING CENTRE, SITE AREA, Karachi West
Machine Jumbo Jigger	12,623	7,376	249	(7,126)	Bidding	Azeem Engineering SHOP NO 12, IST SHOPPING CENTRE, SITE AREA, Karachi West
Senter Machine	58,575	15,980	1,157	(14,823)	Bidding	Azeem Engineering SHOP NO 12, IST SHOPPING CENTRE, SITE AREA, Karachi West
Generator	377,344	194,926	78,061	(116,866)	Unusable generators traded off with new generators	S.M Jaffer & Co. Jaffer House,17 Timber Pond, Kemari, Karachi
Reeling Machine	12,277	2,866	500	(2,366)	Bidding	Sayed Ather Saeed HOUSE NO.C-67 CHAP AL SUN CITY VIP BLOCK-GULZAR-E-HIJRI, Karachi
Air Jet Looms	37,242	11,434	12,594	1,160	Bidding	Valitex (Pvt) Ltd. A-36/A, S.I.T.E. A-36/A, S.I.T.E., Karachi
Zinser Machine	214,528	84,130	-	(84,130)	Sold with scrap lot	Dispose As Scrap
Items with written down value below Rs. 500,000	57,684	17,584	4,409	(13,175)	Bidding	Various
	<u>871,847</u>	<u>346,808</u>	<u>101,966</u>	<u>(244,842)</u>		
<b>Vehicles</b>						
Land Cruiser Reg # BD-8748	8,339	806	1,091	285	Bidding	Swisstex Chemicals (Pvt) Ltd. Plot No-E-54 S.I.T.E, Karachi
Honda City Reg # BGT-359	1,691	569	1,040	471	Bidding	Muhammad Asad Khan S/O Muhammad Saleem Khan Flat No.203,Salkeen Basera, Plot SB-19, Gulistan-E-Jauhar Block-14, Karachi
Honda Civic Reg # BHF-303	2,714	967	1,676	709	Bidding	Syed Allauddin S/O Noor Ul Salam House No. C-30, Mehmoodi Street, Block-J, North Nazimabad, Karachi
Toyota Hilux Reg # CX-1466	2,493	976	1,273	296	Bidding	Swisstex Chemicals (Pvt) Ltd. Plot No-E-54 S.I.T.E, Karachi
Toyota Land Cruiser Prado Reg # BM-1982	8,964	4,141	10,000	5,859	Bidding	Waqas Tabassum House No. 39-A, Khayaban-E-Shujaat, Phase-5 DHA Karachi Pakistan
Kia Carnival Reg # CY-1982	5,149	2,153	2,273	120	Bidding	Swisstex Chemicals (Pvt) Ltd. Plot No-E-54 S.I.T.E, Karachi
Kia Carnival Reg # CX-8969	5,824	2,783	6,000	3,217	Bidding	Muhammad Jameel House No C-48 Sector 31 F, Dar us Salam Society Karachi Pakistan
Kia Carnival Reg # CY-1975	5,824	2,783	5,800	3,017	Bidding	Muhammad Shahzad Ashraf Plot No. C-51, Flat No.1, Jami Commercial 11, DHA Phase 7 Karachi Pakistan
Toyota Corolla GLI Reg # BHF-578	1,887	591	-	(591)	Company Policy Bidding	Dispose As Transfer
Items with written down value below Rs. 500,000	6,380	1,521	4,006	2,485		Various
	<u>49,263</u>	<u>17,290</u>	<u>33,158</u>	<u>15,868</u>		
<b>As on 30th June 2022</b>	<u>921,110</u>	<u>364,098</u>	<u>135,124</u>	<u>(228,974)</u>		
<b>As on 30th June 2021</b>	<u>883,438</u>	<u>573,760</u>	<u>486,868</u>	<u>(86,892)</u>		

## 15.2 Capital work in progress

	Note	June 2022	June 2021 (Restated) (Un-Audited)
		-----Rs. 000s-----	
Machinery and store items		6,961,973	4,454,673
Civil works		2,270,435	1,567,776
	15.2.1	<u>9,232,408</u>	<u>6,022,449</u>

### 15.2.1 The movement in capital work in progress is as follows:

Balance at beginning of the year		6,022,449	2,428,602
Capital expenditure incurred during the year			
Machinery and store items	15.2.2	7,182,193	8,017,686
Civil works		3,101,106	1,908,952
Others		518,827	145,554
		<u>10,802,126</u>	<u>10,072,192</u>
Transfers to operating fixed assets during the year			
Machinery and store items		(4,674,893)	(4,591,976)
Civil works		(2,398,447)	(1,301,101)
Others		(518,827)	(145,554)
		<u>(7,592,167)</u>	<u>(6,038,631)</u>
Transferred under scheme of re-construction			
Machinery and store items	1.2	-	(7,666)
Civil works		-	(424,390)
		-	(432,056)
Charged to consumption		-	(7,658)
Balance at end of the year		<u>9,232,408</u>	<u>6,022,449</u>

### 15.2.2 This includes mark up on long term loan, during construction period capitalized amounting to Rs. 42.64 million (June -21: Rs. 53.97 million). Effective rate of capitalization is 6.47% (June 21 : 4.79%)

## 16. INTANGIBLE ASSETS

	Note	June 2022	June 2021 (Restated)
		-----Rs. 000s-----	
Cost		197,249	204,766
Accumulated amortisation		<u>(119,036)</u>	<u>(115,198)</u>
Net book value as at July 1		78,213	89,568
Movement during the year			
Additions (at cost)		122	17,703
Transferred under scheme of re-construction			
Cost		-	(25,220)
Accumulated amortisation		-	21,952
		-	(3,268)
Amortisation charge for the year	16.1	<u>(26,615)</u>	<u>(25,790)</u>
Net book value as at June 30		<u>51,720</u>	<u>78,213</u>
As at June 30			
Cost			
Accumulated amortisation			
Net book value as at June 30			

The cost is being amortised using straight line method over a period of five years and the amortisation charge has been allocated as follows:

Distribution cost	27	-	1,316
Administrative cost	28	<u>26,615</u>	<u>24,474</u>
		<u>26,615</u>	<u>25,790</u>

## 17. LONG TERM INVESTMENT

Investment in subsidiary companies at cost	17.1	58,450	58,450
- Gul Ahmed International Limited	1.2	<u>3,462,756</u>	<u>3,462,756</u>
- Ideas (Pvt) Limited		3,521,206	3,521,206
Investment at amortised cost	17.3	70,000	70,000
- Term Finance Certificate			
- Mutual Funds			
Investment at fair value through profit or loss			
- Mutual Funds		-	3,526
		<u>3,591,206</u>	<u>3,594,732</u>

**17.1** 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 (2021:10,000) 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 31, 2022 is Rs. 585 million (June 30, 2021: Rs. 585 million). This long term investment has been made in accordance with the requirement of the Companies Act, 2017.

**17.2** Ideas (Private) Limited, an unquoted company incorporated in Pakistan, is a wholly owned subsidiary of the Company. The company has accounted for the investment in this subsidiary at cost (being the value as determined in note 1.2) as permitted by IAS 27. Aggregate breakup value of the subsidiary as per its financial statements for the year ended June 30, 2022 is Rs. 4,601 million.

**17.3** 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 quarterly basis. This is of perpetual nature.

## 18. LONG TERM LOANS

	Note	June 2022	June 2021 (Restated)
		-----Rs. 000s-----	
<b>Considered good</b>			
- Due from executives (other than CEO and Directors)	18.2	189,579	137,249
- Due from non-executive employees		12,532	9,283
		202,111	146,532
<b>Current portion being receivable within twelve months</b>			
- Due from executives		(67,430)	(57,614)
- Due from non-executive employees		(7,421)	(5,861)
	22	(74,851)	(63,475)
		<u>127,260</u>	<u>83,057</u>

- 18.1** 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. 43 million (June 21: Rs. 23.4 million) to executives and Rs. 3.8 million (June 21 : Rs. 2.3 million) to non-executive which carry no interest. The balance amount carries mark-up at rates ranging from 6.5% to 11.17% (June-21: 6.5% to 12.9%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortized cost would not be material.

- 18.2** The maximum aggregate amount due from executives at the end of any month during the year was Rs. 189.58 (June-21: Rs. 158.9 million).

## 19. STORES AND SPARES

Stores and spares		1,315,329	1,107,010
Provision for slow moving/obsolete items	19.1	(244,055)	(215,547)
		<u>1,071,274</u>	<u>891,463</u>

### 19.1 Movement in provision for slow moving/obsolete items

Opening balance		215,547	190,375
Charge for the year - Cost of goods manufactured	26.1	28,508	25,172
Closing balance		<u>244,055</u>	<u>215,547</u>

## 20. STOCK-IN-TRADE

Finished goods	20.1 & 26	17,226,120	13,772,221
Raw material	26.2	14,925,477	9,060,892
Work-in-process	26.1	1,210,229	442,137
		<u>33,361,826</u>	<u>23,275,250</u>

- 20.1** The aggregate amount of general provision for inventories recognised as an expense during the year is Rs. 98.82 million (June-21: Rs. 69.37 million).



