



Condensed Interim Financial Information
For the Nine Months Ended March 31, 2023

Company Information

BOARD OF DIRECTORS	<p>Mohomed Bashir Zain Bashir Mohammed Zaki Bashir Ziad Bashir Ehsan A. Malik Kamran Y. Mirza Zeeba Ansar</p>	<p>- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non Executive Director - Non Executive Director - Independent Director - Independent Director</p>
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	<p>Kamran Y. Mirza Mohomed Bashir Ehsan A. Malik Salim Ghaffar</p>	<p>- Chairman & Member - Member - Member - Secretary</p>
HUMAN RESOURCE AND REMUNERATION COMMITTEE	<p>Zeeba Ansar Mohomed Bashir Zain Bashir Salim Ghaffar</p>	<p>- Chairman & Member - Member - Member - Secretary</p>
BANKERS	<p>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</p>	
AUDITORS	<p>KPMG Taseer Hadi & Co Chartered Accountants</p>	
INTERNAL AUDITORS	<p>Grant Thornton Anjum Rahman Chartered Accountants</p>	
LEGAL ADVISORS	<p>A.K. Brohi & Co Advocates</p>	
REGISTERED OFFICE	<p>Plot No.H-7, Landhi Industrial Area, Landhi, Karachi-75120</p>	
SHARE REGISTRAR	<p>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</p>	
MILLS	<p>Landhi Industrial Area, Karachi-75120</p>	
E-MAIL	<p>finance@gulahmed.Com</p>	
URL	<p>www.gulahmed.com</p>	

DIRECTORS' REPORT

The Directors of your Company are pleased to present their review of the affairs of the Company for the nine months ended March 31st, 2023.

WORLD ECONOMY

Global economic activity had experienced a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. World witnessed the cost-of-living crisis and tightening financial conditions in most regions. According to World Bank, global growth continued to decelerate sharply, to its third weakest pace in nearly three decades, overshadowed only by the 2009 and 2020 global recessions. This reflected synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from the Russian & Ukraine conflict. Investment growth in emerging market and developing economies (EMDEs) remained below its average rate of the past two decades. Small states were especially vulnerable to such shocks because of their reliance on external trade and financing, limited economic diversification, elevated debt, and susceptibility to natural disasters.

World Bank further concluded that the United States, the euro area, and China have undergone a period of pronounced weakness, and the resulting spillovers are exacerbating other headwinds faced by emerging market and developing economies. The combination of slow growth, tightening financial conditions, and heavy indebtedness is likely to weaken investment and trigger corporate defaults. Further negative shock, such as higher inflation, even tighter policy, financial stress, deeper weakness in major economies, or rising geopolitical tension, apparently pushed the global economy into recession.

PAKISTAN'S ECONOMY

Pakistan is experiencing severe economic challenges reflecting long-standing structural weaknesses. Economy is currently under severe stress with low foreign reserves, depreciating currency, and high inflation. Data as released, suggests that the economy has weakened so far in FY 2022-2023. Floods from June to October caused an estimated USD 40 billion by destroying crops and collateral damages, have inflamed inflation and import costs. Adding to these headwinds, foreign remittances has falling during 9 months under review. These factors have drained the State Bank of Pakistan's (SBP) international reserves clocking in at \$4.21 billion as of March 31, 2023. These factors have caused all major rating agencies to downgrade Pakistan's credit rating over the past several months. A shortage of foreign currency reserves has added pressure on the country's economy which relies heavily on imports to run its engines.

PAKISTAN MANUFACTURING AND EXPORT SECTOR

Large Scale Manufacturing performance remained under pressure and witnessed a contraction of 5.6% during Jul-Feb FY2023 as compared to same period last year. This is mainly due to increasingly synchronized policy stance to correct the imbalances, supply chain disruptions and recessionary global pressure. The textile sector alone has been contracted by 14.03%, as per data released by Pakistan Bureau of Statistics.

The country's exports during July-March of the current fiscal year 2022-23 (FY23) were recorded at \$21.046 billion against the exports of \$23.350 billion in July-March of FY22, showing a decline of 9.87%, according to the trade data. After breaking the \$13 billion barrier for the first time in FY21, textile exports rose to \$18.5 billion by FY22, but are now set to recede back below \$17.5 billion during current year, with only downside risk of slipping further. Textile exports declined by 12.2% during the first nine months (July-March) of the current fiscal year 2022-23 (FY23) and stood at \$12.5 billion as compared to \$14.2 billion during the same period of last year.

OPERATIONAL AND FINANCIAL PERFORMANCE

In spite of all the challenges, both at global and domestic level, where country's textile exports are reducing and business are curtailing or closing their operations, the resilient approach helped the Company to operate at optimum capacity and made export sales in US\$ terms at par with corresponding period of last year. Similarly, local sales were also at par though there was reduction both in demand and prices of yarn which contributes most of local sales. The total net sales of the company for nine months grew to Rs. 80.44 billion from Rs. 68.20 billion in corresponding period last year. Sales for quarter ended March 31, 2023 are also higher by Rs. 5.9 billion compared with sales in preceding quarter ended December 31, 2022.

The factors which considerably impacted the gross profit and net margin included higher cost of cotton and other raw materials, pressure on yarn prices because of reduced demand, volatile US\$ parity with PKR, increase in markup rates and general inflation.

Key performance numbers are presented below:

	Units	Nine Months ended March 31, 2023	Nine Months ended March 31, 2022
Export sales	Rs. in billions	74.69	46.96
Local sales	Rs. in billions	5.75	21.24
Total sales	Rs. in billions	80.44	68.20
Gross profit	Rs. in billions	10.97	12.29
Profit before tax	Rs. in billions	4.11	6.88
Profit after tax	Rs. in billions	2.64	5.61
Earnings per share (EPS)	Rupees	4.27	9.09
Debt to equity ratio	Times	35:65	36:64
Current ratio	Times	1.09	1.15
Break-up-value per share	Rupees	62.86	58.59
Gross Profit Margin	%	13.64	18.02
Profit before tax Margin	%	5.11	10.08
Profit after tax Margin	%	3.28	8.22

The company has demonstrated healthier performance during the quarter ended March 31, 2023 as compared to preceding quarter and earned post tax profit above Rs. 1.00 billion all the challenges mentioned above.

FUTURE OUTLOOK

Global growth prospects at the end of first quarter of 2023 have improved since December, 2022. This improvement is due to China's reopening, a material easing of the European natural gas crisis and resilience in US consumer demand. Since start of the Russia-Ukraine conflict, this is the first upward world growth forecast. The World Bank suggests that urgent global efforts are needed to mitigate the risks of global recession and debt distress in EMDEs economies. Given limited policy space, it is critical that national policy makers ensure that any fiscal support is focused on vulnerable groups, that inflation expectations remain well anchored, and that financial systems continue to be resilient. Policies are also needed to support a major increase in EMDE investment, which can help reverse the slowdown in long-term growth exacerbated by the overlapping shocks of the pandemic, the invasion of Ukraine, and the rapid tightening of global monetary policy. This will require new financing from the international community and from the repurposing of existing spending, such as inefficient agricultural and fuel subsidies. The IMF predicted the global economy would grow by 2.8% this year and to be followed by 3% growth in 2024, a decline of 0.1% from its previous forecasts in January 2023.

