



**FINANCIAL INFORMATION**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2022**

**Gul Ahmed Textile Mills Ltd.**

## 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	KPMG Taseer Hadi & 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	<a href="mailto:finance@qulahmed.Com">finance@qulahmed.Com</a>	
URL	<a href="http://www.qulahmed.com">www.qulahmed.com</a>	

## DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for three months ended September 30, 2022.

### Economic Overview:

The world economy is experiencing a widespread and sharper-than-expected slowdown, with inflation higher than what has been observed in several decades. The cost-of-living has reached the highest level witnessed in decades. Most countries in the world are facing tight financial conditions in the wake of the Russia & Ukraine conflict and the lingering COVID-19 pandemic. These factors all weigh heavily on the global economic slowdown. The world's three largest economies the US, China, and Euro Area have all been experiencing severe slowdowns. Global GDP stagnated in the second quarter of 2022 and output declined in the G20 economies. As a result, the growth in emerging markets and developing economies was downgraded to 3.4 percent. Global consumer confidence has already suffered a much sharper decline than in the run-up to previous global recessions.

In line with world economic situation, Pakistan's economy is also facing challenging times and country is unable to raise sufficient revenue from taxes and economic expansion. Pakistan has repeatedly turned to either multilateral institutions or friendly countries for budgetary support. Our country has suffered from unprecedented rains leading to catastrophic flooding. With over 33 million people affected, and more than 2 million houses damaged or destroyed, more than 13,000 km of roads affected, and 440 bridges damaged or destroyed. Economic impacts are concentrated in the agricultural sector, with over 9.4 million acres of cultivated land destroyed, resulting in significant losses to cotton, date, wheat, and rice crops. Estimates suggest that as a direct consequence of the flood, the national poverty rate will increase by 2.5 to 4.0 percentage points, pushing between 5.8 and 9.0 million people below poverty.

Pakistan's key economic indicators were not encouraging during the period under review where foreign exchange reserves held by the State Bank of Pakistan (SBP) dipped \$106 million, clocking in at an alarming low level of \$7.9 billion as of September 30, 2022. Exports during the period showed a slight increase of 2.62% from \$6.99 billion during the same period last year to \$7.18 billion whereas, under the strict policy of SBP, Imports contracted by 21.3% from \$11.7 billion during the same period last year to \$9.22 billion, resulting in a 20% contraction in the trade deficit of \$2.88 billion. On the other hand, Workers' remittances declined by 6% during the first quarter of this fiscal year.

### Industrial Overview:

Amid elevated inflationary pressures, monetary tightening, and uncertainty in the financial market, the flood has further aggravated the supply chain disruptions and dragged down Large-Scale Manufacturing (LSM) to a negative growth of 1.4 percent in July 2022 against 4.4 percent growth in the corresponding period last year. On MoM, LSM nosedived by 16.5 percent in July 2022 against 0.6 percent in June 2022, however, it increased by 3.9% when compared with July 2022. As per available data, the production in July-August 2022-23 as compared to July-August 2021-22 has increased in wearing apparel, chemicals, iron and steel products, and furniture, while it decreased in food, beverages, tobacco, textile, coke and petroleum products, pharmaceuticals, rubber products, non-metallic mineral products, fabricated metal, electrical equipment, machinery and equipment, automobiles, and other transport equipment. CPI



inflation is recorded at 26.1 percent during Jul-Aug FY2023 as against 8.4 percent in the same period last year. Food prices have risen globally due to a shortage of supply of commodities and high demand. Pakistan has also been affected by global price hikes as the country is net importer of food items especially wheat, pulses, and edible oil.

Pakistan textile exports showed a growth of 3.68% from \$4.421 billion Jul-Sep 2021 to \$4.584 billion Jul-Sep 2022 according to the data released by Pakistan Bureau of Statistics (PBS). Knitwear exports increased by 15.4% from \$1.146 billion to \$1.321 billion and Cotton fabric saw exports jump by 4.21% to \$580.524 million, up from \$557.081 million last year. Whereas negative growth was witnessed in exports of cotton yarn by 18.14%, from \$288.617 million to \$236.263 million.

#### Company performance review

	Units	Quarter ended September 30, 2022	Re-stated Quarter ended September 30, 2021
Export sales including indirect export	Rs. in millions	24,941	14,939
Local sales excluding indirect export	Rs. in millions	2,556	5,570
Total sales	Rs. in millions	27,497	20,508
Gross profit	Rs. in millions	3,641	3,438
Profit before tax	Rs. in millions	1,698	1,612
Profit after tax	Rs. in millions	1,372	1,216
Earnings per share (EPS)	Rupees	2.23	1.97
Gross Profit Margin	%	13.25	16.77
Profit before tax Margin	%	6.18	7.86
Profit after tax Margin	%	4.99	5.93

The period under review was shadowed by risks and apprehensions. World economic situation reducing the disposal income in every economy, rising finance costs, rising energy cost caused lot of pressure on the gross profit and profit before tax. High volatility in PKR value, higher cost of raw material, higher finance cost and higher inflation etc. has dented the management's efforts to further increase the profitability.

Your Company has managed to achieve higher top line and marginal increase in bottom line as well. However, the percentage of both gross and net profit declined for the reasons mentioned above. The results were achieved despite the fact of de-merger of retail operations of the Company effective January 01, 2021. As such the figures, as reported in directors report of September 30, 2021, has been re-stated with exclusion of retails.

## Outlook:

Global economic growth is expected to face multiple challenges in months to come. On the backdrop of the Russia & Ukraine conflict, recent decision of OPEC to further cut down oil production and resultant energy shortage in the world the global economy is in a downward spiral to a global recession. The IMF is forecasting global economy to decline from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. Whereas the Global inflation is forecasted to rise from 4.7 percent in 2021 to 8.8 percent in 2022. On the other hand, Developing Asia's economies are continuing the recovery, but are being slowed by global headwinds. Tighter monetary policy in advanced economies and reduced global demand along with increased energy crises and supply chain disruptions are restricting economic growth.

In addition to the Global economic crisis, Pakistan is facing additional crises domestically. On the one hand there is Balance of Payment crisis with depleting foreign currency reserves, soaring inflation and increasingly volatile of exchange rates. The IMF evoked tighter economic policies and energy shortage resulted in further economic slowdown. On the other hand, substantial funds are required to cope with the losses and damages caused by unprecedented rains and flooding, Pakistan is looking at international donors and lenders for a help.