## 21. TRADE DEBTS

	Note	June 2022	June 2021 (Restated) (Un-Audited)
		-----Rs. 000s-----	
<b>Export debtors</b>			
Considered good			
Secured		2,331,011	1,387,526
Unsecured		2,576,048	1,503,456
		4,907,059	2,890,982
<b>Local debtors</b>			
Considered good			
Secured		1,718,679	1,030,328
Unsecured		15,472,881	13,764,241
		17,191,560	14,794,569
<b>Considered doubtful</b>		313,255	262,382
	21.1	22,411,874	17,947,933
<b>Expected credit loss</b>	21.3	(313,255)	(262,382)
		<u>22,098,618</u>	<u>17,685,551</u>

**21.1** Details and aging analysis of the gross amounts due from related parties is as follows:

	June 2022			
	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2022
	-----Rs. 000s-----			
GTM USA Corporation - indirect wholly owned subsidiary	140,004	-	-	140,004
GTM (Europe) Limited - indirect wholly owned subsidiary	228,708	-	4,258	232,966
Ideas (Private) Limited - wholly owned subsidiary	-	342,796	5,438,060	5,780,856
Vantona Home Ltd - indirect wholly owned subsidiary	48,617	-	-	48,617
Swisstex Chemicals (Private) Limited- Associated company	3,020	-	1,278	4,298
Sky Home Corporation-USA - indirect wholly owned subsidiary	-	200	-	200
	<u>420,349</u>	<u>342,996</u>	<u>5,443,596</u>	<u>6,206,941</u>
	June 2022 (Restated)			
	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2021
	-----Rs. 000s-----			
Gul Ahmed International Ltd.(FZC)	709	-	-	709
Ideas (Private) Limited - wholly owned subsidiary	-	-	6,860,312	6,860,312
GTM (Europe) Limited - indirect wholly owned subsidiary	993,573	32,648	452	1,026,673
Vantona Home Ltd - indirect wholly owned subsidiary	108,151	-	184	108,335
Sky Home Corporation-USA - indirect wholly owned subsidiary	5,857	1,243	191	7,291
	<u>1,108,290</u>	<u>33,891</u>	<u>6,861,139</u>	<u>8,003,320</u>

- 21.2** The maximum aggregate month end balance during the year due from related parties was Rs. 7,661 (June-21: Rs. 8,003 million).

Note	June 2022	June 2021 (Restated) (Un-Audited)
	-----Rs. 000s-----	

**21.3 Movement in expected credit loss against doubtful trade debts**

Opening balance	262,382	282,344
Charge for the year	61,695	56,086
Debts written off	(10,822)	(76,048)
Closing balance	<u>313,255</u>	<u>262,382</u>

**22. LOANS, ADVANCES AND OTHER RECEIVABLES**

**Loans and advances**

Considered Good		
Advances to suppliers	2,647,412	3,113,497
Current portion of loans to employees	74,851	63,475
Others	4,463	3,173
	<u>2,726,726</u>	<u>3,180,145</u>

**Other Receivables**

Bank guarantee margin	22.1		38,792
Others		71,963	117,536
		<u>99,395</u>	<u>156,328</u>
		<u>2,826,121</u>	<u>3,336,473</u>

- 22.1** The margin by bank is in the form of Term Deposit Receipt carrying mark up at the rate of 6.65%.

**23. RECEIVABLE FROM GOVERNMENT**

Sales tax refund	782,368	783,163
Income tax refund	1,121,079	1,157,813
Duty drawback, markup subsidy and rebate	<u>1,448,100</u>	<u>2,146,443</u>
	<u>3,351,546</u>	<u>4,087,419</u>

**24. CASH AND BANK BALANCES**

Cash in hand		10,561	6,621
Balances with banks in current accounts			
- Local currency		1,761,932	245,168
- Foreign currency		18,128	4,821
	24.1 & 24.2	<u>1,780,060</u>	<u>249,989</u>
		<u>1,790,621</u>	<u>256,610</u>

- 24.1** Bank balances include balances held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 21.16 million (June-21: Rs. 52.4 million).

- 24.2** This includes an amount of Rs. 741.35 million (June-21: Rs. 33.38 million) placed under Shariah compliant arrangement.

## 25. SALES-NETSALES-NET

	Note	June 2022	June 2021 (Restated) (Un-Audited)
		-----Rs. 000s-----	
Export sales			
Direct		56,298,849	43,446,366
Indirect		41,817,854	12,285,445
		<u>98,116,703</u>	<u>55,731,811</u>
Duty drawback		354,764	1,571,949
Trade and other discount		(704,459)	(710,461)
Commission		(888,120)	(752,596)
Sales tax		<u>(5,956,174)</u>	<u>(1,616,341)</u>
		<u>90,922,714</u>	<u>54,224,362</u>
Local sales		11,357,155	28,624,315
Brokerage		(405,297)	(308,632)
Sales tax		<u>(1,617,615)</u>	<u>(3,765,973)</u>
		<u>9,334,243</u>	<u>24,549,710</u>
		<u>100,256,957</u>	<u>78,774,072</u>

**25.1** Local sales include revenue from services of Rs. 764.9 million (2021: Rs. 524.4 million).

**25.2** Information with respect to disaggregation of revenue by internal segment and geographical location is disclosed in note 34 and 35 respectively.

## 26. COST OF SALES

Opening stock of finished goods		13,772,221	16,644,919
Cost of goods manufactured	26.1	<u>86,343,186</u>	<u>63,032,766</u>
		100,115,407	79,677,685
Closing stock of finished goods	20	<u>(17,226,120)</u>	<u>(13,772,221)</u>
		<u>82,889,287</u>	<u>65,905,464</u>

### 26.1 Cost of goods manufactured

Raw materials consumed	26.2	56,146,389	38,651,769
Other material and conversion cost		10,689,837	8,290,526
Stores and spares consumed		650,112	232,668
Salaries, wages and benefits	28.1	9,634,900	8,313,980
Fuel, power and water		5,090,785	3,632,703
Insurance		126,469	96,288
Repair and maintenance		1,332,974	861,367
Depreciation	15.1.1	2,838,984	2,340,276
Provision for slow moving/obsolete items	19.1	28,508	25,172
Other manufacturing expenses		572,318	463,829
		<u>87,111,277</u>	<u>62,908,578</u>
Work-in-process			
Opening		442,137	566,325
Closing	20	<u>(1,210,229)</u>	<u>(442,137)</u>
		<u>(768,091)</u>	<u>124,188</u>
		<u>86,343,186</u>	<u>63,032,766</u>

### 26.2 Raw materials consumed

Opening stock		9,060,892	9,661,021
Purchases during the year		62,010,974	38,051,640
Closing stock	20	<u>(14,925,477)</u>	<u>(9,060,892)</u>
		<u>56,146,389</u>	<u>38,651,769</u>

**26.3** The manufacturing cost is exclusive of amount of Rs. 45.88 million (June 21: Nil) attributed to Ideas (Private) Limited.

Note	June 2022	June 2021 (Restated)
------	-----------	-------------------------

-----Rs. 000s-----

## 27. DISTRIBUTION COST

Salaries, wages and benefits	28.1	575,313	991,941
Freight and shipment expenses		1,095,435	980,177
Advertisement and publicity		85,929	424,559
Rent and ancillary charges	28.2	-	128,112
Depreciation & amortization	15.1.1 & 16.1	191	172,841
Depreciation on right-of-use assets		-	322,192
Export development surcharge		145,585	109,272
Connectivity Charges (Internet Exp.)		-	
Other expenses		55,348	200,031
		<u>1,957,801</u>	<u>3,329,125</u>

## 28.

## ADMINISTRATIVE COST

Salaries, wages and benefits	28.1	976,700	1,087,542
Rent and ancillary charges	28.2	85,075	160,983
Repairs and maintenance		21,509	48,568
Vehicle up keep and maintenance		298,478	220,091
Utilities		759	127,106
Traveling and Conveyance		182,161	50,226
Printing and stationery		52,060	44,179
Communication		120,027	198,112
Legal and consultancy fees	15.1.1 &	108,024	106,183
Depreciation and amortisation	16.1	134,914	121,979
Auditor's remuneration	28.4	7,846	10,468
Donations	28.5 & 28.6	21,179	34,150
Insurance		33,517	35,707
Expected credit loss against doubtful trade debts	21.3	61,695	56,086
Other expenses		116,657	74,033
		<u>2,220,600</u>	<u>2,375,413</u>

## 28.1 Salaries, Wages & Benefits

	Cost of sales		Distribution costs		Administrative costs		Total	Total
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries, wages and benefits	9,262,805	8,003,210	550,655	961,165	945,528	1,051,988	10,758,988	10,015,653
-----Rs. 000s-----								
<b>Retirement benefits</b>								
- Gratuity	125,521	90,754	-	-	-	32	125,521	90,786
- Contribution to provident fund	179,716	145,114	24,641	30,708	31,172	36,232	235,529	212,054
	305,237	235,868	24,641	30,708	31,172	36,264	361,050	302,840
- Staff compensated absences	66,858	74,902	17	68	-	-	66,875	74,970
	9,634,900	8,313,980	575,313	991,941	976,700	1,087,542	11,186,912	10,393,463

**28.2** 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.

**28.3** The administrative expenses are exclusive of amount of Rs. 101.61 million (June 21: Nil) attributed to Ideas (Private) Limited.