In Pakistan, Economic activity has fallen with policy tightening, flood impacts, import controls, exceptionally high borrowing and fuel costs, low confidence, and protracted policy and political uncertainty. The policy rate has been further increased by 100 basis points to 21% due to high inflation, which was at 35.4% in March 2023. According to SBP, the decision will have a major impact on the Pakistan's economy, as it faces a broad-based economic slowdown and declines in key sectors such as large-scale manufacturing, textile and automobile sales.

As the economic situation remains gloomy, the International Monetary Fund (IMF) slashed Pakistan's real GDP growth rate projection from 2% to 0.5% for the current fiscal year which will be followed by 3.5% growth in fiscal year 2024. The IMF report further predicts inflation to be round 27.1% in FY23 and 21.9% in FY24. Meanwhile, the current account deficit (CAD) is forecasted at 2.3% and 2.4% in FY23 and FY24, respectively. The IMF's revised growth rate prediction comes days after the World Bank and the Asian Development Bank lowered Pakistan's growth rate for FY23 projections to 0.4% and 0.6%, respectively.

Regardless of challenges, your management like always, is more determined to make best efforts to make the Company more resilient, growing on sustainable footings and coming up to the expectations of all stakeholders.

Acknowledgement

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

For and on behalf of the Board

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

April 27, 2023
Karachi.

Gul Ahmed Textile Mills Limited
Unconsolidated Condensed Interim Statement of Financial Position
As at 31 March 2023

		(Unaudited) 31 March 2023	(Audited) 30 June 2022
	Note	(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	50,016,482	45,841,908
Intangible assets	5	44,896	51,720
Long term investments	6	3,591,206	3,591,206
Long term loans		80,630	127,260
Long term deposits		607,290	474,709
Total non-current assets		54,340,504	50,086,803
Current Assets			
Stores and spares		1,292,685	1,148,642
Stock-in-trade		38,592,535	34,898,642
Trade debts		26,454,987	22,098,618
Loans, advances and other receivables		5,465,799	1,246,942
Short term prepayments		144,205	55,992
Receivable from government		4,996,575	3,351,546
Cash and bank balances		551,900	1,790,621
Total current assets		77,498,686	64,591,003
TOTAL ASSETS		131,839,190	114,677,806
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorised share capital 750,000,000 (30 June 2022: 750,000,000) ordinary shares of Rs.10 each		7,500,000	7,500,000
Issued, subscribed and paid-up share capital 616,716,215 ordinary shares of Rs. 10 each (30 June 2022: 616,716,215 ordinary shares of Rs. 10 each)		6,167,162	6,167,162
Reserves		32,601,930	29,966,137
		38,769,092	36,133,299
Non-Current Liabilities			
Long term financing - Secured	7	21,142,970	20,550,890
Provision for Gas Infrastructure Development Cess		227,548	885,219
Deferred taxation		542,417	542,417
Deferred income - government grant		110,563	135,122
Defined benefit plan - Staff Gratuity		266,122	210,777
Total non-current liabilities		22,289,620	22,324,425
Current Liabilities			
Trade and other payables		26,994,046	16,678,512
Accrued mark-up		997,297	614,522
Short term borrowings		39,778,653	35,362,069
Current maturity of long term financing - Secured	7	2,895,324	3,301,695
Current maturity of deferred income - government grant		33,167	54,551
Unclaimed dividend		9,934	10,413
Unpaid dividend		23,505	23,505
Taxation - net		48,552	174,815
Total current liabilities		70,780,478	56,220,082
Contingencies and commitments	8	-	-
TOTAL EQUITY AND LIABILITIES		131,839,190	114,677,806

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

Abdul Aleem
Chief Financial Officer

Gul Ahmed Textile Mills Limited

Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the nine months ended 31 March 2023

		(Unaudited)			
		Nine Months Ended		Three Months Ended	
		July to March 2023	July to March 2022	January to March 2023	January to March 2022
Note		----- (Rupees in '000) -----			
	Sales - net	80,436,440	68,204,647	29,428,177	21,278,751
	Cost of sales	69,466,004	55,910,802	24,977,980	16,837,528
	Gross profit	10,970,436	12,293,845	4,450,197	4,441,222
	Distribution expenses	1,461,664	1,428,950	485,717	439,536
	Administrative expenses	2,540,948	1,623,816	909,012	579,585
	Other operating expenses	279,995	685,502	92,226	123,492
		4,282,607	3,738,269	1,486,955	1,142,614
		6,687,829	8,555,576	2,963,242	3,298,608
	Other income	638,415	139,864	-	193,839
	Operating profit	7,326,244	8,695,440	2,769,403	3,347,746
	Finance cost	3,215,359	1,817,622	1,375,369	648,574
	Profit before taxation	4,110,885	6,877,818	1,394,034	2,699,172
	Taxation				
	- Current	1,002,178	1,072,721	385,513	360,031
	- Prior	472,914	-	-	-
	- Deferred	-	200,000	-	90,055
		1,475,092	1,272,721	385,513	450,086
	Profit after taxation	2,635,793	5,605,097	1,008,521	2,249,086
		----- (Rupees) -----			
	Earnings per share - basic and diluted	4.27	9.09	1.64	3.65

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

Abdul Aleem
Chief Financial Officer

Gul Ahmed Textile Mills Limited

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the nine months ended 31 March 2023

	(Unaudited)			
	Nine Months Ended		Three Months Ended	
	July to March 2023	July to March 2022	January to March 2023	January to March 2022
	----- (Rupees in '000) -----			
Profit after taxation	2,635,793	5,605,097	1,008,521	2,249,086
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,635,793	5,605,097	1,008,521	2,249,086

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Mohomed Bashir
 Chairman

Mohammed Zaki Bashir
 Chief Executive Officer

Abdul Aleem
 Chief Financial Officer

Gul Ahmed Textile Mills Limited
Unconsolidated Condensed Interim Statement of Changes in Equity
For the nine months ended 31 March 2023

	Issued, subscribed and paid-up share capital	Reserves			Total reserves	Total Equity
		Capital reserve - share premium	Capital reserve - amalgamation reserve	Unappropriated profit		
(Rupees in '000)						
Balance as at 30 June 2021 (Unaudited-Restated)	5,311,573	692,424	8,252,059	13,007,190	21,951,673	27,263,246
Transactions with owners						
Issuance of bonus shares	855,589	(692,424)	-	(163,165)	(855,589)	-
Total comprehensive income for the nine months ended 31 March 2022						
Profit after taxation	-	-	-	5,605,097	5,605,097	5,605,097
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,605,097	5,605,097	5,605,097
Balance as at 31 March 2022 (Unaudited)	6,167,162	-	8,252,059	18,449,122	26,701,181	32,868,343
Total comprehensive income for the three months ended June 30, 2022 (Un-audited)						
Profit after taxation	-	-	-	3,256,550	3,256,550	3,256,550
Other comprehensive income	-	-	-	8,406	8,406	8,406
Total comprehensive income for the period	-	-	-	3,264,956	3,264,956	3,264,956
Balance as at 30 June 2022 (Audited)	6,167,162	-	8,252,059	21,714,078	29,966,137	36,133,299
Total comprehensive income for the nine months ended 31 March 2023						
Profit after taxation	-	-	-	2,635,793	2,635,793	2,635,793
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,635,793	2,635,793	2,635,793
Balance as at 31 March 2023 (Unaudited)	6,167,162	-	8,252,059	24,349,871	32,601,930	38,769,092