The State Bank of Pakistan (SBP) in a recent Monetary Policy statement mentioned that the biggest worry center around Pakistan's ability to pay for imports such as energy and food and to meet sovereign debt obligations abroad. The SBP revised its GDP growth target to 2.0% in FY23 from its original estimate of 3-4%. The SBP slightly revised its inflation outlook for FY23 and projects it to be in the range of 18-20%. SBP has maintained its original CAD forecast of ~3.0% of GDP". In its briefing, the SBP further highlighted that the sharp decline in global economic activity, potentially posing a risk to Pakistan's exports. However, Pakistan's exports have historically remained largely resilient to global macroeconomic slowdowns.

Despite the mentioned challenges, the Company and its management will continue to focus on internal efficiencies, rationalize costs and enhanced capacity utilization to deliver best possible results in the year. The risks like energy availability, increased supply chain disruptions, increase in raw material prices, changes in financial costs, change in utility pricing by the Government, may have a material impact.

## 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

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MOHOMED BASHIR  
Chairman

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MOHAMMED ZAKI BASHIR  
Chief Executive Officer

Karachi: October 28, 2022



Gul Ahmed Textile Mills Limited  
Condensed Interim Un-consolidated Statement of Financial Position  
As at September 30, 2022

	Note	Un-Audited September 2022	Audited June 2022
-----Rs. 000s-----			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 750,000,000 ordinary shares of Rs. 10 each		7,500,000	7,500,000
Issued, subscribed and paid-up capital 616,716,215 ordinary shares of Rs. 10 each (June-22: 616,716,215 ordinary shares of Rs. 10 each)		6,167,162	6,167,162
Reserves		31,338,634	29,966,137
		37,505,796	36,133,299
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - Secured	4	21,602,803	20,550,890
Provision for Gas Infrastructure Development Cess		670,080	885,219
Deferred taxation		542,417	542,417
Deferred income - government grant		126,915	135,122
Defined benefit plan- Staff Gratuity		224,796	210,777
<b>Total non-current liabilities</b>		23,167,016	22,324,425
<b>CURRENT LIABILITIES</b>			
Trade and other payables		20,537,078	16,543,507
Accrued mark-up / profit		463,015	614,522
Short term borrowings		34,693,887	35,362,069
Current maturity of long term financing	4	3,094,147	3,301,695
Current maturity of deferred income - government grant		43,457	54,551
Unclaimed dividend		10,392	10,413
Unpaid dividend		23,501	23,505
Taxation-net		165,200	174,815
<b>Total current liabilities</b>		59,030,677	56,185,077
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>Total Equity and Liabilities</b>	5	119,703,489	114,642,801
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	47,978,955	45,841,908
Intangible assets	7	57,863	51,720
Long term investment	8	3,591,206	3,591,206
Long term loans		111,687	127,260
Long term deposits		605,224	474,709
<b>Total non-current assets</b>		52,344,935	50,086,803
<b>CURRENT ASSETS</b>			
Stores and spares		1,157,889	1,071,274
Stock-in-trade		33,378,775	33,361,826
Trade debts		23,425,797	22,098,618
Loans, advances and other receivables		3,654,567	2,826,121
Short term prepayments		91,768	55,992
Receivable from government		4,625,570	3,351,546
Cash and bank balances		1,024,188	1,790,621
<b>Total current assets</b>		67,358,554	64,555,998
<b>Total Assets</b>		119,703,489	114,642,801

The annexed notes from 1 - 16 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR  
Chairman

MOHAMMED ZAKI BASHIR  
Chief Executive Officer

ABDUL ALEEM  
Chief Financial Officer

**Gul Ahmed Textile Mills Limited**  
**Condensed Interim Un-consolidated Statement of Profit or Loss**  
**For the quarter ended September 30, 2022**

	Note	Re-stated	
		Quarter ended	
		September 2022	September 2021
		-----Rs. 000s-----	
Sales - net		27,497,071	20,794,669
Cost of sales		23,856,468	17,356,990
Gross profit		3,640,603	3,437,679
Distribution cost		504,603	469,006
Administrative cost		757,767	524,128
Other operating cost		113,400	202,889
		1,375,770	1,196,023
		2,264,833	2,241,656
Other income / (loss)		131,781	(150,492)
<b>Operating profit</b>		<b>2,396,614</b>	<b>2,091,164</b>
Finance cost		698,713	479,594
<b>Profit before taxation</b>		<b>1,697,901</b>	<b>1,611,570</b>
Taxation	10	325,404	395,819
<b>Profit after taxation</b>		<b>1,372,497</b>	<b>1,215,751</b>
<b>Earnings per share - basic and diluted (Rs.)</b>		<b>2.23</b>	<b>1.97</b>

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**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

Gul Ahmed Textile Mills Limited  
Condensed Interim Un-consolidated Statement of Comprehensive Income  
For the quarter ended September 30, 2022

Un-Audited	
Quarter ended	
September 2022	September 2021
-----Rs. 000s-----	
Profit after taxation	1,372,497
Other comprehensive income	-
Total comprehensive income	1,372,497

The annexed notes from 1 - 16 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR  
Chairman

MOHAMMED ZAKI BASHIR  
Chief Executive Officer

ABDUL ALEEM  
Chief Financial Officer



Gul Ahmed Textile Mills Limited  
Condensed Interim Un-consolidated Statement of Changes in Equity  
For the quarter ended September 30, 2022

	Share Capital	Reserve			Total Reserves	Total
		Capital Reserve - Share Premium	Capital Reserve - Amalgamation Reserve	Unappropriated Profit		
-----Rupees '000-----						
Balance as at June 30, 2021 (Un-Audited-Restated)	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</b>						
Profit after taxation for quarter ended September 30, 2021	-	-	-	1,215,751	1,215,751	1,215,751
Other comprehensive income	-	-	-	-	-	-
	-	-	-	1,215,751	1,215,751	1,215,751
<b>Balance as at September 30, 2021 (Un-Audited)</b>	<b>6,167,162</b>	<b>-</b>	<b>8,252,059</b>	<b>14,059,776</b>	<b>22,311,835</b>	<b>28,478,997</b>
<b>Total comprehensive income for the nine months ended June 30, 2022</b>						
Profit after taxation	-	-	-	7,645,896	7,645,896	7,645,896
Other comprehensive income	-	-	-	8,406	8,406	8,406
	-	-	-	7,654,302	7,654,302	7,654,302
<b>Balance as at June 30, 2022 (Audited)</b>	<b>6,167,162</b>	<b>-</b>	<b>8,252,059</b>	<b>21,714,078</b>	<b>29,966,137</b>	<b>36,133,299</b>
<b>Total comprehensive income</b>						
Profit after taxation for quarter ended September 30, 2022	-	-	-	1,372,497	1,372,497	1,372,497
Other comprehensive income	-	-	-	-	-	-
	-	-	-	1,372,497	1,372,497	1,372,497
<b>Balance as at September 30, 2022 (Un-Audited)</b>	<b>6,167,162</b>	<b>-</b>	<b>8,252,059</b>	<b>23,086,575</b>	<b>31,338,634</b>	<b>37,505,796</b>