Note      June 2022      June 2021  
(Restated)  
(Un-Audited)  
-----Rs. 000s-----

## 28.4 Auditor's remuneration

Audit fee	3,450	3,450
Special audit fee	1,750	3,400
Fee for review of condensed interim financial statements	575	575
Fee for audit of consolidated financial statements	575	575
Review fee of statement of compliance with code of corporate governance	115	115
Other certification fee	200	935
Sindh sales tax on services	533	719
Out of pocket expenses	648	699
	<u>7,846</u>	<u>10,468</u>

**28.5** 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

**28.6** Donations to following Organizations and Trusts exceed 10% of total amount of donations made or Rs.1 million whichever is higher:



	Note	June 2022	June 2021 (Restated) (Un-Audited)
Name of Donee		-----Rs. 000s-----	
Nigahban Welfare Association Civil Hospital		5,000	-
Pakistan Textile Council		3,750	-
Patients' Aid Foundation		-	10,000
Habib University Foundation		-	8,000
Karwan-e-Hayat		5,400	6,750

## 29 OTHER OPERATING COST

Workers' profit participation fund (WPPF)	10.1	549,607	316,944
Workers' welfare fund (WWF)		81,798	115,286
Loss on sale of property, plant and equipment	15.1.2	228,974	86,892
		<u>860,379</u>	<u>519,122</u>

## 30 OTHER INCOME

### Income from non-financial assets and others

Scrap sales		8,423	7,312
Government grant	8	116,193	130,715
Unclaimed liabilities written back		26,751	21,906
Gain on remeasurement of provision for Gas Infrastructure Development Cess (GIDC)	8	110,206	289,523
Reversal of excess provision for WPPF and WWF		107,849	
Others		70,928	9,932
		440,349	459,388

### Income from financial assets

Mark-up income on Term Finance Certificates		7,691	7,454
Other markup income		14,011	6,104
Foreign currency exchange gain - Net		347,037	387,953
		<u>368,739</u>	<u>401,511</u>
		<u>809,088</u>	<u>860,899</u>

**30.1** This includes Rs. 53.5 million (2021: Rs. 130.3 million) in respect of export receivables.

## 31 FINANCE COST

Mark-up on short term borrowings		1,335,571	938,867
Mark-up on long term financing		824,809	641,214
Bank and other charges		167,596	87,794
Markup on workers' profit participation fund		17,430	-
Finance cost on GIDC Provision for GIDC		323,995	108,635
Mark-up on liability against Right-of-use assets		-	167,548
		<u>2,669,400</u>	<u>1,944,058</u>

- 31.1** Finance cost includes Rs. 100.4 million and Rs. 193.09 million (2021: Rs. 101.16 million and Rs. 87.7 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.
- 31.2** Finance cost includes Rs. 158.86 million (2021: Rs. 115.5 million) on financing from an associated company.
- 31.3** The finance cost is exclusive of amount of Rs. 638.35 million (June 21: Nil) attributed to Ideas (Private) Limited.

Note	June 2022	Re-stated Un-Audited June 2021
		-----Rs. 000s-----

## 32 TAXATION

Taxation			
- Current		1,375,047	896,862
- Prior		(52,152)	-
		1,322,895	896,862
Deferred tax	32.1	284,037	240,387
		<u>1,606,932</u>	<u>1,137,249</u>

### 32.1 Reconciliation between accounting profit and tax expense

Net profit for the year before taxation	10,468,579	5,561,789
Tax rate (%)	29%	29%
Tax on accounting profit	3,035,888	1,612,919
Tax effect of		
Tax credits/ Rebates	-	(117,941)
Prior year	(52,152)	-
Super tax	352,576	-
Final tax regime	(1,660,841)	(593,742)
Others	(68,539)	236,013
	(1,428,956)	(475,670)
Tax Expense	<u>1,606,932</u>	<u>1,137,249</u>

- 32.2** The provision for current year tax represent 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 assessment orders	
	-----Rs. 000s-----		
2021	896,862	827,921	
2020	635,153	631,350	
2019	713,913	728,765	
	Note	June 2022	Re-stated Un-Audited June 2021

### 33 EARNINGS PER SHARE - basic and diluted

		-----Rs. 000s-----	
Profit after taxation		<u>8,861,647</u>	<u>4,424,540</u>
Weighted average number of shares			
Issued subscribed and paid up capital		616,716,215	427,794,630
Shares to be issued pursuant to the scheme of arrangement	33.1	-	51,681,330
Bonus shares allotted subsequently		<u>616,716,215</u>	<u>85,558,926</u>
Earnings per share - basic and diluted (Rs.)	33.2	<u>14.37</u>	<u>7.83</u>

33.1 Weighted average number of shares include the effect of bonus shares issued in July 2021.

33.2 There is no dilutive effect on the earnings per share of the Company, as the Company has no potential ordinary shares.

### 34 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:

- Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
- 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.
- Retail and Distribution:** On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.
- Processing, Home Textile and Apparel** Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

## 36.1 profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile, Apparel etc		Elimination Of Inter Segment Transactions		Total	
	June-22	June-21	June-22	June-21	June-22	June-21	June-22	June-21	June-22	June-21	June-22	June-21
-----Rs. 000s-----												
Sales	38,143,981	26,245,505	5,353,120	4,299,161	-	12,860,599	70,552,794	56,882,696	(13,792,938)	(21,513,889)	100,256,957	78,774,072
Cost of sales	25,663,810	20,821,751	4,400,212	3,323,389	-	10,049,976	66,618,203	53,224,237	(13,792,938)	(21,513,889)	82,889,287	65,905,464
Gross profit	12,480,171	5,423,754	952,908	975,772	-	2,810,623	3,934,591	3,658,459	-	-	17,367,670	12,868,608
Distribution and Administrative cost	494,470	279,757	135,136	125,467	-	2,312,117	3,548,796	2,987,197	-	-	4,178,401	5,704,538
Profit before tax and before charging following	11,985,701	5,143,997	817,772	850,305	-	498,506	385,796	671,262	-	-	13,189,270	7,164,070
Finance Cost											2,669,400	1,944,058
Other operating cost											860,379	519,122
Other income											(809,089)	(860,899)
Profit before taxation											2,720,691	1,602,281
Taxation											10,468,579	5,561,789
Profit after taxation											1,606,932	1,137,249
Depreciation and Amortisation											8,861,647	4,424,540
Expense	1,108,530	1,034,540	489,676	370,543	-	510,190	1,375,883	1,042,015	-	-	2,974,089	2,957,288

## 34.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile, Apparel etc		Unallocated		Total	
	June-22	June-21	June-22	June-21	June-22	June-21	June-22	June-21	June-22	June-21	June-22	June-21
-----Rs. 000s-----												
Assets	33,582,383	23,565,307	6,212,001	4,831,057	-	-	58,129,554	48,389,997	16,718,863	14,951,269	114,642,801	91,737,630
Liabilities	11,274,556	10,418,058	4,541,182	4,578,826	-	-	27,860,072	11,484,559	34,833,693	37,992,941	78,509,502	64,474,384
Segment Capital & Intangible Expenditure	2,256,058	4,153,188	468,790	1,416,276	-	281,167	5,797,323	3,564,395	2,280,079	674,869	10,802,249	10,089,895

- 34.3 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.
- 34.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

### 34.5 Information about major customer

Sales to major customer whose revenue exceeds 10% of gross sales is Rs.21,191 million (2021: Rs. 12,488 million).

## 35 INFORMATION BY GEOGRAPHICAL AREA

	Restated Un-Audited Revenue		Restated Un-Audited Non-current assets	
	June-22	June-21 (Restated)	June-22	June-21 (Restated)
	-----Rs. 000s-----			
Pakistan	45,195,923	35,218,814	50,028,353	42,117,992
Germany	11,340,528	16,294,861	-	-
United States	8,979,152	8,470,544	-	-
Italy	18,265,847	1,220,900	-	-
Netherlands	3,814,594	3,830,210	-	-
United Kingdom	3,504,456	2,480,963	-	-
France	2,949,954	3,917,264	-	-
Spain	679,785	607,073	-	-
China	363,688	300,136	-	-
Sweden	1,312,138	1,526,767	-	-
United Arab Emirates	290,896	40,666	58,450	58,450
Other Countries	3,559,996	4,865,874	-	-
	<u>100,256,957</u>	<u>78,774,072</u>	<u>50,086,803</u>	<u>42,176,442</u>

## 36 CASH AND CASH EQUIVALENTS

	Note	June-22	June-21 (Restated) Un-Audited
		-----Rs. 000s-----	
Cash and bank balances	24	1,790,621	256,610
Short term borrowings	12	(35,362,069)	(29,108,282)
		<u>(33,571,448)</u>	<u>(28,851,672)</u>



## 37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 2022				June 2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rs. 000s-----				-----Rs. 000s-----			
Managerial remuneration	16,000	12,000	690,273	718,273	16,000	12,000	717,788	745,788
Bonus	-	-	41,221	41,221	-	-	-	-
House rent allowance	6,400	4,800	276,109	287,309	6,400	4,800	287,115	298,315
Other allowances	1,600	1,200	260,044	262,844	1,600	1,200	247,871	250,671
Contribution to provident fund	1,333	1,000	54,106	56,438	1,333	1,000	55,813	58,146
	25,333	19,000	1,321,753	1,366,086	25,333	1,352,920	1,308,587	1,352,920
Number of persons	1	1	264	266	1	1	264	266

- 37.1** 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.
- 37.2** Aggregate amount charged during the year in respect of meeting fee to four Non Executive Directors and the Chairman was Rs. 5.7 million (2021: Five Non Executive Directors and Chairman Rs. 4.5 million).
- 37.3** Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

## 38 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	2022	Re-stated Un-Audited 2021
		----- Rs. 000s -----	
Parent Company	Dividend paid	287,075	-
	Bonus Shares issued	57,414	-
Subsidiaries and indirect subsidiaries	Sale of goods	2,557,396	1,981,652
	Sales through subsidiaries acting as agents	3,444,110	1,410,530
	Commission paid	214,879	147,165
	Expenses attributed to subsidiary company	785,846	3,626
Associated Companies and other related parties	Purchase of goods	66,097	3,890
	Sale of goods	-	5,266
	Services rendered	1,319	87,522
	Sale of fixed assets	5,682	1,504
	Gain on disposal of fixed assets	1,423	139
	Rent paid	960	8,760
	Fees paid	2,000	2,000
	Donation paid	-	8,000
	Bills discounted	15,766,349	13,099,185
	Markup and other bank charges	158,859	115,581
	Company's contribution to provident fund	235,529	212,054
	Dividend paid	17,516	15,212