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Mohomed Bashir
 Chairman

Mohammed Zaki Bashir
 Chief Executive Officer

Abdul Aleem
 Chief Financial Officer

Gul Ahmed Textile Mills Limited

Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the nine months ended 31 March 2023

Note	(Unaudited)	
	Nine Months Ended	
	July to March 2023	July to March 2022
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,110,885	6,877,818
Adjustments for:		
Depreciation on property, plant and equipment	4.1 2,559,602	2,110,233
Amortisation on intangible assets	5 19,662	20,356
Provision for gratuity	102,390	84,194
Finance cost	3,215,359	1,817,622
Provision for slow moving / obsolete stores and spares	38,027	30,166
Amortisation of Government Grant	(45,943)	40,302
(Gain) / loss on disposal of property, plant and equipment - net	(592)	199,019
Impairment loss on trade debts	50,898	46,271
	5,939,403	4,348,163
Changes in working capital:		
Stores and spares	(182,070)	(115,049)
Stock-in-trade	(3,693,893)	(8,518,809)
Trade debts	(4,407,267)	(4,429,410)
Loans, advances and other receivables	(4,218,857)	1,688,748
Short term prepayments	(88,213)	(5,092)
Receivable from government	(2,117,943)	353,698
Long term loans	46,630	19,713
Long term deposits	(132,581)	(168,819)
Trade and other payables	9,369,487	4,027,016
Net decrease in working capital	(5,424,707)	(7,148,004)
Gratuity paid	(47,045)	(44,865)
Finance cost paid	(2,498,265)	(1,589,546)
Tax paid	(1,128,441)	(1,762,273)
	(3,673,751)	(3,396,684)
Net cash generated from operating activities	951,830	681,293
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(6,784,528)	(8,297,294)
Additions in intangible assets	(12,838)	(123)
Proceeds from sale of property, plant and equipment	50,944	131,246
Long term investments made during the period	-	(157)
Net cash used in investing activities	(6,746,422)	(8,166,328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	7 2,629,083	4,082,780
Long term financing repaid	7 (2,489,317)	(1,884,650)
Dividend paid	(479)	(16,657)
Net cash generated from financing activities	139,287	2,181,473
Net decrease in cash and cash equivalents	(5,655,305)	(5,303,562)
Cash and cash equivalents at the beginning of the period	(33,571,448)	(28,851,672)
Cash and cash equivalents at the end of the period	9 (39,226,753)	(34,155,234)

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

Abdul Aleem
Chief Financial Officer

Gul Ahmed Textile Mills Limited

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2023

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

Name	Date of Incorporation	Country of Incorporation	%of Holding
Gul Ahmed International Limited FZC	December 11, 2002	UAE	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	UK	100%
GTM USA Corp. - Indirect subsidiary	March 19, 2012	USA	100%
Sky Home Corp. - Indirect Subsidiary	February 28, 2017	USA	100%
Vantona Home Limited - Indirect Subsidiary	April 22, 2013	UK	100%
JCCO 406 Limited - Indirect Subsidiary	September 29, 2017	UK	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.

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

Area	Address
25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
14.9 Acres	Survey No. 82, Deh Landhi, Karachi
18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
44.04 Acres	P.U. No. 48, 49, 50, & 51, Deh Khjanto Tapo 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 Acres	Plot No. H-5 and HT-6, Landhi Industrial Area, Karachi

- 1.3 Geographical locations and addresses of all factory buildings on rented premises 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
- Plot # H19/2-B Bin Qasim, Landhi Industrial area Karachi
- Servey # 613, Deh Jorejee, Bin Qasim town, Karachi
- Servey # 614, Deh Jorejee, Bin Qasim town, Karachi

2 BASIS OF PREPARATION

2.1 These unconsolidated condensed interim 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.

2.2 The comparative statement of financial position, presented in these unconsolidated condensed interim financial statements as at 31 March 2023 has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2022, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows have been extracted from the unaudited unconsolidated condensed interim financial statements of the Company for the nine months ended 31 March 2022.

2.3 These unconsolidated condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.4 These condensed interim financial statements are presented in Pakistani rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of the audited unconsolidated financial statements for the year ended 30 June 2022.

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

(a) New standards, amendments and interpretations to published approved accounting and reporting standards which are effective for the accounting periods beginning on or after July 01, 2022

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

(b) Standards, Interpretations and Amendments to published approved accounting standards not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's unconsolidated financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above standards, interpretations and amendments are not likely to have a significant impact on Company's unconsolidated condensed interim financial statements.

3.3 USE OF JUDGEMENTS AND ESTIMATES:

The preparation of these unconsolidated condensed interim 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 annual audited unconsolidated financial statements as at and for the year ended 30 June 2022.

4	PROPERTY, PLANT AND EQUIPMENT	Note	(Unaudited)	(Audited)
			31 March 2023	30 June 2022
			(Rupees in '000)	
	Operating fixed assets	4.1	42,895,018	36,609,500
	Capital work in progress (CWIP)	4.4	7,121,464	9,232,408
			<u>50,016,482</u>	<u>45,841,908</u>
4.1	Operating Fixed Asset			
	Opening book value		36,609,500	32,328,904
	Additions during the period / year	4.2	8,895,472	7,592,168
	Disposals during the period / year	4.3	(50,352)	(364,098)
	Depreciation charged during the period / year		(2,559,602)	(2,947,474)
	Closing book value		<u>42,895,018</u>	<u>36,609,500</u>
4.2	Additions during the period / year			
	Buildings and structures on leasehold land		1,850,222	2,398,447
	Plant and machinery		6,711,013	4,674,893
	Furniture and fixtures		29,085	146,844
	Office equipment		208,532	243,172
	Vehicles		96,621	128,812
			<u>8,895,472</u>	<u>7,592,168</u>
4.2.1	Additions to building and structure on leasehold land, plant and machinery include transfers from capital work-in-progress amounting to Rs. 1,206 million, Rs. 5,939 million (31 March 2022: Rs. 590 million, Rs. 2,204 million) respectively.			
4.3	Disposals during the period / year	Note	(Unaudited)	(Audited)
			31 March 2023	30 June 2022
			(Rupees in '000)	
	Buildings and structures on leasehold land		508	-
	Plant and machinery		36,926	346,808
	Vehicles		4,432	-
	Furniture and fixtures		3,187	-
	Office equipment		5,299	17,290
			<u>50,352</u>	<u>364,098</u>
4.4	Capital work in progress (CWIP)			
	Opening book value		9,232,408	6,022,449
	Additions during the period / year	4.5	5,221,544	10,802,126
	Transfers during the period / year		(7,332,488)	(7,592,167)
	Closing book value		<u>7,121,464</u>	<u>9,232,408</u>
4.5	Additions during the period / year			
	Machinery and store items		4,591,400	7,182,193
	Building		630,144	3,101,106
	Others		-	518,827
			<u>5,221,544</u>	<u>10,802,126</u>