The annexed notes from 1 - 16 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR  
Chairman

MOHAMMED ZAKI BASHIR  
Chief Executive Officer

ABDUL ALEEM  
Chief Finance Officer

**Gul Ahmed Textile Mills Limited**  
**Condensed Interim Un-consolidated Statement of Cash Flows**  
**For the quarter ended September 30, 2022**

		Un-Audited	
		Quarter ended	
	Note	September 2022	September 2021
		-----Rs. 000s-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,697,901	1,611,570
Adjustments for:			
Depreciation on property, plant and equipment		750,823	613,334
Amortisation on intangible assets		6,210	6,816
Provision for gratuity		34,989	21,334
Finance cost		698,713	479,594
Provision for slow moving/obsolete stores and spares		27,676	38,113
Government grant		(19,301)	-
(Gain) / Loss on disposal of property, plant and equipment - net		(752)	137,881
Expected credit loss against doubtful trade debts		16,966	17,284
		1,515,324	1,314,356
Cash flows from operating activities before adjustments of working capital changes		3,213,225	2,925,926
Changes in working capital:			
Increase in current assets			
Stores and spares		(114,291)	(15,380)
Stock-in-trade		(16,949)	(1,547,499)
Trade debts		(1,344,145)	(316,233)
Loans, advances and other receivables		(828,446)	(81,238)
Short term prepayments		(35,776)	(32,106)
Receivable from government		(1,274,024)	(318,612)
		(3,613,631)	(2,311,068)
Increase in current liabilities			
Trade and other payables		3,586,892	1,755,416
Net decrease in working capital		(26,739)	(555,652)
Cash generated from operations before adjustment of following:		3,186,486	2,370,274
Gratuity paid		(20,970)	(25,435)
Finance cost paid		(739,378)	(424,634)
Income tax paid - net		(335,019)	(17,570)
Net change in long term loans and advances		15,573	19,714
Net change in long term deposits		(130,515)	(12,000)
		(1,210,309)	(459,925)
Net cash generated from operating activities		1,976,177	1,910,349
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(2,894,250)	(2,852,225)
Addition to intangible assets		(12,353)	-
Proceeds from sale of property, plant and equipment		7,132	71,030
Net cash used in investing activities		(2,899,471)	(2,781,195)
Balance carried forward to next page		(923,294)	(870,846)

**Gul Ahmed Textile Mills Limited**  
**Condensed Interim Un-consolidated Statement of Cash Flows**  
**For the quarter ended September 30, 2022**

	Un-Audited	
	Quarter ended	
Note	September 2022	September 2021
	Rs. 000s	
Balance brought forward from previous page	(923,294)	(870,846)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	1,611,973	1,172,102
Long term financing repaid	(786,905)	(406,322)
Dividend paid	(25)	(54)
Net cash generated from financing activities	825,043	765,726
<b>Net decrease in cash and cash equivalents</b>	<b>(98,251)</b>	<b>(105,120)</b>
Cash and cash equivalents - at the beginning of the period	(33,571,448)	(28,854,718)
<b>Cash and cash equivalents - at the end of the period</b>	<b>(33,669,699)</b>	<b>(28,959,838)</b>

The annexed notes from 1 - 16 form an integral part of these condensed interim un-consolidated financial statement

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer



**Gul Ahmed Textile Mills Limited**  
**Notes to the Condensed Interim Un-consolidated**  
**Financial Statements (Un-audited)**  
**For the quarter ended September 30, 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. H-7, Landhi Industrial Area, Landhi, Karachi

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

The Company has the following subsidiaries

**Details of Subsidiaries**

<u>Name</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>% of Holding</u>
Gul Ahmed International Limited FZC	December 11, 2002	U A E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U K	100%
GTM USA Corp. - Indirect subsidiary	March 19, 2012	U S A	100%
Sky Home Corp. - Indirect Subsidiary	February 28, 2017	U S A	100%
Vantona Home Limited - Indirect Subsidiary	April 22, 2013	U K	100%
JCCO 406 Limited - Indirect Subsidiary	September 29, 2017	U K	100%
Ideas (Private) Limited	December 27, 2004	Pakistan	100%

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

- 1.2 Details of leasehold lands owned by the Company are as follows:

<u>Area</u>	<u>Address</u>
14.9 Acres	Survey No. 82, Deh Landhi, Karachi.
18.66 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi.
4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi.
44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory, Deh Khanto Tapo Landhi, Karachi.
4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi.
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, Karachi.

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

<u>Address</u>
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**

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

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

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

These condensed interim un-consolidated financial statements comprise of the condensed interim un-consolidated statement of financial position as at September 30, 2022 and the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows for the period ended September 30, 2022.

The comparative statement of financial position, presented in these condensed interim un-consolidated financial statements, as at June 30, 2022 are audited unconsolidated financial statements of the Company for the year ended June 30, 2022, whereas other comparative statements for the period ended September 30, 2021 has been extracted from audited financial statements for the year ended June 30, 2022.

These condensed interim unconsolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2022.

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

### (a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the Quarter ended September 30, 2022

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2022, however, these do not have any significant impact on these condensed interim unconsolidated financial statements.

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

There are certain amendments to published accounting and reporting standards that will be applicable for the financial year beginning on July 1, 2022 but are considered not to be relevant or to have any significant effect on these condensed interim unconsolidated financial statements.

## 3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim un-consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim unconsolidated financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2022.

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements as at and for the year ended June 30, 2022.

## 4 LONG TERM FINANCING - SECURED

	Un-Audited September 2022	Audited June 2022
	-----Rupees in '000-----	
Opening balance	23,852,585	21,072,350
Add: Long term finance obtained during the period / year	1,611,973	6,111,900
Less: Repaid during the period / year	(786,905)	(3,392,411)
Less: Fair value differential - Government grant	19,302	60,746
	<u>24,696,955</u>	<u>23,852,585</u>
Less: Current portion shown under current liabilities	<u>(3,094,147)</u>	<u>(3,301,695)</u>
	<u>21,602,808</u>	<u>20,550,890</u>

## 5 CONTINGENCIES AND COMMITMENTS

### Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2022 remained unchanged during the current period except increase in amount for provisions required and following a new case is filed.

- 5.1 The Company has filed a Constitutional Petition alongwith other Petitioners to challenge the imposition of Tax on deemed income in relation to immovable property as has been imposed u/s 5 (5) of the Finance Act, 2022 by the Federal Legislature. The said provision amended the Income Tax Ordinance, 2001 by inserting Section 7E which is titled "Tax on deemed income".