- 38.1 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 18 and 37 respectively.
- 38.2 Related parties status of outstanding receivables and payables as at June 30, 2022 are also included in respective notes to the unconsolidated financial statements.
- 38.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

S.No	Company Name	Basis of Relationship	% of shareholding in the Company
1	Gul Ahmed International Limited FZC	Wholly owned subsidiary	100%
2	GTM (Europe) Limited	Wholly owned ultimate subsidiary	100%
3	GTM USA Corp.	Wholly owned ultimate subsidiary	100%
4	Sky Home Corp.	Wholly owned ultimate subsidiary	100%
5	Vantona Home Limited	Wholly owned ultimate subsidiary	100%
6	JCCO 406 Limited	Wholly owned ultimate subsidiary	100%
7	Ideas (Private) Limited	Wholly owned subsidiary	100%
8	Habib Metropolitan Bank Limited (HMBL)	Common Directorship	-
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	Gul Ahmed Holdings (Private) Limited	Holding Company	-
20	Gul Ahmed Textile Mills Limited Employees Provident Fund Trust	Employees Fund	-

## 37 CAPACITY AND PRODUCTION

	Unit	June 2022			June 2022		
		Capacity	Production	Working	Capacity	Production	Working
-----In 000s-----							
Spinning	Kgs. (20 Counts converted)	88,432	84,817	3 shifts	69,926	66,898	3 shifts
Weaving	Sq. meters (50 Picks converted)	227,557	203,456	3 shifts	185,602	166,009	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.

## 40 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 15,493 (2021: 15,345) and average number of employees during the year were 15,791 (2021: 15,955).

## 41 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

- 41.1 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.

## 42 FINANCIAL ASSETS AND LIABILITIES

June 2022						
Non interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
Maturity up to one year	Maturity after one year year	Sub total	Maturity up to one year	Maturity after one year year	Sub total	

-----Rs. 000-----

### Financial assets

#### At Cost/Amortized cost

Long term investment	-	70,000	70,000	-	-	-	70,000
Loans, advances and other receivables	50,864	104,440	155,304	127,845	22,820	150,665	305,969
Long term deposits	-	-	-	-	474,709	474,709	474,709
Trade debts	-	-	-	22,098,618	-	22,098,618	22,098,618
Cash and bank balances	-	-	-	1,790,621	-	1,790,621	1,790,621
	50,864	174,440	225,304	24,017,084	497,529	24,514,613	24,739,917

### Financial liabilities

#### At Amortized cost

Long term financing	3,301,695	20,550,890	23,852,585	-	-	-	23,852,585
Trade and other payables	549,607	-	549,607	15,698,024	-	15,698,024	16,247,631
Accrued mark-up/profit	-	-	-	614,522	-	614,522	614,522
Short term borrowings	35,362,069	-	35,362,069	-	-	-	35,362,069
Unclaimed dividend	-	-	-	10,413	-	10,413	10,413
Unpaid dividend	-	-	-	23,505	-	23,505	23,505

#### At Fair value

Liability under forward cover	-	-	-	32,220	-	32,220	32,220
	39,213,371	20,550,890	59,764,261	16,378,684	-	16,378,684	76,142,945

### Off balance sheet items

Guarantees	-	-	-	3,163,000	-	3,163,000	3,163,000
Bills discounted	-	-	-	8,947,337	-	8,947,337	8,947,337
Commitments	-	-	-	3,696,733	-	3,696,733	3,696,733
	-	-	-	15,807,070	-	15,807,070	15,807,070

Financial assets and liabilities of the Company as at June 30, 2021 were as follows;

June 2021 (Restated Un-Audited)						
Non interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
Maturity up to one year	Maturity after one year year	Sub total	Maturity up to one year	Maturity after one year year	Sub total	

-----Rs. 000-----

#### Financial assets

##### At Cost/Amortized cost

Long term investment	-	70,000	70,000	-	-	-	70,000
Loans, advances and other receivables	39,329	81,348	120,677	183,647	1,709	185,356	306,033
Long term deposits	-	-	-	-	69,087	69,087	69,087
Trade debts	-	-	-	17,685,551	-	17,685,551	17,685,551
Cash and bank balances	-	-	-	256,610	-	256,610	256,610

##### At Fair Value - Long term investment

	39,329	151,348	190,677	18,125,808	70,796	18,196,604	18,387,281
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#### Financial liabilities

##### At Amortized cost

Long term financing	2,500,941	18,571,409	21,072,350	-	-	-	21,072,350
Trade and other payables	-	-	-	11,047,276	-	11,047,276	11,047,276
Accrued mark-up/profit	-	-	-	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
	31,609,223	18,571,409	50,180,632	11,709,956	-	11,709,956	61,890,588

#### Off balance sheet items

Guarantees	-	-	-	2,451,000	-	2,451,000	2,451,000
Bills discounted	-	-	-	4,885,993	-	4,885,993	4,885,993
Commitments	-	-	-	5,312,500	-	5,312,500	5,312,500
	-	-	-	12,649,493	-	12,649,493	12,649,493

## 43. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, markup risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

Risk Management is carried out under policies and principles approved by the Board of Directors. All treasury related transactions are carried out within the parameters of these policies and principles.

The information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk and the Company's management of capital is as follows:



## 43.1 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 2022	Re-stated Un-Audited June 2021
	----- Equivalent USD 000s -----	
Trade debts	23,879	18,321
Cash and bank balances	88	31
Short term borrowing	(20,949)	-
Trade and other payables	(112)	(237)
Net exposure	<u>2,906</u>	<u>18,114</u>

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

	June 2022	Re-stated Un-Audited June 2021
	----- Rs. 000s -----	
Foreign currency commitments and guarantees outstanding at year end are as follows:		
USD	38,949	12,099
EURO	11,523	16,492
AED	1,791	-
JPY	1,268	408
CHF	68	352
CNY	-	2,942
GBP	-	99

The following significant exchange rates were applied during the year:

#### Rupee per USD

Average rate (Selling/Buying)	179.73/179.23	160.3/160.7
Reporting date rate (Selling/Buying)	206/205.5	158.3/157.8

## Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2022 would have increased/ decreased the equity and profit/ loss after tax by Rs. 21.2 million (June-21: Rs.101.47 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 under variable rate arrangements 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. 225 million (June-21: Rs.190.7 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs. 59,766 million (June-21: Rs. 50,180 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, 2022, 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 169.4 million (June 2021: Rs 149.6 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2022, 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. 251.1 million (June 2021: Rs. 206.7 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 un-consolidated 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.

## **43.2 Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation without considering the fair value of the collateral available there

against. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

### Exposure to credit risk

Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	June 2022	Re-stated Un-Audited June 2021
		-----Rs. 000s-----	
Long term investment	17.3	70,000	73,526
Loans, advances and other receivables		305,969	306,033
Long term deposit		474,709	69,087
Trade debts	21	22,098,618	17,685,551
Bank balances	24	1,780,060	249,989
		<u>24,729,356</u>	<u>18,384,186</u>

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 impairment allowance for life time expected credit losses trade debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments. Further the majority of the customers have been transacting with the Company for several years. The Company actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Company

does not expect these customers will fail 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 2022	Re-stated Un-Audited June 2021
	-----Rs. 000s-----	
1 to 6 months	16,937,904	10,749,457
6 months to 1 year	106,800	6,970,936
1 year to 3 years	5,367,169	227,540
	<u>22,411,873</u>	<u>17,947,933</u>
Less: Expected credit losses	(313,255)	(262,382)
	<u>22,098,618</u>	<u>17,685,551</u>

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 2022	Re-stated Un-Audited June 2021
		-----Rs. 000s-----	
Long term investment			
AAA	17.3	70,000	73,526
Bank balances			
AAA		953,591	111,567
AA+		300,086	113,967
AA		513,048	22,032
AA-		2,004	-
A+		9,210	453
A		2,097	1,893
BBB-		24	77
		<u>1,780,060</u>	<u>249,989</u>
		<u>1,850,060</u>	<u>323,515</u>

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.

### 43.3 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 42.

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, 2022, the Company has Rs. 38,269 million (June-21: Rs. 30,000 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 6,505 million (June-21: Rs. 892 million) and also has Rs.1,791 million (June-21: Rs.256 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 year
	----- Rs. in 000s) -----			
As at June 30, 2022				
Long term financing	23,852,585	26,983,290	3,943,657	23,039,633
Trade and other payables	15,730,244	15,730,244	15,730,244	-
Accrued markup	614,522	614,522	614,522	-
Short term borrowings	35,362,069	35,362,069	35,362,069	-
Unclaimed dividend	10,413	10,413	10,413	-
Unpaid dividend	23,505	23,505	23,505	-
	<u>75,593,338</u>	<u>78,724,043</u>	<u>55,684,410</u>	<u>23,039,633</u>
Total as at June 30, 2021 (Re-stated Un-Audited)	61,890,588	61,478,388	42,535,551	18,942,837

### 43.4 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, 2022 and June 30, 2021 were as follows;



	June 2022	Re-stated Un-Audited June 2021
	-----Rs. 000s-----	
Total borrowings	59,214,654	50,180,632
Cash and bank	(1,790,621)	(256,610)
Net debt	57,424,033	49,924,022
Total equity	36,132,993	27,263,246
Total equity and debt	93,557,026	77,187,268
Gearing ratio (%)	61	65

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.