	(Unaudited) 31 March 2023	(Audited) 30 June 2022
	(Rupees in '000)	
5 INTANGIBLE ASSETS		
Opening book value	51,720	78,213
Additions during the period / year	12,838	122
Amortisation charged during the period / year	(19,662)	(26,615)
Closing book value	<u>44,896</u>	<u>51,720</u>
6 LONG TERM INVESTMENTS		
Investment in subsidiary companies at cost		
- Gul Ahmed International Limited	58,450	58,450
- Ideas (Pvt) Limited	3,462,756	3,462,756
	<u>3,521,206</u>	<u>3,521,206</u>
Investment in Term Finance Certificate - at amortised cost	70,000	70,000
	<u>3,591,206</u>	<u>3,591,206</u>
7 LONG TERM FINANCING - SECURED		
Opening balance	23,852,585	21,072,350
Long term finance obtained during the period / year	2,629,083	6,111,900
Fair value differential - Government grant	-	(55,447)
Unwinding of interest	45,943	116,193
Repayments made during the period / year	(2,489,317)	(3,392,411)
	<u>24,038,294</u>	<u>23,852,585</u>
Current portion long term financing	(2,895,324)	(3,301,695)
	<u>21,142,970</u>	<u>20,550,890</u>
8 CONTINGENCIES AND COMMITMENTS		

Contingencies

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

- a) The Federal Government, through finance Act, 2022, imposed Super Tax on high earning persons by way of inserting section 4-C, in the Income Tax Ordinance, 2001. The Company along with other petitioners, has challenged the imposition in the Honourable Sindh High Court through Constitutional Petition. The Honourable Court has passed an interim order allowing the petitioners to file the Income Tax Returns without payment of the Super Tax and has restrained tax authorities, from taking any coercive action against the Company. The Company was also directed by the High Court to provide security of Rs. 354.6 million to cover 10% Super Tax liability to Nazir of High Court Sindh. Subsequently 4% out of 10% of the security was encashed as directed by the Supreme Court of Pakistan. As a matter of prudence, Company has made provision for the full amount of super tax.

Guarantees

- (a) Guarantees of Rs. 2,683 million (30 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 Associated company amounting to Rs. 1,104 million (30 June 2022: Rs. 1,102 million).
- (b) Post dated cheques of Rs. 5,007 million (30 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. 9,140 million (30 June 2022: Rs. 8,947 million), including bills discounted from Associated company amounting to Rs. 1,549 million (30 June 2022: Rs. 4,852 million).

- (d) Corporate guarantee of Rs. 189 million (30 June 2022: Rs. 170 million) Rs. 908 million (30 June 2022: 825 million) and Rs. 204 million (30 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 31 March 2022 of Rs. 951 million (30 June 2022: Rs. 3,697 million).
- (b) The forward covers outstanding as at 31 March 2023 Rs. 563 million (30 June 2022: Rs. 5,804 million).

9	CASH AND CASH EQUIVALENTS	Note	(Unaudited)	(Unaudited)
			31 March 2023	31 March 2022
			(Rupees in '000)	
	Cash and cash equivalents comprises of:			
	Cash and bank balances		551,900	379,436
	Short term borrowings		<u>(39,778,653)</u>	<u>(34,534,670)</u>
			<u>(39,226,753)</u>	<u>(34,155,234)</u>
			(Unaudited)	(Unaudited)
			31 March	31 March
			2023	2022
			(Rupees in '000)	
10	SALES - NET			
	Export sales			
	Direct		52,605,879	38,902,447
	Indirect		<u>27,667,024</u>	<u>12,539,292</u>
			80,272,903	51,441,739
	Duty drawback		387,840	249,608
	Trade and other discount		(438,785)	(504,373)
	Commission		(1,372,070)	(676,453)
	Sales tax		<u>(4,105,320)</u>	<u>(1,891,168)</u>
			74,744,568	48,619,353
	Local sales	10.1	6,983,410	23,412,805
	Brokerage		(255,318)	(296,407)
	Sales tax		<u>(1,036,220)</u>	<u>(3,531,104)</u>
			5,691,872	19,585,294
			<u>80,436,440</u>	<u>68,204,647</u>

10.1 Local sales includes revenue from services of Rs. 714 million (31 December 2021: Rs. 579 million).

10.2 Information with respect to disaggregation of revenue by internal segment and geographical location is disclosed in note 12 of the financial statement.

11 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.

12 SEGMENT INFORMATION

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

- a) Spinning: Production of different qualities of yarn using both natural and artificial fibres.
- 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) Home Textile: Production of different types and qualities falling under the definition of home textile.
- d) Others: Processing of garments, yarn dyeing and dyed yarn fabric etc.

Transactions among the business segments are recorded at cost.

12.1 Segment Profitability (Unaudited)

	Spinning		Weaving		Home Textile		Others		Elimination Of Inter Segment Transactions		Total	
	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022
	----- (Rupees in ' 000) -----											
Sales	31,592,685	31,928,350	4,107,361	3,979,732	52,962,365	42,042,627	11,776,635	7,508,986	(20,002,606)	(17,255,048)	80,436,440	68,204,647
Cost of sales	27,858,089	22,757,540	3,621,444	3,267,165	47,366,638	39,964,483	10,622,439	7,176,662	(20,002,606)	(17,255,048)	69,466,004	55,910,802
Gross profit	3,734,596	9,170,810	485,917	712,567	5,595,727	2,078,144	1,154,196	332,324	-	-	10,970,436	12,293,845
Distribution cost and Administrative cost	459,883	294,631	152,068	97,987	2,458,989	2,041,229	931,672	618,919	-	-	4,002,612	3,052,766
Profit before tax and before charging following	3,274,713	8,876,179	333,849	614,580	3,136,738	36,915	222,524	(286,595)	-	-	6,967,824	9,241,079
Finance Cost											3,215,359	1,817,622
Other operating cost											279,995	685,502
Other income											(638,415)	(139,864)
											2,856,939	2,363,260
Profit before taxation											4,110,885	6,877,818
Taxation											1,475,092	1,272,721
Profit after taxation											2,635,793	5,605,097
Depreciation and Amortisation Expense	857,472	824,366	370,663	359,480	639,704	411,839	711,425	534,904	-	-	2,579,264	2,130,589

12.2 Segment assets and liabilities

	Spinning		Weaving		Home Textile		Others		Unallocated		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	Mar-2023	June-2022	Mar-2023	June-2022	Mar-2023	June-2022	Mar-2023	June-2022	Mar-2023	June-2022	Mar-2023	June-2022
	(Rupees in ' 000)											
Assets	40,080,464	26,009,098	5,937,285	6,241,596	41,589,456	35,668,479	37,216,973	42,128,885	7,120,079	4,629,748	131,944,257	114,677,806
Liabilities	14,772,367	12,568,624	4,168,806	4,929,829	14,938,473	12,377,613	16,016,884	15,708,241	43,278,635	32,960,200	93,175,165	78,544,507
Segment Capital & Intangible Expenditure	2,360,287	1,895,604	124,130	292,337	981,266	3,546,236	2,012,272	763,731	1,319,411	1,799,509	6,797,366	8,297,417

12.3 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.

12.4 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 20,960 million (31 Mar-2022: Rs. 12,682 million).