#### Guarantees

- (a) Guarantees of Rs. 2,082 million (June-2022: Rs. 1,983 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. 1,104 million (June-2022: Rs. 1,102 million).
- (b) Post dated cheques of Rs. 4,559 million (June-2022: Rs. 5,068 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. 9,166 million (June-2022: Rs. 8,947 million), including bills discounted from Associated company amounting to Rs. 1,495 million (June-2022 Rs. 4,852 million).
- (d) Corporate guarantee of Rs. 176 million (June-2022: Rs. 170 million) Rs. 920 million (June-2022: 825 million) and Rs. 207 million (June-2022: 185 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Sky Home Corporation- USA respectively.

#### Commitments

- (a) The Company is committed for capital expenditure as at September 30, 2022 of Rs. 2,133 million (June-2022: Rs. 3,697 million).

#### 6 PROPERTY, PLANT AND EQUIPMENT

		Un-Audited September 2022	Audited June 2022
		-----Rupees in '000-----	
Operating fixed assets	6.1 6.2 & 6.3	36,778,655	36,609,500
Capital work in progress (CWIP)	6.4	11,200,301	9,232,408
		<u>47,978,955</u>	<u>45,841,908</u>
		Un-Audited September 2022	Un-Audited September 2021
		-----Rupees in '000-----	
<b>6.1 Additions during the period</b>			
Buildings and structures on leasehold land		32,889	150,800
Plant and machinery		846,801	1,108,576
Furniture and fixtures		8,976	260
Office equipment		36,463	16,152
Vehicles		1,229	12,996
		<u>926,358</u>	<u>1,288,784</u>
<b>6.1.1</b>	Additions to building and structure on leasehold land, plant and machinery, furniture and fixture and office equipment include transfers from capital work-in-progress amounting to Rs. 852,766 million (Sept 2021: Rs. Nil).		
		Un-Audited Quarter ended September 2022	Un-Audited Quarter ended September 2021
		-----Rupees in '000-----	
<b>6.2 Disposals - operating fixed assets (at net book value)</b>			
Plant and machinery		5,558	206,492
Vehicles		822	2,044
		<u>6,380</u>	<u>208,536</u>
<b>6.3 Depreciation charge during the period</b>		<u>750,823</u>	<u>613,334</u>



		Un-Audited September 2022	Un-Audited September 2021
		.....Rupees in '000.....	
6.4 Additions - capital work in progress (at cost)			
Building		280,422	639,781
Machinery		2,540,237	1,013,055
		<u>2,820,659</u>	<u>1,652,836</u>
7 INTANGIBLE ASSETS			
	Note	Un-Audited September 2022	Audited June 2022
		.....Rupees in '000.....	
Intangible - net book value	7,18 & 2	<u>57,863</u>	<u>51,720</u>
		Un-Audited September 2022	Un-Audited September 2021
		.....Rupees in '000.....	
7.1 Additions - intangibles (at cost)			
Computer Software		12,353	-
7.2 Amortization charge during the period		<u>6,210</u>	<u>6,816</u>
8 LONG TERM INVESTMENT			
		Un-Audited September 2022	Audited June 2022
		.....Rupees in '000.....	
Investment in Subsidiary - Gul Ahmed International Limited FZC		58,450	58,450
Investment in Subsidiary - Ideas (Private) Limited		3,462,756	3,462,756
Investment in Term Finance Certificate		70,000	70,000
		<u>3,591,206</u>	<u>3,591,206</u>
9 CASH AND CASH EQUIVALENTS			
		Un-Audited September 2022	Un-Audited September 2021
		.....Rupees in '000.....	
Cash and cash equivalents comprises of			
Cash and bank balances		1,024,188	337,151
Short term borrowings		(34,693,887)	(29,296,989)
		<u>(33,669,699)</u>	<u>(28,959,838)</u>
10 TAXATION			
Provision for current taxation has been made on the basis of final taxation and super tax levy imposed under the Income Tax Ordinance, 2001.			

## 11 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** 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.

### 11.1 Segment Profitability

	Spinning		Weaving		Processing, Home Textile, Apparel etc		Elimination Of Inter Segment Transactions		Total	
	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021
-----Rs. 000s-----										
Sales	7,525,303	9,370,319	1,327,423	1,185,642	22,556,336	14,587,549	(3,911,991)	(4,348,841)	27,497,071	20,794,669
Cost of sales	5,915,654	6,624,537	1,191,719	959,905	20,661,086	14,121,389	(3,911,991)	(4,348,841)	23,856,468	17,356,990
Gross profit	1,609,649	2,745,782	135,704	225,737	1,895,250	466,160	-	-	3,640,603	3,437,679
Distribution cost and Administrative cost	146,735	85,588	46,254	30,255	1,069,371	877,291	-	-	1,262,370	993,134
Profit before tax and before charging following	1,462,914	2,660,194	89,440	195,482	825,879	(411,131)	-	-	2,378,233	2,444,545
Finance Cost									698,713	479,594
Other operating cost									113,400	202,889
Other income / (loss)									(131,781)	150,492
Profit before taxation									680,332	832,975
Taxation									1,697,901	1,611,570
Profit after taxation									325,404	395,819
									1,372,497	1,215,751
-----Rs. 000s-----										
Spinning		Weaving		Processing, Home Textile, Apparel etc		Elimination Of Inter Segment Transactions		Total		
Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2021
259,036	259,137	119,101	102,687	378,896	258,276	-	-	757,033	620,150	

### 11.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited Sep-2022	Audited June 2022	Un-Audited Sep-2022	Audited June 2022	Un-Audited Sep-2022	Audited June 2022	Un-Audited Sep-2022	Audited June 2022	Un-Audited Sep-2022	Audited June 2022
-----Rs. 000s-----										
Assets	33,792,515	33,582,383	6,254,627	6,212,001	62,050,598	58,129,554	17,595,749	16,718,863	119,703,489	114,642,801
Liabilities	13,398,340	11,274,556	4,664,846	4,541,182	33,793,030	27,860,072	30,341,477	34,833,693	82,197,693	78,509,502
Segment Capital & Intangible Expenditure	1,427,736	2,256,058	62,732	468,790	1,162,843	5,797,323	253,192	2,280,079	2,906,603	10,802,249

11.3 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.

11.4 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.