#### 44 FAIR VALUES

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

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

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

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated

at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Company does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

**45      DATE OF AUTHORIZATION**

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on \_\_\_\_\_.

**46      CORRESPONDING FIGURES**

Corresponding figures in these un-consolidated financial statements are clubbed to include assets and liabilities acquired / transferred under the Scheme as disclosed in note 1.2. For better presentation, certain reclassification have also been made in the corresponding figures where considered necessary.

**47      General**

Figures have been rounded off to the nearest thousand rupees.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

# Attendance at Board Meetings

For the year ended June 30, 2022

Name of Directors	Board		Audit Committee		Human Resource & Remuneration Committee	
	Required	Attended	Required	Attended	Required	Attended
Mohomed Bashir	5	5	5	5	1	1
Zain Bashir	5	5	--	--	1	1
Mohammed Zaki Bashir	5	5	--	--	--	--
Ziad Bashir	5	5	--	--	--	--
Dr. Amjad Waheed	5	5	5	4	--	--
Ehsan A. Malik	5	5	5	5	1	1
Zeeba Ansar	5	5	--	--	--	--

# CATEGORIES OF SHAREHOLDING

AS AT JUNE 30, 2022

S No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Individuals	5,638	108,078,823	17.52
2	Investment Companies & Mutual Funds	136	403,987,139	65.51
3	Insurance Companies	8	19,216,076	3.12
4	Joint Stock Companies	38	84,229,295	13.66
5	Modaraba Companies	1	108	-
6	Financial Institutions	4	114,845	0.02
7	Charitable Institutions	10	817,185	0.13
8	Government Departments	3	272,744	0.04
		5,838	616,716,215	100.00

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	From	To	
2	155,001	160,000	320,000
1	160,001	165,000	163,826
1	165,001	170,000	169,138
4	175,001	180,000	714,980
3	185,001	190,000	563,132
3	195,001	200,000	600,000
4	200,001	205,000	815,539
2	205,001	210,000	416,412
1	210,001	215,000	214,000
1	215,001	220,000	216,000
1	220,001	225,000	223,200
2	225,001	230,000	453,800
1	230,001	235,000	233,472
3	235,001	240,000	720,000
2	245,001	250,000	497,572
1	250,001	255,000	253,688
1	265,001	270,000	265,400
2	270,001	275,000	542,626
2	275,001	280,000	558,501
1	280,001	285,000	283,160
1	285,001	290,000	289,308
3	295,001	300,000	897,200
1	300,001	305,000	303,019
1	310,001	315,000	310,600
1	320,001	325,000	323,280
1	350,001	355,000	352,354
1	355,001	360,000	360,000
2	370,001	375,000	747,719
1	385,001	390,000	387,900
3	395,001	400,000	1,198,071
1	415,001	420,000	415,584
1	440,001	445,000	442,428
3	495,001	500,000	1,493,275
1	575,001	580,000	577,077
1	595,001	600,000	599,568
1	620,001	625,000	620,327
1	640,001	645,000	642,000
2	800,001	805,000	1,602,925
1	830,001	835,000	833,326



NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	From	To	
1	845,001	850,000	847,489
1	880,001	885,000	884,164
1	890,001	895,000	891,600
1	895,001	900,000	900,000
1	985,001	990,000	987,600
1	995,001	1,000,000	999,480
1	1,005,001	1,010,000	1,005,120
1	2,145,001	2,150,000	2,145,871
1	2,200,001	2,205,000	2,204,300
1	2,215,001	2,220,000	2,219,661
1	2,235,001	2,240,000	2,238,099
1	2,360,001	2,365,000	2,363,163
1	2,585,001	2,590,000	2,589,171
1	2,610,001	2,615,000	2,610,874
1	2,945,001	2,950,000	2,948,940
1	3,230,001	3,235,000	3,232,936
1	3,335,001	3,340,000	3,339,194
1	3,830,001	3,835,000	3,832,081
1	4,075,001	4,080,000	4,077,089
1	5,635,001	5,640,000	5,635,107
1	5,705,001	5,710,000	5,705,571
1	6,500,001	6,505,000	6,501,236
1	9,530,001	9,535,000	9,533,214
1	13,395,001	13,400,000	13,395,421
1	13,590,001	13,595,000	13,590,526
1	18,430,001	18,435,000	18,431,267
1	20,605,001	20,610,000	20,609,384
2	20,745,001	20,750,000	41,499,676
1	48,480,001	48,485,000	48,481,496
1	344,485,001	344,490,000	344,486,467
5,838			616,716,215

# Pattern of Shareholding

As at June 30, 2022

## Additional Information

CATEGORIES OF SHAREHOLDERS	Number	Shares held
<b>Associated Companies, Undertaking and Related Parties</b>		
GUL AHMED HOLDINGS (PRIVATE) LIMITED	1	344,486,467
SWISSTEX CHEMICALS (PRIVATE) LIMITED	1	18,431,267
GRAND INDUSTRIES (PRIVATE) LIMITED	1	48,481,496
GHAFOORIA INDUSTRIES (PRIVATE) LIMITED	1	13,395,421
TRUSTEE - GUL AHMED TEXTILE MILLS LIMITED EMPLOYEES PROVIDENT FUND TRUST	1	2,589,171
<b>NIT and ICP</b>		
IDBP (ICP UNIT)	1	2,971
IDBL (ICP UNIT)	1	637
CDC - TRUST NATIONAL INVESTMENT (UNIT) TRUST	1	17,902
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	9,533,214
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	216,000
CDC - TRUSTEE NIT INCOME FUND - MT	1	35,500
<b>Mutual Funds</b>		
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	2,948,940
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	153,352
CDC - TRUSTEE HBL INVESTMENT FUND	1	387,900
CDC - TRUSTEE HBL GROWTH FUND	1	620,327
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	2,610,874
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	233,472
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	34,404
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	36,620
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	3,832,081
CDC - TRUSTEE NBP STOCK FUND	1	5,635,107
CDC - TRUSTEE NBP BALANCED FUND	1	283,160
CDC - TRUSTEE APF-EQUITY SUB FUND	1	160,000
CDC - TRUSTEE HBL - STOCK FUND	1	86,800
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	13,600
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	352,354
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	833,326
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	374,471
CDC - TRUSTEE ABL STOCK FUND	1	2,238,099
CDC - TRUSTEE LAKSON EQUITY FUND	1	642,000

CATEGORIES OF SHAREHOLDERS	Number	Shares held
CDC - TRUSTEE NBP SARMAYA IZAFI FUND	1	247,572
CDC - TRUSTEE HBL EQUITY FUND	1	227,800
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	36,300
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	141,860
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	884,164
CDC - TRUSTEE AWT STOCK FUND	1	25,500
CDC - TRUSTEE LAKSON TACTICAL FUND	1	83,500
CDC - TRUSTEE HBL INCOME FUND - MT	1	176,500
CDC - TRUSTEE ALFALAH CONSUMER INDEX EXCHANGE TRADED FUND	1	44,608
CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	1	500
BANKS, NBFIs, DFI AND INVESTMENT COMPANIES	99	23,760,086
INSURANCE COMPANIES	8	19,216,076
JOINT STOCK COMPANIES	35	3,921,111
MODARABA COMPANIES	1	108
FINANCIAL INSTITUTIONS	4	114,845
CHARITABLE INSTITUTIONS	10	817,185
GOVERNMENT DEPARTMENTS	3	272,744
<b>Directors</b>		
MOHAMED BASHIR (Chairman)	1	4,077,089
ZAIN BASHIR (Vice Chairman)	1	20,749,838
MOHAMMED ZAKI BASHIR (Chief Executive)	1	20,749,838
ZIAD BASHIR	1	6,967
DR. AMJAD WAHEED	1	20,013
EHSAN A. MALIK	1	4,320
MS. ZEEBA ANSAR	1	3,000
<b>Directors'/CEO's Spouse</b>		
TANIA ZAIN BASHIR	1	6,967
Shareholders holding 5% or more Voting Interest		
GUL AHMED HOLDINGS (PRIVATE) LIMITED	1	344,486,467
GRAND INDUSTRIES (PRIVATE) LIMITED	1	48,481,496
Details of trading in the shares by:		
The following trading were carried out by the Director during the year under review: =		
Dr. Amjad Waheed (Director) 112,000 Shares Purchased		
Dr. Amjad Waheed (Director) 112,000 Shares Sold		

# Group Directors 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, 2022.

## The Group

The Group comprises of;

Ideas (Private) Limited (Pvt) limited, Pakistan;

Gul Ahmed International Limited (FZC)-UAE;

GTM (Europe) Limited-UK;

GTM USA Corp. -USA;

Sky Home Corp. -USA;

JCCO 406 Limited-UK; and

Vantona Home Limited-UK

All these subsidiaries are engaged in trading/retail sales of textile and related products.

## Group Results

The Consolidated financial results of the group are given below:

	Rupees '000
Profit before tax	11,696,985
Taxation	1,851,848
Profit after tax	9,845,037
Un-appropriated profit brought forward	23,534,288
Amount available for appropriation	<u>32,881,017</u> =====

## Appropriation

Rupees '000

Amount carried to other comprehensive income	8,406
Exchange difference on translation of foreign Subsidiaries	(165,252)
Issuance of Bonus Shares	(855,589)
Amount carried forward	32,881,011
	<hr/>
	30,868,582
	=====

## Pattern of Shareholding

Ideas (Private) Limited and Gul Ahmed International Limited (FZC) - UAE are 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 JCCO 406 Limited-UK are wholly owned subsidiaries of GTM (Europe) Limited and Vantona Home Limited is wholly owned subsidiary of JCCO 406 Limited-UK. Shareholding in each company is in the name of respective holding companies.