12.5 Information by geographical area

	Revenue		Non-current assets	
	For the nine months ended (Unaudited)		(Unaudited)	(Audited)
	Mar-23	Mar-22	Mar-23	Jun-22
	-----Rupees in '000-----			
Pakistan	29,508,894	30,529,825	54,282,054	50,028,353
Germany	18,474,116	10,987,949	-	-
United States of America	9,266,864	8,706,913	-	-
France	4,527,661	2,941,176	-	-
Netherlands	4,125,799	3,792,022	-	-
Italy	3,717,290	1,911,882	-	-
United Kingdom	2,489,733	3,408,478	-	-
Denmark	1,998,226	1,801,443	-	-
Poland	1,695,477	978,716	-	-
Sweden	1,343,299	1,320,415	-	-
Spain	1,073,039	592,070	-	-
China	676,325	363,688	-	-
United Arab Emirates	426,262	289,700	58,450	58,450
Other Countries	2,791,788	1,807,995	-	-
	82,114,773	69,432,272	53,433,216	50,086,803

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of 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.

Name of the Related Party	Relationship and percentage of shareholding	Transactions during the period	(Unaudited)	
			March 2023	March 2022
			----- (Rupees in '000) -----	
Gul Ahmed Holdings (Private) Limited	Parent Company	Bonus shares issued	-	57,414
GTM (Europe) Limited - UK	Subsidiary Company	Sale of goods	2,558,426	653,405
Ideas (Pvt) Limited	Subsidiary Company	Sale of goods	1,618,462	1,859,709
GTM USA Corporation - USA	Subsidiary Company	Sale of goods	208,786	-
Sky Home Corporation - USA	Subsidiary Company	Sale of goods	123,365	56,794
GTM (Europe) Limited - UK	Subsidiary Company	Sales through subsidiaries acting as agents	947,939	1,680,962
Vantona Home Limited	Subsidiary Company	Sales through subsidiaries acting as agents	226,611	59,946
Sky Home Corporation - USA	Subsidiary Company	Commission paid	164,724	155,087
Ideas (Pvt) Limited	Subsidiary Company	Sharing of common expense	860,132	125,643
Ideas (Pvt) Limited	Subsidiary Company	Payment on behalf of	36,400	105,970
Ideas (Pvt) Limited	Subsidiary Company	Sale of fixed assets	13,718	-
Swisstex Chemicals (Private) Limited	Associated company	Purchase of goods	119,565	44,808
Win Star (Pvt) Limited	Associated company	Purchase of goods	18,148	3,018
Arwen Tech. (Private) Limited	Associated company	Services obtained	-	611
Win Star (Pvt) Limited	Associated company	Services obtained	18,192	-
Haji Ali Mohammad Foundation	Associated company	Rent paid	720	720
The Pakistan Business Council	Associated company	Fees paid	2,754	20,000
Board of Directors	Associated company	Meeting Fees	4,500	4,700
Habib Metropolitan Bank	Associated company	Bills discounted	7,011,983	12,389,687
Habib Metropolitan Bank	Associated company	Markup and other bank charges	60,516	102,285
Employee Provident Fund Trust	Employee Retirement Fund	Company's contribution to provident fund	20,479	190,172
Swisstex Chemicals (Private) Limited	Associated company	Dividend paid	-	15,359

Name of the Related Party	Relationship and percentage of shareholding	Nature of outstanding balances	(Unaudited)	(Audited)
			31 March 2023	30 June 2022
			----- (Rupees in '000) -----	
Sky Home Corporation - USA	Subsidiary Company	Trade and other payables	89,156	19,080
GTM (Europe) Limited - UK	Subsidiary Company	Trade and other payables	-	3,927
Ideas (Pvt) limited	Subsidiary Company	Trade debts	6,869,678	5,780,856
GTM (Europe) Limited - UK	Subsidiary Company	Trade debts	1,442,465	232,966
Vantona Home Limited	Subsidiary Company	Trade debts	91,929	48,617
Sky Home Corporation - USA	Subsidiary Company	Trade debts	32,676	200
GTM USA Corporation - USA	Subsidiary Company	Trade debts	114,815	140,004
Habib Metropolitan Bank	Associated company	Deposit with banks	86,727	21,160
Habib Metropolitan Bank	Associated company	Short term borrowings	3,319,840	2,488,000
Habib Metropolitan Bank	Associated company	Bank guarantee	1,103,637	1,103,637
Swisstex Chemicals (Private) Limited	Associated company	Trade and other payables	10,630	17,084
Win Star (Private) Limited	Associated company	Trade and other payables	5,437	3,151
Swisstex Chemicals (Private) Limited	Associated company	Trade debts	9,013	4,298
Habib Metropolitan Bank	Associated company	Accrued mark-up	200,333	7,530
Key management Personnel	Associate	Loan provided	157,503	189,579
Employee Provident Fund Trust	Employee Retirement Fund	Payable to employee's provident fund	48,443	27,120

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the nine months ended 31 March 2023 amounting to Rs. 1,312 million (31 March 2022: Rs. 1,036 million) on account of remuneration.

14 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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 30 June 2022.

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

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

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

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

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

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

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material. The following major reclassification have been made during the period:

Description	Reclassified from	Reclassified to	30 June 2022 Balance (Rupees in '000)
Stock in transit	Loans, advances and other receivables	Stock-in-trade	1,536,816
Stores in transit	Loans, advances and other receivables	Stores and spares	77,368
Advance to supplier	Trade and other payables	Loans, advances and other receivables	35,005

These reclassifications do not have any material impact on these unconsolidated condensed interim financial statements, therefore, corresponding figures have not been restated.

16 GENERAL

- 16.1 Allocations for the workers' profit participation fund, workers' welfare fund and provision for taxation including deferred tax are provisional and final liability will be determined on the basis of annual results.

17 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised and approved for issue on April 27, 2023 by the Board of Directors of the Company.

Mohomed Bashir
 Chairman

Mohammed Zaki Bashir
 Chief Executive Officer

Abdul Aleem
 Chief Financial Officer



Consolidated Accounts
Consolidated Condensed Interim Financial Information
For the Nine Months Ended March 31, 2023

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Financial Position
As at March 31, 2023

		Un-Audited March 2023	Audited June 2022
	Note	Rupees in '000	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	54,634,625	50,250,946
Right of use Assets	5	2,838,389	2,957,461
Intangible assets	6	200,336	190,838
Long Term investment	7	70,000	70,000
Long term loans and advances		80,630	127,260
Long term deposits		958,742	909,698
Deferred taxation		608,503	-
		<u>59,391,225</u>	<u>54,506,203</u>
CURRENT ASSETS			
Stores and spares		1,530,480	1,339,070
Stock-in-trade		42,028,676	43,107,392
Trade debts		27,268,242	16,699,700
Loans, advances and other receivables		6,090,631	1,971,705
Short term prepayments		279,945	235,755
Receivable from Government		4,996,575	3,351,546
Taxation - net		-	-
Cash and bank balances	8	1,239,212	2,405,709
		<u>83,433,761</u>	<u>69,110,877</u>
		<u>142,824,986</u>	<u>123,617,080</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
750,000,000 ordinary shares of Rs.10 each		<u>7,500,000</u>	<u>7,500,000</u>
Issued, subscribed and paid-up capital			
616,716,230 ordinary shares of Rs. 10 each		<u>6,167,162</u>	<u>6,167,162</u>
Reserves		<u>35,243,169</u>	<u>31,868,582</u>
Equity attributable to the owners of the Holding Company		<u>41,410,331</u>	<u>38,035,744</u>
Non-controlling interest		-	-
Total equity		<u>41,410,331</u>	<u>38,035,744</u>
NON-CURRENT LIABILITIES			
Long term financing - Secured	9	21,142,970	20,550,890
Loan from director		-	-
Lease liability against right of use assets	10	2,804,469	3,050,093
Provision for Gas Infrastructure Development Cess		227,548	885,219
Long term deposits		42,025	57,511
Deferred liabilities			
Deferred taxation		<u>542,417</u>	<u>63,763</u>
Deferred government grant		<u>110,563</u>	<u>135,122</u>
Staff gratuity		<u>266,805</u>	<u>211,068</u>
		<u>919,785</u>	<u>409,953</u>
CURRENT LIABILITIES			
Trade and other payables		31,072,956	20,144,157
Accrued mark-up/profit		997,297	614,522
Short term borrowings	8	40,479,067	35,483,721
Current maturity of long term financing	9	2,895,324	3,301,695
Current maturity of lease liability against right-of-use asset	10	605,595	602,780
Current maturity of deferred income - government grant		33,167	54,551
Current maturity of Government Infrastructure Development Cess		-	-
Unclaimed dividend		9,934	10,413
Unpaid dividend		23,505	23,505
Dividend payable		-	-
Provision for taxation		161,013	392,326
		<u>76,277,858</u>	<u>60,627,670</u>
CONTINGENCIES AND COMMITMENTS	11		
		<u>142,824,986</u>	<u>123,617,080</u>