### 11.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.8,720 million (Sept-2021: Rs. 2,636 million).

## 11.6 Information by geographical area

	Revenue		Non-current assets	
	Sep-22	Sep-21	Sep-22	Jun-22
	-----Rupees in '000-----			
Pakistan	8,971,532	9,411,225	52,286,485	50,028,353
Germany	7,412,298	2,731,274	-	-
United States	3,493,793	2,568,995	-	-
France	1,407,127	953,010	-	-
Netherlands	1,737,778	1,457,444	-	-
United Kingdom	899,768	1,112,206	-	-
Italy	1,357,245	462,466	-	-
Spain	249,639	202,719	-	-
China	321,320	198,044	-	-
Sweden	509,147	404,590	-	-
United Arab Emirates	126,314	60,909	58,450	58,450
Other Countries	1,011,110	1,231,787	-	-
	<b>27,497,071</b>	<b>20,794,669</b>	<b>52,344,935</b>	<b>50,086,803</b>

## 12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	Un-Audited	
		Sep-22	Sep-21
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Sale of goods	1,003,806	728,942
	Sales through subsidiaries acting as agents	1,228,619	-
	Commission paid	69,331	33,978
	Expenses attributed to subsidiary company	238,004	162,130
Associated companies and others related parties	Sale of goods	825	-
	Purchase of goods	40,048	5,608
	Services rendered	1,446	611
	Rent paid	240	2,190
	Fees paid	2,900	2,000
	Donation paid	718	-
	Bills discounted	3,257,235	5,054,059
	Markup and other bank charges	50,356	42,842
	Company's contribution to provident fund	71,818	68,639
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Sep-22	Jun-22
		Rupees in '000	
Subsidiary companies	Trade and other payables	47,905	23,007
	Trade debts	8,648,045	6,202,643
	Loans, advances and other receivables	4,340	241
Associated companies and others related parties	Deposit with banks	51,920	21,160
	Borrowings from Banks	1,100,307	2,488,000
	Bank guarantee	1,103,637	1,102,162
	Trade and other payables	63,723	50,642
	Trade debts	4,293	4,298
	Accrued mark-up	17,597	7,530
	Prepaid fees	1,875	-
	Loans to key management personnel & executive	170,549	189,579
	Payable to employee's provident fund	36,560	36,157



There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending September 30, 2022 amounting to Rs. 411.5 million (2021: Rs.467.4 million) on account of remuneration.

### 13 FAIR VALUES

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

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

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

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

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

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

### 14 CORRESPONDING FIGURES

For better presentation, certain reclassification have also been made in the corresponding figures where considered necessary.

### 15 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 28, 2022 by the Board of Directors of the Company.

### 16 GENERAL

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

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Finance Officer

**CONSOLIDATED**

Gul Ahmed Textile Mills Limited  
Condensed Interim Consolidated  
Statement of Financial Position  
As at September 30, 2022

	Note	Un-Audited September 2022	Audited June 2022
Rupees in '000			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		7,500,000	7,500,000
750,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		6,167,162	6,167,162
616,716,230 ordinary shares of Rs. 10 each			
Reserves		33,205,182	31,868,582
Equity attributable to the owners of the Holding Company		39,372,344	38,035,744
Non-controlling interest		-	-
Total equity		39,372,344	38,035,744
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - Secured	4	21,602,808	20,550,890
Loan from director		-	-
Lease liability against right of use assets	5	2,869,078	3,050,093
Provision for Gas Infrastructure Development Cess		670,080	885,219
Long term deposits		57,511	57,511
Deferred liabilities			
Deferred taxation		63,636	63,763
Deferred government grant		126,915	135,122
Staff gratuity		225,102	211,068
		415,653	409,953
<b>CURRENT LIABILITIES</b>			
Trade and other payables		23,943,308	20,144,157
Accrued mark-up/profit		463,015	614,522
Short term borrowings	11	35,674,290	35,483,721
Current maturity of long term financing	4	3,094,147	3,301,695
Current maturity of lease liability against right-of-use asset	5	643,374	602,780
Current maturity of deferred income - government grant		43,457	54,551
Unclaimed dividend		10,392	10,413
Unpaid dividend		23,501	23,505
Provision for taxation		425,449	392,326
		64,320,933	60,627,670
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
		129,308,407	123,617,080
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	52,424,058	50,250,946
Right of use Assets	8	2,782,437	2,957,461
Intangible assets	9	191,018	190,838
Long Term investment	10	70,000	70,000
Long term loans and advances		111,687	127,260
Long term deposits		900,920	909,698
Deferred taxation		-	-
		56,480,120	54,506,203
<b>CURRENT ASSETS</b>			
Stores and spares		1,425,091	1,261,702
Stock-in-trade		43,249,916	41,570,576
Trade debts		17,391,835	16,699,700
Loans, advances and other receivables		4,162,575	3,585,889
Short term prepayments		217,487	235,755
Receivable from Government		4,625,570	3,351,546
Cash and bank balances	11	1,755,813	2,405,709
		72,828,287	69,110,877
		129,308,407	123,617,080

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

MOHOMED BASHIR  
Chairman

MOHAMMED ZAKI BASHIR  
Chief Executive Officer

ABDUL ALEEM  
Chief Financial Officer



**Gul Ahmed Textile Mills Limited**  
**Condensed Interim Consolidated**  
**Statement of Profit or Loss**  
**For the Quarter Ended September 30, 2022**

	Note	Un-Audited	
		Quarter Ended	
		September 2022	September 2021
		-----Rupees in '000-----	
Sales - net		31,703,009	24,646,257
Cost of sales		26,095,661	19,604,297
Gross profit		5,607,348	5,041,960
Distribution cost		1,722,388	1,689,748
Administrative cost		1,178,634	793,344
Other operating cost		113,400	202,889
		3,014,422	2,685,981
		2,592,926	2,355,979
Other income		218,302	(95,276)
Operating profit		2,811,228	2,260,703
Finance cost		1,071,282	668,817
Profit before taxation		1,739,946	1,591,886
Taxation		392,084	424,996
Profit after taxation		1,347,862	1,166,890
<b>Attributable to:</b>			
Equity holders of Parent Company		1,347,862	1,166,859
Non-controlling interest holders		-	31
		1,347,862	1,166,890
Earning per share - basic and diluted (Rs.)		2.19	1.89

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

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**Gul Ahmed Textile Mills Limited**  
**Condensed Interim Consolidated**  
**Statement of Comprehensive Income**  
**For the Quarter Ended September 30, 2022**

	Un-Audited	
	Quarter Ended	
	September 2022	September 2021
	-----Rupees in '000-----	
Profit after taxation	1,347,862	1,166,890
Other comprehensive income for the period		
Items that will be reclassified to profit and loss account subsequently	-	-
Exchange difference on translation of foreign subsidiaries	(11,262)	266,722
<b>Total comprehensive income</b>	<b>1,336,600</b>	<b>1,433,612</b>
<b>Attributable to:</b>		
Equity holders of Parent Company	1,336,600	1,433,612
Non-controlling interest holders	-	-
	<b>1,336,600</b>	<b>1,433,612</b>