Karachi  
September 29, 2022

Mohammed Bashir  
Chairman

Mohammed Zaki Bashir  
Chief Executive Officer



# FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of Gul Ahmed Textile Mills Limited and holder of \_\_\_\_\_  
Ordinary Shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ another member of the Company, as my/our proxy  
in my/our absence to attend and vote for me/us and on my/our behalf at the **70th Annual General Meeting** of the Company to be held on October 27, 2022 or at any Adjournment thereof.

- 1) Witness \_\_\_\_\_ Signed by me this \_\_\_\_\_ day of \_\_\_\_\_ 2022
- Name \_\_\_\_\_
- Address \_\_\_\_\_ Signed \_\_\_\_\_
- CNIC No. \_\_\_\_\_
- Affix Revenue  
Stamp Rs.5.00
- 2) Witness \_\_\_\_\_
- Name \_\_\_\_\_ Folio No./CDC Account No. \_\_\_\_\_
- Address \_\_\_\_\_
- CNIC No. \_\_\_\_\_

## Notes:

1. A member entitled to vote at the meeting may appoint a proxy. Proxies in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
2. Proxies granted by shareholders who have deposited their shares into Central Depository Company of Pakistan Limited must be accompanied with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owners. Representatives of corporate members should bring the usual documents required for such purpose. A proxy must be a member of the Company.
3. If member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. If the member is a corporate entity its common seal should be affixed to the proxy.
5. In case of CDC Account Holders, attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

# DEFINITIONS AND GLOSSARY OF TERMS

FOR THE YEAR ENDED JUNE 30, 2022

## 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
ERP Enterprise Resource Planning
ETP Effluent Water Treatment Plant
FDI Foreign Direct Investments
FY Fiscal Year
FZC Free Zone Company
GDP Gross Domestic Product
GIDC Gas Infrastructure Development Cess
GST General Sales Tax
HSE Health Safety and Environment
IAS International Accounting Standard
IASB International Accounting Standards Board
ICAP Institute of Chartered Accountants Pakistan
Institute of Chartered Management Accountants Pakistan
IFRS International Financial Reporting Standards
ISO International Organization for Standardization
IT Information Technology
KIBOR Karachi Inter Bank Offer Rate
KPI Key Performance Indicators
KSE Karachi Stock Exchange
LSM Large Scale Manufacturing
MMBTU Million British Thermal Units
MW Mega Watts
NBFI Non-Banking Financial Institution
NEQS National Environmental Quality Standard
PAT Profi after tax
PBT Profi before tax
PESTEL Political, Economic, Social, Technical, Environmental, Legal
PICG Pakistan Institute of Corporate Governance
PKR Pak Rupee
R&D Research & Development
ROE Return on Equity
SECP Securities and Exchange Commission of Pakistan
SWOT Strength, Weakness, Opportunity, Threat
USD United States Dollar
WPPF Workers' Profit Participation Fund
WWF Workers' Welfare Fund
YoY Year on Year

	Note	June 2022	Re-stated Un-Audited June 2021
-----Rs. 000s-----			
<b>29 DISTRIBUTION COST</b>			
Salaries and benefits	30.1	1,745,802	1,484,209
Freight and shipment expenses		1,095,435	980,177
Advertisement and publicity		1,646,170	1,063,920
Participation in exhibitions		-	-
Cost of samples transferred from cost of goods manufactured		-	-
Rent and ancillary charges	30.2	180,374	221,407
Depreciation and amortisation	16.1.1 & 18.1	359,472	336,980
Amortisation	14.1	-	-
Depreciation on right of use assets	17	667,626	671,373
Utilities		354,142	132,642
Postage and telecommunication		261,846	112,203
Export development surcharge		145,585	109,272
Royalty		998	-
Other expenses		1,169,730	711,636
		<b>7,627,180</b>	<b>5,823,819</b>

## 30 ADMINISTRATIVE COST

Salaries and benefits	30.1	1,719,259	1,414,835
Rent and ancillary charges	30.2	189,870	182,873
Repairs and maintenance		56,881	95,476
Vehicle up keep and maintenance		306,486	229,925
Utilities		83,878	164,783
Conveyance and traveling		231,315	59,393
Printing and stationery		68,976	57,215
Postage and telecommunication		144,258	221,604
Legal and consultancy fees		168,199	148,14
Depreciation and amortisation	16.1.1 & 18.1	222,877	142,803
Depreciation on right of use assets	17	48,965	12,188
Auditors' remuneration	30.3	12,797	13,113
Donations	30.4 & 30.5	21,179	35,262
Insurance		90,817	61,955
Expected credit loss against doubtful trade debts	23.3	61,695	100,251
Provision for slow moving/obsolete items	21.1	7,743	1,473
Other expenses		391,399	239,074
		<b>3,818,849</b>	<b>3,178,895</b>

(30.1) Salaries, wages and benefits	Cost of sales		Distribution cost		Administrative cost		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
-----Rs. 000s-----								
- Salaries, wages and benefits	10,165,459	8,399,465	1,697,834	1,442,333	1,672,439	1,370,971	13,535,731	11,212,769

### Retirement benefits

- Gratuity	125,521	90,754	-	-	68	32	125,589	90,786
- Contribution to provident fund	193,306	152,314	47,951	41,808	46,752	43,832	288,009	237,954
- Staff compensated absences	318,827	243,068	47,951	41,808	46,720	43,864	413,598	328,740
	66,858	74,902	17	68	-	-	66,875	74,970
	<b>10,551,144</b>	<b>8,717,435</b>	<b>1,745,802</b>	<b>1,484,209</b>	<b>1,719,259</b>	<b>1,414,835</b>	<b>14,016,204</b>	<b>11,616,479</b>

(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.

### 30.3 Auditor's Remuneration

Component Heading		
Audit fee - Statutory audit of the unconsolidated financial statements	3,450	3,450
Fee for review of condensed interim financial statements	575	575
Fee for audit of consolidated financial statements	575	575
Review fee of statement of compliance with code of corporate governance	115	115
	1,950	3,400
Fee for special purpose audit	-	935
Other certification fee	533	719
Sindh sales tax on services	648	699
Out of pocket expenses	7,846	10,468
Local Subsidiary	1,620	105
Foreign Subsidiaries - Audit fee (multiple audit firms)	3,331	2,540
	<u>12,797</u>	<u>13,113</u>

### 30.4 Donations include donations to the following organizations in which a director is a trustee:

<u>Name of Donee</u>	<u>Interest in Donee</u>	<u>Name of Director</u>		
Habib University Foundation	Director	Mr. Mohamed Bashir	-	8,000
			-	8,000

### 30.5 Donations to following Organizations and Trusts exceed 10% of total amount of donations made or Rs.1 million whichever is higher:

<u>Name of Donee</u>		
Nigahban Welfare Association Civil Hospital	5,000	-
Pakistan Textile Council	3,750	-
Patients' Aid Foundation	-	10,000
Habib University Foundation	-	8,000
Karwan-e-Hayat	5,400	6,750

## 31 OTHER OPERATING COST

Workers' profit participation fund	11.2	591,074	343,048
Workers' welfare fund		102,326	129,346
Loss on sale of property, plant and equipment	16.1.3	222,207	85,817
Loss on derecognition of right of use assets and corresponding lease liability		-	360,764
Others		19,289	-
		<u>934,896</u>	<u>918,975</u>

## 32 OTHER INCOME

#### Income from non-financial assets and others

Gain on derecognition of right of use assets and corresponding lease liability	76,944	-
Scrap sales	8,423	7,312
Remeasurement gain on provision for GIDC	110,206	289,523
Remeasurement of Government grant	116,193	130,715
Reversal of excess provision for WPPF and WWF	107,849	-
Liabilities written back	26,751	40,311
Others	172,109	34,343
	<u>618,475</u>	<u>502,204</u>

#### Income from financial assets

Mark-up income on Term Finance Certificate	7,691	7,454
Other markup income	14,374	6,104
Foreign currency exchange gain - Net	346,370	387,953
	<u>368,445</u>	<u>401,511</u>
	<u>986,920</u>	<u>903,715</u>



32.1 This includes Rs. 53.5 million (2021: Rs. 130.3 million) in respect of export receivables.

### 33 FINANCE COST

Mark-up/ profit on short term borrowings	1,980,109	941,462
Mark-up/ profit on long term financing	824,809	641,214
Bank and other charges	375,181	139,528
Markup on workers' profit participation fund	17,430	-
Finance cost on provision for GIDC	323,995	108,635
Interest on liability against right of use assets	7 399,540	350,438
	<u>3,921,064</u>	<u>2,181,277</u>

33.1 Finance cost includes Rs. 100.4 million and Rs. 193.09 million (2021: Rs. 101.16 million and Rs. 87.7 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

### 34 TAXATION

Taxation		
- Current	1,760,658	1,118,569
- Prior	(52,152)	-
	<u>1,708,506</u>	<u>1,118,569</u>
Deferred tax	143,442	(90,430)
	<u>34.1 1,851,948</u>	<u>1,028,139</u>

#### 34.1 Reconciliation between accounting profit and tax expense

	June 2022	Re-stated Un-Audited June 2021
	-----Rs. 000s-----	
Net profit for the year before taxation	<u>11,696,985</u>	<u>6,192,130</u>
Tax rate (%)	29%	29%
Tax on accounting profit	3,392,126	1,795,718
Tax effect of		
Tax credits/ Rebates	-	(117,941)
Prior year	(52,152)	-
Super tax	456,386	122,977
Final Tax Regime	(1,660,841)	(593,742)
Others	(283,570)	(178,873)
	<u>(1,540,177)</u>	<u>(767,579)</u>
Tax Expense	<u>1,851,948</u>	<u>1,028,139</u>

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34.2 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-----	
2021	896,862	827,921
2020	635,153	631,350
2019	713,913	728,765

	Note	2022	Re-stated Un-Audited 2021
		-----Rs. 000s-----	
<b>35 EARNINGS PER SHARE - basic and diluted</b>			
Profit for the year attributable to the owners of the Holding Company		<u>9,845,037</u>	<u>5,163,991</u>
Weighted average number of shares			
Issued subscribed and paid up capital	35.1	<u>616,716,215</u>	427,794,630
Shares to be issued pursuant to the scheme of arrangement		-	51,681,330
Bonus shares approved during the year but allotted subsequently		-	85,558,926
		<u>616,716,215</u>	<u>565,034,886</u>
Earnings per share (Rs.)	35.2	<u>15.964</u>	<u>9.14</u>

**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 as there are no potential ordinary shares.**

## 36 SEGMENT INFORMATION

The Group's operations have been divided in four segments based on the nature of process and internal reporting.