The annexed notes from 1 to 19 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 Nine Months Ended March 31, 2023

		Un-Audited			
		Nine Months Ended		Quarter Ended	
Note		July to March 2023	July to March 2022	January to March 2023	January to March 2022
-----Rupees in '000-----					
Sales - net	12	99,861,318	82,953,848	37,747,769	26,189,312
Cost of sales		80,827,274	63,852,234	30,167,703	19,067,793
Gross profit		19,034,044	19,101,614	7,580,066	7,121,519
Distribution cost		6,123,286	5,767,352	2,258,637	2,251,581
Administrative cost		3,868,566	3,272,256	1,378,817	1,295,785
Other operating cost		306,505	725,357	94,226	121,429
		10,298,357	9,764,965	3,731,680	3,668,795
		8,735,687	9,336,649	3,848,386	3,452,724
Other income		682,292	294,037	(395,923)	73,288
Operating profit		9,417,979	9,630,686	3,452,463	3,526,012
Finance cost		4,427,197	1,949,926	1,771,024	565,436
Profit before taxation		4,990,782	7,680,760	1,681,439	2,960,576
Taxation		1,686,959	1,505,961	556,258	516,619
Profit after taxation		3,303,823	6,174,799	1,125,181	2,443,957
Attributable to:					
Equity holders of Parent Company		3,303,823	6,174,799	1,125,181	2,443,957
Non-controlling interest holders		-	-	-	-
		3,303,823	6,174,799	1,125,181	2,443,957
Earning per share - basic and diluted (Rs.)		5.36	10.01	1.82	3.96

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Comprehensive Income
For the Nine Months Ended March 31, 2023

	Un-Audited	
	Quarter Ended	
	March 2023	March 2022
	-----Rupees in '000-----	
Profit after taxation	3,303,823	6,174,799
Other comprehensive income for the period		
Items that will be reclassified to profit and loss account subsequently	-	-
Exchange difference on translation of foreign subsidiaries	(70,764)	266,722
Total comprehensive income	<u>3,233,059</u>	<u>6,441,521</u>
Attributable to:		
Equity holders of Parent Company	3,233,059	6,441,521
Non-controlling interest holders	-	-
	<u>3,233,059</u>	<u>6,441,521</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Changes in Equity
For the Nine Months Ended March 31, 2023

	Reserves								Non-Controlling Interest	Total
	Capital reserve		Revenue reserve				Total equity attributable to the owners of Holding Company			
	Share Premium	Reserve on merger	General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary	Unappropriated profit				
-----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)	(855,589)	-	-
Total comprehensive income										
Profit after taxation for the nine months ended March 31, 2022	-	-	-	-	-	-	6,174,799	6,174,799	-	6,174,799
Other comprehensive income	-	-	-	(59,863)	-	-	-	(59,863)	-	(59,863)
Transferred to statutory reserve	-	-	-	(59,863)	-	-	6,174,799	6,114,936	-	6,114,936
Balance as at March 31, 2022 (Un-Audited)	6,167,162	-	8,252,059	-	166,779	19,827	19,856,662	28,295,327	-	34,462,489
Total comprehensive income for the year ended June 30, 2022										
Profit after taxation	-	-	-	-	-	-	3,670,238	3,670,238	-	3,670,238
Other comprehensive income	-	-	-	(105,389)	-	-	8,406	(96,983)	-	(96,983)
Transferred to statutory reserve	-	-	-	(105,389)	1,018	-	(1,018)	-	-	-
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 nine months ended March 31, 2023 (un-audited)										
Profit after taxation	-	-	-	-	-	-	3,303,823	3,303,823	-	3,303,823
Other comprehensive Income	-	-	-	70,764	-	-	-	70,764	-	70,764
Balance as at March 31, 2023 (un-audited)	6,167,162	-	8,252,059	-	132,154	20,845	26,838,111	35,243,169	-	41,410,331

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Consolidated Statement of Cash Flows
For the Nine Months Ended March 31, 2023

	Note	March 2023	March 2022
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,990,782	7,680,759
Adjustments for:			
Depreciation on property, plant and equipment		2,871,164	2,468,301
Depreciation on right-of-use assets		550,697	742,884
Amortisation		28,780	21,881
Provision for gratuity		103,038	84,194
Finance cost		4,275,311	1,949,926
Interest on lease liability against right-of-use asset		151,886	113,638
Provision for slow moving/obsolete stores spares and loose tools and stock in trade		42,847	30,166
Liabilities no longer payable written back			-
Expected credit losses against doubtful trade debts			-
Government grant		(45,960)	40,302
Gain on disposal of property, plant and equipment		(592)	-
Loss on disposal of property, plant and equipment			193,096
Impairment loss on trade debts		50,898	46,271
Derecognition of lease liability/ROU		(99,230)	
Finance cost on provision for Government Infrastructure Development Cess (GIDC)			-
		<u>7,928,839</u>	<u>5,690,659</u>
Cash flows from operating activities before adjustments of working capital		12,919,621	13,371,418
Changes in working capital:			
Increase/(decrease) in current assets			
Stores and spares		(234,257)	(251,654)
Stock-in-trade		1,078,716	(7,769,270)
Trade debts		(10,619,440)	3,482,272
Loans, advances and other receivables		(4,118,926)	1,846,004
Short term prepayments		(44,190)	3,150
Receivable from Government		(2,117,943)	353,698
		<u>(16,056,040)</u>	<u>(2,335,800)</u>
Increase in current liabilities			
Trade and other payables		9,982,752	(4,215,187)
		<u>(6,073,288)</u>	<u>(6,550,987)</u>
Cash generated from operations before following:		6,846,333	6,820,431
Adjustment for:			
Gratuity paid		(47,301)	(45,201)
Finance cost paid		(3,558,217)	(1,721,850)
Finance cost on leased liability		-	
Income tax paid		(1,573,690)	(2,210,576)
Net change in long term loans		46,630	19,304
Net change in long term deposits - Asset		(49,044)	(198,819)
		<u>(5,181,622)</u>	<u>(4,157,143)</u>
Net Cash generated from Operating activities		1,664,711	2,663,289
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(7,305,195)	(8,773,833)
Addition to intangible assets		(38,278)	2,029
Proceeds from sale of property, plant and equipment		50,944	151,534
Merger effects		-	-
Long term investments encashed during the year		-	(157)
Net cash used in investing activities		<u>(7,292,529)</u>	<u>(8,620,427)</u>
Balance carried forward		<u>(5,627,818)</u>	<u>(5,957,138)</u>