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

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

Gul Ahmed Textile Mills Limited  
Condensed Interim Consolidated  
Statement of Changes in Equity  
For the Quarter Ended September 30, 2022

For the Quarter Ended September 30, 2022										
	Share capital	Capital reserve		Revenue reserve			Unappropriated profit	Total equity attributable to the owners of Holding Company	Non-Controlling Interest	Total
		Share Premium	Reserve on merger	General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary				
Rupees '000										
Balance as at June 30, 2021 (Audited)	5,311,573	692,424	8,252,059	-	226,642	19,827	13,845,028	23,035,980	-	28,347,553
Transaction with owners										
Issuance of bonus shares	855,589	(692,424)					(163,165)	(655,589)	-	-
Total comprehensive income										
Profit after taxation for the quarter ended September 30, 2021				-	-	-	1,166,890	1,166,890		1,166,890
Other comprehensive income	-	-		-	266,722	-	-	266,722		266,722
Transferred to statutory reserve										
	-	-		-	266,722	-	1,166,890	1,433,612	-	1,433,612
Balance as at September 30, 2021 (Un-Audited)	6,167,162	-	8,252,059	-	493,364	19,827	14,848,753	23,614,003	-	29,781,165
Total comprehensive income for the nine months ended June 30, 2022										
Profit after taxation	-						8,678,147	8,678,147	-	8,678,147
Other comprehensive income	-				(431,974)		8,408	(423,568)		(423,568)
Transferred to statutory reserve						1,018	(1,018)	-		-
	-	-	-	-	(431,974)	1,018	8,685,535	8,254,579	-	8,254,579
Balance as at June 30, 2022	6,167,162	-	8,252,059	-	61,390	20,845	23,534,288	31,868,582	-	38,035,744
Total comprehensive income for the quarter ended September 30, 2022 (un-audited)										
Profit after taxation	-	-	-	-	-	-	1,347,862	1,347,862	-	1,347,862
Other comprehensive income	-	-	-	-	(11,262)	-	-	(11,262)	-	(11,262)
	-	-	-	-	(11,262)	-	1,347,862	1,336,600	-	1,336,600
Balance as at September 30, 2022 (un-audited)	6,167,162	-	8,252,059	-	50,128	20,845	24,882,150	33,205,182	-	39,372,344

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

MOHAMED BASHIR  
Chairman

MOHAMMED ZAKI BASHIR  
Chief Executive

ABDUL ALEEM  
Chief Financial Officer



**Gul Ahmed Textile Mills Limited**  
**Consolidated Statement of Cash Flows**  
**For the Quarter Ended September 30, 2022**

	Note	September 2022	September 2021
-----Rupees in '000-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,739,946	1,591,885
Adjustments for:			
Depreciation on property, plant and equipment		1,061,070	699,609
Depreciation on right-of-use assets		175,024	208,977
Amortisation		12,173	9,905
Provision for gratuity		35,057	21,334
Finance cost		980,389	661,792
Interest on lease liability against right-of-use asset		90,893	75,632
Provision for slow moving/obsolete stores			
spares and loose tools and stock in trade		29,155	38,113
Expected credit losses against doubtful trade debts		16,966	17,284
Government grant		(19,301)	-
Loss on disposal of property, plant and equipment		(752)	133,724
		<u>2,380,674</u>	<u>1,866,371</u>
Cash flows from operating activities before adjustments of working capital		4,120,620	3,458,256
Changes in working capital:			
Increase/(decrease) in current assets			
Stores and spares		(192,544)	(642,634)
Stock-in-trade		(1,679,340)	(1,209,779)
Trade debts		(709,101)	(1,623,156)
Loans, advances and other receivables		(576,686)	(278,346)
Short term prepayments		18,268	77,511
Receivable from Government		(1,274,024)	(81,707)
		<u>(4,413,427)</u>	<u>(3,758,111)</u>
Increase in current liabilities			
Trade and other payables		3,492,471	3,341,236
		<u>(920,956)</u>	<u>(416,875)</u>
Cash generated from operations before following:		3,199,664	3,041,381
Adjustment for:			
Gratuity paid		(21,023)	(17,099)
Finance cost paid		(1,021,054)	(606,832)
Income tax paid		(359,088)	(356,116)
Net change in long term loans		15,573	102,559
Net change in long term deposits - Asset		8,778	(17,772)
		<u>(1,376,814)</u>	<u>(895,260)</u>
Net Cash generated from Operating activities		<u>1,822,850</u>	<u>2,146,121</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(3,240,562)	(3,064,843)
Addition to intangible assets		(12,353)	(5,479)
Proceeds from sale of property, plant and equipment		7,132	78,557
Long term investments encashed during the year		-	-
Net cash used in investing activities		<u>(3,245,783)</u>	<u>(2,991,764)</u>
Balance carried forward		<u>(1,422,933)</u>	<u>(845,644)</u>

**Gul Ahmed Textile Mills Limited**  
**Consolidated Statement of Cash Flows**  
**For the Quarter Ended September 30, 2022**

	Note	September 2022	September 2021
		-----Rupees in '000-----	
Balance brought forward		(1,422,933)	(845,644)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		1,611,973	1,207,082
Long term financing repaid		(786,904)	(406,322)
Payments against lease liability against right of use asset		(231,314)	(230,902)
Dividend paid		(25)	(16,236)
Net cash generated from financing activities		593,730	553,622
Exchange difference on translation of foreign subsidiaries		(11,262)	266,722
Net decrease in cash and cash equivalents		(840,465)	(25,300)
Cash and cash equivalents - at the beginning of the period		(33,078,012)	(28,633,022)
Cash and cash equivalents - at the end of the period	11	(33,918,477)	(28,658,322)

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

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Gul Ahmed Textile Mills Limited**  
**Notes to the Condensed Interim Consolidated**  
**Financial Statements (Un-audited)**  
**For the Quarter Ended September 30, 2022**

**1 LEGAL STATUS AND ITS OPERATIONS**

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

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

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

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

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

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

**1.2 Basis of consolidation**

The financial information include the financial information of the Group.