Following are the four reportable business segments:

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

Transactions among the business segments are recorded at cost.

### 36.1 Segment profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Ideas (Private) Limited		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd		GTM USA Corp.		SKY Home Corporation		Elimination Of Inter Segment Transactions		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sales	38,143,981	26,245,505	5,353,120	4,299,161	-	12,860,599	70,552,795	57,834,494	21,757,333	8,602,206	584,983	361,914	3,573,956	2,192,803	-	340,028	239,557	232,451	-	1,327,869	1,137,285	(20,053,909)	(24,449,462)	121,812,606	89,324,062	
Cost of sales	25,663,810	20,821,751	4,400,212	3,323,389	-	10,049,976	66,618,203	54,174,562	13,191,979	4,721,973	480,215	334,615	3,206,224	1,944,470	-	299,168	179,510	227,596	-	909,370	992,869	(20,196,224)	(24,610,434)	94,800,552	71,932,681	
Gross profit	12,480,171	5,423,754	952,908	975,772	-	2,810,623	3,934,592	3,659,932	8,565,354	3,880,233	104,768	27,299	367,732	248,333	-	40,860	60,047	4,855	-	418,499	144,416	142,315	160,972	27,012,054	17,391,381	
Distribution costs and administrative costs	494,470	279,757	135,136	125,467	-	2,312,117	3,548,796	2,988,670	6,590,942	2,909,841	38,079	71,788	234,634	150,380	-	72,517	56,475	1,996	1,191	321,717	221,580	-	(114,551)	11,446,029	9,002,715	
Profit/(loss) before tax and before charging the following	11,985,701	5,143,997	817,772	850,305	-	498,506	385,797	671,262	1,974,412	970,392	66,689	(44,489)	133,098	97,953	-	(31,657)	3,572	2,859	(1,191)	96,782	(77,164)	142,315	275,523	15,566,025	8,388,666	
Other operating costs						*	*	*	*	*	-	-	-	-	-	-	-	-	-	-	-	-	-	934,896	918,975	
Other income						*	*	*	*	*	-	-	-	-	-	-	-	-	-	-	-	-	-	(986,920)	(903,715)	
Finance costs						*	*	*	*	*	-	-	-	-	-	-	-	-	-	-	-	-	-	3,921,064	2,181,277	
Profit before taxation						*	*	*	*	*	-	-	-	-	-	-	-	-	-	-	-	-	-	3,869,040	2,196,537	
Taxation						*	*	*	*	*	-	-	-	-	-	-	-	-	-	-	-	-	-	115,96,985	6,192,129	
Profit after taxation						*	*	*	*	*	-	-	-	-	-	-	-	-	-	-	-	-	-	1,851,948	1,028,139	
Depreciation and Amortisation Expense	1,108,530	1,034,540	489,676	370,543	-	510,190	1,375,883	1,046,511	1,186,293	595,253	5,757	6,200	2,824	641	-	7,335	6,683	-	-	1,540	1,369	-	-	4,177,838	3,571,930	

### 36.2 Segment profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Ideas (Private) Limited		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd		GTM USA Corp.		SKY Home Corporation		Unallocated		Total Group		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
Assets	33,582,383	23,565,307	6,212,001	4,831,057	-	-	58,129,557	40,687,294	16,666,132	14,716,756	998,359	477,409	2,241,379	1,067,616	87,284	76,525	476,403	383,998	301,340	816	719,396	507,132	16,718,863	16,648,097	136,133,097	102,962,007	
Elimination of intragroup balances																										(12,516,017)	(3,375,042)
																										123,617,080	99,586,965
Liabilities	11,274,556	10,418,058	4,541,182	4,578,826	-	-	27,860,078	11,437,108	12,064,843	6,419,425	121,310	14,197	1,936,006	82,446	-	-	566,760	96,976	276,803	713	845,201	351,495	34,833,693	39,026,886	94,320,431	72,426,130	
Elimination of intragroup balances																										(8,739,095)	(1,186,718)
																										85,581,336	71,239,412
Segment Capital Expenditure	2,256,058	4,153,188	468,790	1,416,276	-	281,167	5,797,323	3,564,395	727,951	35,689	-	606	-	-	2731	-	-	-	-	-	-	-	2,280,080	679,514	11,530,200	10,133,566	

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

### 36.5 Information about major customer

Sales to major customer whose revenue exceeds 10% of gross sales is Rs.211.91 million (2021: Rs. 12,488 million).

## 37 INFORMATION BY GEOGRAPHICAL AREA

	Revenue		Non-current assets	
	Re-stated Un-Audited		Re-stated Un-Audited	
	June 2022	June 2021	June 2022	June 2021
	-----Rs. 000s-----			
Pakistan	64,395,860	43,573,278	53,963,301	46,297,760
Germany	11,340,528	16,294,861	-	-
United States	10,641,602	9,525,184	3,961	4,394
Italy	18,265,847	1,220,900	-	-
Netherlands	3,814,594	3,830,210	-	-
United Kingdom	4,418,865	3,171,863	146,379	91,308
France	2,949,954	3,917,264	-	-
Spain	679,785	607,073	-	-
China	363,688	300,136	-	-
Sweden	1,312,138	1,526,767	-	-
United Arab Emirates	927,707	400,238	392,562	142,031
Other Countries	2,702,039	4,956,288	-	-
<b>Total</b>	<b>121,812,606</b>	<b>89,324,062</b>	<b>54,506,203</b>	<b>46,535,493</b>

## 38 CASH AND CASH EQUIVALENTS

Cash and bank balances	26	2,405,709	979,929
Short term borrowings	13	(35,483,721)	(29,162,163)
		<u>(33,078,012)</u>	<u>(28,182,234)</u>

## 39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022				2021 (Re-stated Un-Audited)			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rs. 000s-----				-----Rs. 000s-----			
Managerial remuneration	26,619	12,000	1,056,897	1,095,516	26,409	12,000	830,599	869,009
Bonus	-	-	41,221	41,221	-	-	-	-
House rent allowance	6,400	4,800	276,109	287,309	6,400	4,800	287,115	298,315
Other allowances	1,600	1,200	260,044	262,844	1,600	1,200	247,871	250,671
Contribution to provident fund	1,333	1,000	76,323	78,656	1,333	1,000	58,081	60,414
	<u>35,952</u>	<u>19,000</u>	<u>1,710,594</u>	<u>1,765,546</u>	<u>35,742</u>	<u>19,000</u>	<u>1,423,667</u>	<u>1,478,409</u>
Number of persons	<u>1</u>	<u>1</u>	<u>355</u>	<u>266</u>	<u>1</u>	<u>3</u>	<u>282</u>	<u>286</u>

**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. 5.7 million (2021: Five Non Executive Directors and Chairman Rs. 4.5 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 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	June 2022	Re-stated Un-Audited June 2021
		-----Rs. 000s-----	
Associated companies and other related parties	Purchase of goods	66,097	3,890
	Sale of goods	-	5,266
	Sale of fixed assets	5,682	1,504
	Gain on disposal of vehicle	1,423	139
	Rent paid	960	8,760
	Fees paid	2,000	2,000
	Donation paid	-	8,000
	Bills discounted	15,766,349	13,099,185
	Markup and other bank charges	158,859	115,581
	Holding Company's contribution to provident fund	235,527	212,054
	IDEAS contribution to provident fund	52,482	25,900
	Dividend paid	17,516	15,212
	Services rendered	1,319	87,522
	Services received	119,290	93,289

40.1 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. 20 and 39 respectively.

40.2 Related parties status of outstanding receivables and payable as at June 30, 2022 are also included in respective notes to the consolidated financial statements.

40.3 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	-



## 41 CAPACITY AND PRODUCTION

	Unit	2022			2021		
		Capacity	Production	Working	Capacity	Production	Working
		-----Rs. 000s-----					
Spinning	Kgs. (20 Counts converted)	88,432	84,817	3 shifts	69,926	66,898	3 shifts
Weaving	Sq. meters (50 Picks converted)	227,557	203,456	3 shifts	185,602	166,009	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.

## 42 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 17,831 (2021: 17,409) and average number of employees during the year were 17,998 (2021: 15,983).

## 43 PROVIDENT FUND RELATED DISCLOSURES

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.