Gul Ahmed Textile Mills Limited
Consolidated Statement of Cash Flows
For the Nine Months Ended March 31, 2023

	Note	March 2023	March 2022
		-----Rupees in '000-----	
Balance brought forward		(5,627,818)	(5,957,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		2,629,083	2,238,431
Long term financing repaid		(2,489,317)	-
Payments against lease liability against right of use asset		(727,089)	(703,606)
Long term deposits		(15,486)	-
Dividend paid		(429)	(16,656)
Net cash generated from financing activities		(603,238)	1,518,169
Exchange difference on translation of foreign subsidiaries		69,213	(9,849)
Net decrease in cash and cash equivalents		(6,161,843)	(4,448,818)
Cash and cash equivalents - at the beginning of the period		(33,078,012)	(28,182,234)
Cash and cash equivalents - at the end of the period	8	(39,239,855)	(32,631,052)

The annexed notes 1 - 49 form an integral part of these 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 Nine Months Ended March 31, 2023

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. H-7, Landhi Industrial Area, 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 55.86% 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;

Area	Address
25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
14.9 Acres	Survey No. 82, Deh Landhi, Karachi
18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
44.04 acres	P.U. No. 48, 49, 50, & 51, Deh Khjanto Tapo 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;

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
295 5th ave, suit 702, NewYork - NY - 10016
Grane Road Mill, Grane Road, Haslingden, BB4 5ES

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 March 31, 2023 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 March 31, 2023.

The comparative statement of financial position, presented in these consolidated condensed interim financial statements as at 31 March 2023 has been extracted from the annual audited consolidated financial statements of the Company for the year ended 30 June 2022, whereas the comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been extracted from the unaudited consolidated condensed interim financial statements of the Company for the nine months ended 31 March 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, 2021.

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 half year ended December 31, 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 a 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, 2022.

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.

	Note	(Unaudited)	Audited
		31-March 2023	30-June 2022
Rupees in '000			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	47,360,826	40,823,078
Capital work in progress (CWIP)	4.4	7,273,800	9,427,868
		<u>54,634,626</u>	<u>50,250,946</u>
4.1 Operating Fixed Asset			
Opening book value		40,823,078	36,324,058
Additions during the period / year	4.2	9,459,264	8,254,948
Disposals during the period / year	4.3	50,352	372,014
Depreciation charged during the period / year		2,904,417	3,397,212
Foreign currency translation		33,253	13,299
Closing book value		<u>47,360,826</u>	<u>40,823,078</u>
4.2 Additions during the period			
Land		-	-
Buildings and structures on leasehold land		2,268,771	2,787,589
Plant and machinery		6,713,380	4,677,606
Furniture and fixtures		61,560	224,428
Office equipment		295,276	435,898
Vehicles		120,276	129,426
		<u>9,459,264</u>	<u>8,254,948</u>
4.2.1 Additions to building and structure on leasehold land, plant and machinery include transfers from capital work-in-progress amounting to Rs. 1,206 million, Rs. 5,939 million (31 March 2022: Rs. 590 million, Rs. 2,204 million) respectively.			
		(Unaudited)	Audited
		31-March 2023	30-June 2022
Rupees in '000			
4.3 Disposals - operating fixed assets (at net book value)			
Leasehold land		508	
Plant and machinery		36,926	346,808
Furniture and fixtures		3,187	
Office equipment		5,299	
Vehicles		4,432	25,206
		<u>50,352</u>	<u>372,014</u>
4.4 Capital work in progress (CWIP)			
Opening book value		9,427,868	6,166,218
Additions during the period / year	4.5	5,519,574	11,458,545
Transfers during the period / year		(7,673,642)	(8,196,895)
Closing book value		<u>7,273,800</u>	<u>9,427,868</u>
4.5 Additions - capital work in progress (at cost)			
Machinery		4,591,400	1,020,515
Building		853,491	1,431,916
Others		74,683	-
		<u>5,519,574</u>	<u>2,452,431</u>
5 RIGHT OF USE ASSETS			
Recognition as at July 01,2022		2,957,461	3,302,289
Additions		409,762	853,394
Derecognition / Adjustment		21,863	(458,535)
Depreciation expense		(550,697)	(741,376)
Foreign currency retranslation difference		-	1,689
Net book value as at September 30, 2022		<u>2,838,389</u>	<u>2,957,461</u>
Gross carrying amount as at December 30, 2022			
Cost		4,378,609	3,946,984
Accumulated Depreciation		(1,544,348)	(991,184)
Foreign currency retranslation difference		4,128	1,661
		<u>2,838,389</u>	<u>2,957,461</u>

6 INTANGIBLE ASSETS

	Un-Audited 31-March 2023	Audited 30-June 2022
	Rupees in '000	
Opening book value	190,838	210,497
Additions during the period / year	16,367	13,602
Amortisation charged during the period / year	(28,780)	(39,249)
Foreign Currency Translation	21,911	5,988
Closing book value	<u>200,336</u>	<u>190,838</u>

7 LONG TERM INVESTMENT

Investment in Term Finance Certificate	<u>70,000</u>	<u>70,000</u>
--	---------------	---------------

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances	1,239,212	2,405,709
Short term borrowings	<u>(40,479,067)</u>	<u>(35,483,721)</u>
	<u>(39,239,855)</u>	<u>(33,078,012)</u>

9 LONG TERM FINANCING - SECURED

	Un-Audited March 2023	Audited June 2022
	-----Rupees in '000-----	
Opening balance	23,852,585	21,072,350
Add: Long term finance obtained during the period / year	2,629,083	6,111,900
Less: Fair value differential - Government grant	-	(60,746)
Add: Unwinding of interest	45,943	
Less: Repaid during the period / year	<u>(2,489,317)</u>	<u>(3,392,411)</u>
	24,038,294	23,852,585
Less: Current portion shown under current liabilities	<u>(2,895,324)</u>	<u>(3,301,695)</u>
	<u>21,142,970</u>	<u>20,550,890</u>

10 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Present value of lease payments as at July 01, 2022	3,652,873	3,847,444
Less: Prepayments as at July 01, 2022	-	-
	<u>3,652,873</u>	<u>3,847,444</u>
Additions	409,762	853,394
Accretion of interest	151,886	399,540
Derecognition / Adjustment	(77,367)	(535,478)
Payments	<u>(727,089)</u>	<u>(911,249)</u>
	3,410,064	3,652,873
As at December 31, 2022	605,595	602,780
Less: Current portion shown under current liabilities	<u>2,804,469</u>	<u>3,050,093</u>

10.1 Lease liabilities are payable as follows

	Minimum Lease payments	Interest	Present value of minimum lease payments
	-----Rs. 000s-----		
Less than one year	1,023,007	606,635	416,372
Between one and 5 years	2,966,282	1,007,262	1,959,020
More than five years	1,353,128	318,456	1,034,672
	<u>5,342,417</u>	<u>1,932,353</u>	<u>3,410,064</u>

11 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 of provisions required and following a new case;

- a) The Federal Government, through finance Act, 2022, imposed Super Tax on high earning persons by way of inserting section 4-C, in the Income Tax Ordinance, 2001. The Company along with other petitioners, has challenged the imposition in the Honourable Sindh High Court through Constitutional Petition. The Honourable Court has passed an interim order allowing the petitioners to file the Income Tax Returns without payment of the Super Tax and has restrained tax authorities, from taking any coercive action against the Company. The Company was also directed by the High Court to provide security of Rs. 354.6 million to cover 10% Super Tax liability to Nazir of High Court Sindh. Subsequently 4% out of 10% of the security was encashed as directed by the Supreme Court of Pakistan. As a matter of prudence, Company has made provision for the full amount of super tax.