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

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

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

**Details of Subsidiaries**

<u>Name</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>% of Holding</u>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA - Indirect subsidiary	December 19, 2012	U.S.A	100%
Sky Home- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home Limited-Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 Limited-Indirect Subsidiary	September 29, 2017	U.K	100%
Ideas (Pvt) limited	December 27, 2004 (Became subsidiary on Jan 01, 2021)	Pakistan	100%

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

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

<u>Area</u>	<u>Address</u>
25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
14.9 Acres	Survey No. 82, Deh Landhi, Karachi
18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
4.17 acres	Plot No. H-19 Landhi Industrial Area, Landhi Karachi
4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi, Karachi
6.83 acres	Plot 368, 369 & 446, Deh Landhi, Karachi
12 acres	Plot- HT 3/A, Landhi, Karachi
51.1 Acre	Plot No. H-5 and HT-6, Landhi Industrial Area, Karachi

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

<u>Address</u>
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
295 5th ave, suit 702, NewYork - NY - 10016
Grane Road Mill, Grane Road, Haslingden, BB4 5ES

**1.5 As at December 31, 2021, the Group has 64 retail outlets, 30 fabric stores, 3 fair price shops, 4 whole sale shops and 6 franchises (June-2021:64 retail outlets, 29 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises)**



## 2 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position of Gul Ahmed Textile Mills Limited, its direct subsidiary Worldwide Developers (Pvt.) Limited and its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Vantona Home Limited which is the wholly owned subsidiary of GTM (Europe) Limited and JCCO 406 Limited which is the wholly owned subsidiary of GTM (Europe) Limited as at December 31, 2021 and the related consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof for the period then ended. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

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

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

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

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of financial position as at September 30, 2022 and the condensed interim un-consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the period ended September 30, 2022.

The comparative statement of Financial Position, presented in these condensed interim consolidated financial statements, as at June 30, 2022 has been extracted from the audited financial statements of the Group for the year ended June 30, 2022 whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the quarter ended September 30, 2021 have been extracted from the condensed interim consolidated financial statements of the Group for the quarter ended September 30, 2022.

These condensed interim consolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2022.

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

#### (a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the quarter ended September 30, 2022

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2022, however, these do not have any significant impact on these consolidated condensed interim financial statements.

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

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on January 1, 2021 and are not likely to have an material impact on the consolidated condensed interim financial statements.

### 3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2021.

The Group's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2022.

### 4 LONG TERM FINANCING - SECURED

Opening balance  
Add: Long term finance obtained during the period / year  
Less: Fair value differential - Government grant  
Less: Repaid during the period / year

Less: Current portion shown under current liabilities

Un-Audited September 2022	Audited June 2022
-----Rupees in '000-----	
23,852,585	21,072,350
1,611,973	6,111,900
(19,302)	(60,746)
(786,905)	(3,392,411)
24,696,955	23,852,585
(3,094,147)	(3,301,695)
21,602,808	20,550,890

### 5 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Present value of lease payments as at July 01, 2022  
Less: Prepayments as at July 01, 2022

Additions  
Accretion of interest  
Derecognition / Adjustment  
Payments

As at September 30, 2022

Less: Current portion shown under current liabilities

Un-Audited September 2022	Audited June 2022
-----Rupees in '000-----	
3,652,873	3,847,444
-	-
3,652,873	3,847,444
-	853,394
90,893	399,540
-	(535,478)
(231,314)	(911,249)
-	(778)
3,512,452	3,652,873
643,374	602,780
2,869,078	3,050,093

#### 5.1 Lease liabilities are payable as follows

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

Minimum Lease payments	Interest	Present value of minimum lease payments
-----Rs. 000s-----		
1,023,007	428,680	594,327
2,857,940	974,487	1,883,453
1,353,128	318,456	1,034,672
5,234,075	1,721,623	3,512,452

## 6 CONTINGENCIES AND COMMITMENTS

### Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2022 remained unchanged during the current period except increase in amount for provisions required.

### Guarantees

- Guarantees of Rs. 2,082 million (June-2022: Rs. 1,983 million) has been issued by banks on behalf of the company which are secured by pan 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. 1,104 million (June-2022: Rs. 1,102 million).
- Post dated cheques of Rs. 4,559 million (June-2022: Rs. 5,068 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- Bills discounted Rs. 9,166 million (June-2022: Rs. 8,947 million), including bills discounted from Associated company amounting to Rs. 1,495 million (June-2022: Rs. 4,852 million).
- Corporate guarantee of Rs. 176 million (June-2022: Rs. 170 million) Rs. 920 million (June-2022: 825 million) and Rs. 207 million (June-2022: 185 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Sky Home Corporation- USA respectively.

### Commitments

- The Company is committed for capital expenditure as at September 30, 2022 of Rs. 2,133 million (June-2022: Rs. 3,697 million).

Note	Un-Audited September 2022	Audited June 2022
	Rupees in '000	

## 7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	41,015,987	40,823,078
Capital work in progress (CWiP)	7.4	11,408,072	9,427,668
		<u>52,424,059</u>	<u>50,250,946</u>

Note	Un-Audited Quarter ended September 2022	Quarter ended September 2021
	Rupees in '000	

### 7.1 Additions during the period

Land	-	-
Buildings and structures on leasehold land	168,457	284,385
Plant and machinery	846,801	1,108,576
Furniture and fixtures	19,663	3,488
Office equipment	46,980	27,345
Vehicles	1,312	12,996
	<u>1,083,213</u>	<u>1,436,790</u>

7.1.1 Additions to building and structure on leasehold land, plant and machinery, furniture and fixture and office equipment include transfers from capital work in-progress amounting to Rs. 852,766 million (Sept 2021: Rs. Nil)

Un-Audited	September 2022	September 2021
	Rupees in '000	

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

Plant and machinery	5,558	206,492
Vehicles	822	5,280
	<u>6,380</u>	<u>211,772</u>



	Note	Un-Audited	
		Quarter Ended September 2022	Quarter Ended September 2021
		Rupees in '000	
7.3 Depreciation charge during the period		<u>1,061,070</u>	<u>720,876</u>
7.4 Additions, - capital work in progress (at cost)			
Machinery		280,422	639,781
Building		2,709,403	1,013,055
Others		<u>2,989,825</u>	<u>1,652,836</u>
		Un-Audited September 2022	Audited June 2022
		Rupees in '000	
8 RIGHT OF USE ASSETS			
Recognition as at July 01, 2022		2,957,461	3,302,289
Additions		-	853,394
Derecognition / Adjustment		-	(458,535)
Depreciation expense		(175,716)	(741,376)
Foreign currency retranslation difference		692	1,689
Net book value as at September 30, 2022		<u>2,782,437</u>	<u>2,957,461</u>
Gross carrying amount as at September 30, 2022			
Cost		3,946,984	3,946,984
Accumulated Depreciation		(1,168,900)	(991,184)
Foreign currency retranslation difference		2,354	1,661
		<u>2,782,438</u>	<u>2,957,461</u>
9 INTANGIBLE ASSETS			
Intangible - net book value	9.1 & 9.2	<u>191,018</u>	<u>190,838</u>
		<u>191,018</u>	<u>190,838</u>
		Un-Audited	
		Quarter Ended September 2022	Quarter Ended September 2021
		Rupees in '000	
9.1 Additions - intangibles (at cost)			
Computer Software		<u>12,353</u>	-
9.2 Amortisation charge during the period		<u>12,173</u>	<u>9,905</u>
10 LONG TERM INVESTMENT			
		Un-Audited September 2022	Audited June 2022
		Rupees in '000	
Investment in Term Finance Certificate		<u>70,000</u>	<u>70,000</u>
		<u>70,000</u>	<u>70,000</u>
		Un-Audited September 2022	September 2021
		Rupees in '000	
11 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprises of:			
Cash and bank balances		1,755,813	1,128,986
Short term borrowings		<u>(35,674,290)</u>	<u>(29,787,308)</u>
		<u>(33,918,477)</u>	<u>(28,658,322)</u>
12 TAXATION			
Provision for current taxation has been made on the basis of normal tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.			