## 44 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Group as at June 30, 2022 are as follows:

2022						
Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
Maturity upto one Year	Maturity after one Year year	Sub total	Maturity upto one Year	Maturity after one Year year	Sub total	
			-----Rs. 000s-----			

### Financial assets

#### At Cost / Amortised cost

Long term investment	-	70,000	70,000	-	-	-	70,000
Loans, advances and other receivables	50,864	104,440	155,304	182,351	22,820	205,170	360,474
Long term deposits	-	-	-	-	909,698	909,698	909,698
Trade debts	-	-	-	16,699,700	-	16,699,700	16,699,700
Cash and bank balances	-	-	-	2,405,709	-	2,405,709	2,405,709
	50,864	174,440	225,304	19,287,760	932,518	20,220,277	20,445,582

### Financial liabilities

#### At Amortised cost

Long term financing	3,301,695	20,550,890	23,852,585	-	-	-	23,852,585
Lease liability against right of use assets	602,780	3,050,093	3,652,873	-	-	-	3,652,873
	-	-	-	-	57,511	57,511	57,511
Long term deposits	591,074	-	591,074	19,156,327	-	19,156,327	19,747,401
Trade and other payables	-	-	-	614,522	-	614,522	614,522
Accrued mark-up / profit	35,483,72	-	35,483,72	-	-	-	35,483,72
Short term borrowings	-	-	-	10,413	-	10,413	10,413
Unclaimed dividend	-	-	-	23,505	-	23,505	23,505
Unpaid dividend	-	-	-	-	-	-	-

#### At Fair value

Liability under forward cover	-	-	-	32,220	-	32,220	32,220
	39,979,260	23,600,983	63,580,253	19,836,927	57,511	19,894,418	83,474,751

#### Off balance sheet items

Guarantees	-	-	-	3,163,000	-	3,163,000	3,163,000
Bills discounted	-	-	-	8,947,337	-	8,947,337	8,947,337
Commitments	-	-	-	4,082,692	-	4,082,692	4,082,692
	-	-	-	16,193,029	-	16,193,029	16,193,029

Financial assets and liabilities of the Group as at June 30, 2021 were as follows;

2021 (Re-stated Un-Audited)						
Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
Maturity upto one Year	Maturity after one Year year	Sub total	Maturity upto one Year	Maturity after one Year year	Sub total	
			-----Rs. 000s-----			

## Financial assets

### At Cost / Amortised cost

Long term investment	-	70,000	70,000	-	-	-	70,000
Loans, advances and other receivables	63,475	81,348	144,323	180,833	1,709	182,542	327,365
Long term deposits	-	-	-	-	296,145	296,145	296,145
Trade debts	-	-	-	11,528,287	-	11,528,287	11,528,287
Cash and bank balances	-	-	-	979,929	-	979,929	979,929
All fair Value	63,475	154,874	218,349	12,689,049	297,854	12,986,903	13,205,252

Long term investment

## Financial Liabilities

### At Amortised cost

Long term financing	2,500,941	18,571,409	21,072,350	-	-	-	21,072,350
Lease liability against right of use assets	568,220	3,279,224	3,847,444	-	-	-	3,847,444
Long term deposits	-	-	-	-	82,435	82,435	82,435
Trade and other payables	343,048	-	343,048	13,654,348	-	13,654,348	13,997,376
Accrued mark-up/profit	-	-	-	341,473	-	341,473	341,473
Short term borrowings	29,162,163	-	29,162,163	-	-	-	29,162,163
Unclaimed dividend	-	-	-	297,702	-	297,702	297,702
Unpaid Dividend	-	-	-	23,505	-	23,505	23,505
	32,574,372	21,850,633	54,425,005	14,317,028	82,435	14,399,463	63,824,468

## Off balance sheet items

Guarantees	-	-	-	2,451,000	-	2,451,000	2,451,000
Bills discounted	-	-	-	4,885,000	-	4,885,000	4,885,000
Commitments	-	-	-	5,412,490	-	5,412,490	5,412,490
	-	-	-	12,748,490	-	12,748,490	12,748,490

## 45 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:

### 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 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:

	June 2022	June 2021
---- Equivalent USD 000s ----		
Trade debts	13,630	19,332
Cash and bank balances	1,102	1,949
Short term bank borrowings	(21,540)	-
Trade and other payables	(12,633)	(10,768)
Net exposure	<u>(19,461)</u>	<u>10,513</u>

The Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

	June 2022	Re-stated Un-Audited June 2021
----- Rs.000s -----		
Foreign currency commitments and guarantees outstanding at year end are as follows:		
USD	38,949	12,099
EURO	11,523	16,492
AED	1,791	-
JPY	1,268	408
CHF	68	352
CNY	-	2,942
GBP	-	99

The following significant exchange rates were applied during the year:	June 2022	June 2021
<b>Rupee per USD</b>	<b>179.73/179.23</b>	160.3/160.7
Average rate (Selling/Buying)	<b>206/205.5</b>	158.3/157.8
Reporting date rate (Selling/Buying)		

#### Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2022 would have increased/ decreased the equity and profit/ loss after tax by Rs. 141.97 million (June-21: Rs.58.89 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 Group has long term finance and short term borrowings at fixed and variable rates. During the year the Group has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

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. 225.3 million (June-21: Rs.220.18 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs. 63,574 million (June-21: Rs. 54,425 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, 2022, 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. 238.526 million (2021: Rs. 210.724 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2022, 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. 354.78 million (June 2021: Rs. 291.622 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 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.



## 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

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 2022	June 2021
----- Rs.000s -----			
Long term Investment	19	70,000	73,526
Loans, advances and other receivables	24	360,474	327,365
Long term deposit		909,698	296,145
Trade debts - net of impairment allowance	23	16,699,700	11,528,287
Bank balances	26	2,329,054	552,796
		<u>20,368,926</u>	<u>12,778,119</u>

The Group manages credit risk as follows:

### Loans, advances and other receivables

These loans are due from employees and are recovered in monthly installments deductible from their salaries. Retirement balances are also available for these employees against which balance can be adjusted in case of default. The Group actively pursues for the recovery of these loans and the Group does not expect that these employees will fail to meet their obligations, hence the Group believes that no impairment allowance is required there against.

Other advances and receivables include bank guarantee margin, advance for investments and miscellaneous which are neither past due nor impaired. The Group believes that based on past relationship, credit rating and financial soundness of the counter parties chances of default are remote and also there is no material impact of changes in credit risks of such receivables so no impairment allowance is necessary in respect of these advances and receivables.

### Long Term Deposits

These are mainly held for rented premises and utilities with the counter parties which have long association with the Group and have a good credit history. The management does not expect to incur credit loss there against.

### Trade debts

Trade debts are due from local and foreign customers. The Group manages credit risk inter alia by setting out credit limits in relation to individual customers, and/or by obtaining advance against sales and/or through letter of credits and/or by providing impairment allowance for life time expected credit losses trade debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments. Further the majority of the customers have been transacting with the Group for several years. The Group actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Group does not expect these customers will fail to meet their obligations except for some past due trade debts against which adequate allowance for impairment have been made.

The Group has established an allowance for 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:

	Note	June 2022	June 2021
		----- Rs.000s -----	
1 to 6 months		<b>16,791,418</b>	11,474,527
6 months to 1 year		<b>80,271</b>	110,624
1 year to 3 years		<b>165,401</b>	227,540
		<b>17,037,090</b>	11,812,691
Less: Expected credit losses		<b>(337,390)</b>	(284,404)
	23	<b>17,037,090</b>	11,528,287

Management believes that the unimpaired balances that are past dues are still collectable in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debts are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

### Bank balances

The Group limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating.

The bank balances along with credit ratings are tabulated below:

	Note	June 2022	June 2021
		----- RS.000s -----	
Long term Investment			
AAA	19	<b>70,000</b>	73,526
Bank Balances			
AAA		<b>1,502,585</b>	414,374
AA+		<b>300,086</b>	113,967
AA		<b>513,048</b>	22,032
AA-		<b>2,004</b>	
A+		<b>9,210</b>	453
A		<b>2,097</b>	1,893
BBB-		<b>24</b>	77
		<b>2,329,054</b>	552,796
	26	<b>2,339,054</b>	626,322

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 Texternal 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.

### 45.3 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. 44.

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, 2022, the Group has Rs.41,867 million (June-21: Rs. 30,142.4 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs.6,383 million (June-21: Rs. 981 million) and also has Rs. 2,406 million (June-21: Rs.980 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

	Carrying amount	Contractual cash flow	Less than one year	More than one years
<b>As at June 30, 2021</b>				
Long term financing	<b>21,072,350</b>	20,660,150	<b>1,717,313</b>	18,942,837
Trade and other payables	<b>13,803,517</b>	13,803,517	<b>13,803,517</b>	-
Accrued markup	<b>341,473</b>	341,473	<b>341,473</b>	-
Short term borrowings	<b>29,162,163</b>	29,162,163	<b>29,162,163</b>	-
Unclaimed dividend	<b>297,702</b>	297,702	<b>297,702</b>	-
Unpaid dividend	<b>23,505</b>	23,505	<b>23,505</b>	-
	<b>64,700,710</b>	64,288,510	<b>45,345,673</b>	18,942,837

### 45.4 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, 2022 and 2021 were as follows:

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.

	June 2022	June 2021
	----- Rs.000s -----	
Total borrowings	<b>59,336,305</b>	50,234,513
Cash and bank	<b>(2,405,708)</b>	(979,929)
Net debt	<b>56,930,597</b>	49,254,584
Total equity	<b>38,035,744</b>	28,347,553
Total equity and debt	<b>94,966,341</b>	77,602,137
Gearing ratio (%)	<b>60</b>	63

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.

## 46 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.

## 47 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on \_\_\_\_\_.

## 48 CORRESPONDING FIGURES

Corresponding figures in these consolidated financial statements are clubbed to include assets and liabilities acquired / transferred under the Scheme as disclosed in note 1.3. For better presentation, certain reclassification have also been made in the corresponding figures where considered necessary.

## 49 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