13 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:

- Spinning:**  
Production of different qualities of yarn, using both natural and artificial fibers.
- Weaving:**  
Weaving is a method of fabric production in which two parallel sets of 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 group fabric into various types of finished fabrics for sale, as well as to manufacturers of bedspreads and home textile products.

All subsidiaries are included 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 opted out certain portion of its property to the Company for warehousing purpose.

Transactions among the business segments are recorded at cost.

13.1 Segment profitability

Spinning	Weaving		Processing, Home Textile and Apparel		Ideas (Private) Limited		Gul Ahmed International Limited (FCI) UAE		GTM (Europe) Limited - UK		JCCO 686 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Elimination Of Inter Segment Transactions		Total	
	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021	Sep-2022	Sep-2021
Gains	7,525,303	9,370,319	1,227,433	1,105,642	22,566,326	14,301,514	4,302,492	3,840,019	30,352	17,779	1,673,997	556,869	103,544	66,873	187,395	-	149,365	306,020	(8,213,748)	(2,010,010)	21,763,809	24,713,130
Cost of sales	5,916,654	6,924,537	1,193,719	959,905	20,641,086	13,835,354	2,676,736	2,399,803	3,269	12,403	1,527,499	-503,709	27,394	2,216	116,377	-	109,082	449,400	(6,231,283)	(6,169,504)	24,895,651	13,662,111
Gross profit	1,608,649	2,445,782	134,714	225,737	1,899,240	466,160	1,715,756	1,440,216	27,093	5,376	146,498	62,578	77,150	10,657	70,018	-	40,283	(62,371)	7,532	152,504	5,607,348	9,502,519
Distribution costs and administrative costs	146,725	85,598	46,264	30,755	1,069,371	877,337	1,454,103	1,419,353	10,241	8,544	76,371	41,665	25,316	15,167	536	42	73,086	(53,374)	-	(46,681)	2,961,822	2,483,391
Profit/loss before tax and before charges the following	1,462,924	2,660,184	89,440	195,482	829,879	(411,177)	241,652	29,862	16,810	(1,229)	71,127	20,912	2,659	(4,508)	502	(42)	-	(116,192)	7,135	296,376	2,766,376	2,663,627
Other operating costs																						
Other income																						
Finance costs																						
Profit before taxation																						
Taxation																						
Profit after taxation																						
Depreciation and Amortisation Expense	250,036	259,137	119,101	102,697	378,896	292,709	388,706	296,502	2,564	1,462	2,564	-	3,638	1,762	-	-	760	356	-	-	1,973,343	514,461

13.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Ideas (Private) Limited		Gul Ahmed International Limited (FCI) UAE		GTM (Europe) Limited - UK		JCCO 686 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Total Group	
	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022	Un-Audited Sep-2022	Audited June-2022
Assets																						
Elimination of intragroup balances																						
	33,792,515	30,549,343	6,564,627	6,312,001	43,066,698	59,129,657	17,703,227	10,669,132	520,772	599,359	2,133,497	2,541,379	89,168	87,794	316,977	479,403	480,768	301,340	598,347	719,396	17,536,749	16,716,053
																					141,933,085	126,113,092
																					12,384,679	13,110,317

13.6 Information by geographical area

	Revenue		Non-current assets	
	For the Quarter Ended (Un-audited)		Un-Audited	Audited
	September - 2022	September - 2021	Sep - 2022	June - 2022
	-----Rupees in '000-----			
Pakistan	12,941,052	12,965,209	56,327,730	53,963,301
Germany	7,412,298	2,731,274	-	-
United States	3,531,955	2,568,995	5,089	3,961
Netherlands	1,737,778	953,010	-	-
Italy	1,357,245	1,457,444	-	-
United Kingdom	1,067,723	1,451,835	119,283	146,379
Spain	249,639	462,466	-	-
France	1,407,127	202,719	-	-
Sweden	509,147	198,044	-	-
China	321,320	404,590	-	-
United Arab Emirates	156,616	60,909	28,018	392,562
Other Countries	1,011,110	1,189,762	-	-
Total	31,703,010	24,646,257	56,480,120	54,506,203

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

various related parties.

Relationship with the Group	Nature of transactions	Un-Audited	
		Sep - 2022	Sep - 2021
		Rupees in '000	
Associated Companies and other related parties	Purchase of goods	40,048	5,608
	Sale of goods	-	611
	Sale of services rendered	-	-
	Sale of fixed assets	-	-
	Gain on disposal of fixed assets	-	-
	Rent paid	-	2,190
	Fees paid	400	2,000
	Donation paid	-	-
	Bills discounted	2,428,987	5,054,059
	Markup and other bank charges	10,561	42,842
	Holding Company's contribution to provident fund	71,818	68,639
	Dividend paid	-	-
Relationship with the Group	Nature of outstanding balances	Un-Audited	Audited
		Sep - 2022	June - 2022
Rupees in '000			
Associated companies and others related parties	Deposit with banks	51,920	52,393
	Borrowings from Banks	1,100,307	975,464
	Bank guarantee	1,103,637	1,102,162
	Trade and other payables	-	29,385
	Advance to supplier	-	779,381
	Trade debts	-	3,681
	Accrued mark-up	17,597	752
	Loans to key management personnel & executive	170,549	137,249
	Payable to Holding Company's employee's provident fund	36,560	31,942

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending September 30, 2022 amounting to Rs. 411.5 million (2021: Rs.467.4 million) on account of remuneration.



## 15 FAIR VALUES

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

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

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

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

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

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

## 16 CORRESPONDING FIGURES

For better presentation, certain reclassification have also been made in the corresponding figures where considered necessary.

## 17 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 28, 2022 by the Board of Directors of the Group.

## 18 GENERAL

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

MOHOMED BASHIR  
Chairman

MOHAMMED ZAKI BASHIR  
Chief Executive Officer

ABDUL ALEEM  
Chief Financial Officer