Guarantees

- (a) Guarantees of Rs. 2,683 million (30 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 Associated company amounting to Rs. 1,104 million (30 June 2022: Rs. 1,102 million).
- (b) Post dated cheques of Rs. 4,286 million (30 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. 9,140 million (30 June 2022: Rs. 8,947 million), including bills discounted from Associated company amounting to Rs. 1,071 million (30 June 2022: Rs. 4,852 million).
- (d) Corporate guarantee of Rs. 189 million (30 June 2022: Rs. 170 million) Rs. 908 million (30 June 2022: 825 million) and Rs. 204 million (30 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 31 March 2022 of Rs. 951 million (30 June 2022: Rs. 3,697 million).
- (b) The forward covers outstanding as at 31 March 2023 Rs. 563 million (30 June 2022: Rs. 5,804 million).

	(Unaudited) 31-Mar 2023	(Unaudited) 31-Mar 2022
	Rupees in '000	
12 SALES-NET		
Export sales		
Direct	54,171,238	39,049,378
Indirect	27,667,024	12,539,292
	<u>81,838,262</u>	<u>51,588,670</u>
Duty drawback	387,840	249,608
Trade and other discount	(411,846)	(504,373)
Commission	(1,138,807)	(515,700)
Sales tax	(4,105,320)	(1,891,168)
	<u>76,570,129</u>	<u>48,927,036</u>
Local sales	24,582,727	37,854,324
Brokerage	(255,318)	(296,407)
Sales tax	(1,036,220)	(3,531,104)
	<u>23,291,189</u>	<u>34,026,812</u>
	<u>99,861,318</u>	<u>82,953,848</u>

12.1 Local sales includes revenue from services of Rs. 714 million (31 December 2021: Rs. 579 million).

13 TAXATION

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

14 SEGMENT INFORMATION

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

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

Transactions among the business segments are recorded at cost.

14.1 Segment profitability

	Spinning		Weaving		Home Textile		Others		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			
	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022		
	Rupees '000																											
Sales	31,592,685	31,928,350	4,107,361	3,979,732	52,962,365	42,042,627	11,776,635	7,508,986	19,599,844	16,301,226	265,381	398,042	4,131,559	2,621,712	-	-	328,273	230,555	314,035	-	820,859	979,185	(26,037,680)	(23,036,567)	99,861,318	82,953,848		
Cost of sales	27,858,089	22,757,540	3,621,444	3,267,185	47,366,638	39,964,483	10,822,439	7,176,662	12,450,668	10,041,400	243,444	343,587	3,744,764	2,384,650	-	-	264,527	167,309	307,287	-	542,332	746,827	(26,194,358)	(22,997,388)	80,827,274	63,852,235		
Gross profit	3,734,596	9,170,810	485,917	712,547	5,595,727	2,078,144	1,154,196	332,324	7,149,176	6,259,826	21,937	54,455	386,796	237,062	-	-	63,746	63,246	6,748	-	278,527	232,358	156,678	(39,179)	19,034,044	19,101,613		
Distribution costs and administrative costs	459,883	294,631	152,068	97,987	2,458,969	2,041,229	931,672	618,919	5,469,414	5,579,320	17,888	29,677	189,296	159,381	-	-	60,847	50,786	3,007	1,183	248,788	175,734	-	(9,240)	9,991,852	9,039,607		
Profit/(loss) before tax and before charging the following	3,274,713	8,876,179	333,849	614,580	3,136,738	36,915	222,524	(286,595)	1,679,762	680,506	4,048	24,778	197,500	77,681	-	-	2,899	12,460	3,741	(1,183)	29,739	56,624	156,678	(29,939)	9,042,192	10,062,006		
Other operating costs																										306,505	725,357	
Other income																										(682,292)	(294,037)	
Finance costs																										4,427,197	1,949,926	
Profit before taxation																										4,051,410	2,381,246	
Taxation																										4,990,792	7,680,760	
Profit after taxation																										1,686,959	1,505,961	
																										3,363,823	6,174,799	
Depreciation and Amortisation Expense	857,472	824,366	370,663	359,480	639,704	411,839	711,425	534,904	885,262	1,099,080	2,348	4,232	3,629	2,003	-	-	6,706	5,426	-	-	1,556	1,114	-	-	3,478,765	2,707,540		

14.2 Segment assets and liabilities

	Spinning		Weaving		Home Textile		Others		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			
	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022	Un-Audited March-2023	Audited June-2022		
	Rupees '000																											
Assets	40,080,464	26,009,098	5,937,285	6,241,596	41,589,456	35,668,479	37,216,973	42,093,880	19,379,934	16,666,132	645,234	998,359	2,297,348	2,241,379	89,817	87,284	522,923	476,403	138,190	301,340	568,528	719,396	7,120,079	4,629,748	155,586,231	136,133,094		
Elimination of intragroup balances																										(12,656,176)	(12,616,017)	
Liabilities	14,772,367	12,568,624	4,168,806	4,929,829	14,938,473	12,377,613	16,016,884	15,708,241	14,452,248	12,064,843	5,718	121,310	1,655,078	1,936,006	-	-	613,204	566,760	104,702	276,803	648,580	845,201	43,278,635	32,925,201	110,654,695	94,320,431		
Elimination of intragroup balances																										(9,134,972)	(8,739,095)	
Segment Capital Expenditure	2,360,287	1,895,604	124,130	292,337	981,266	3,546,236	2,012,272	763,731	543,134	727,951	-	-	20,658	-	-	-	-	-	-	-	-	-	-	-	1,319,411	1,799,509	7,361,158	9,025,368

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

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

14.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 20,960 million (31 Mar-2022: Rs. 12,682 million).

14.6 Information by geographical area

	Revenue		Non-current assets	
	(Un-audited)		Un-Audited	Audited
	March - 2023	March - 2022	March - 2023	June - 2022
	-----Rupees in '000-----			
Pakistan	47,490,276	46,981,892	59,261,016	53,963,301
Germany	18,474,116	10,042,383	-	-
United States of America	9,803,945	8,069,270	4,369	3,961
Netherlands	4,125,799	3,398,345	-	-
France	4,527,661	1,656,682	-	-
Italy	3,717,290	3,151,160	-	146,379
United Kingdom	3,401,486	2,757,650	111,328	-
Denmark	1,998,226	1,801,443	-	-
Poland	1,695,477	978,716	-	-
Sweden	1,343,299	1,195,553	-	-
Spain	1,073,039	592,070	-	392,562
China	676,325	363,688	-	-
United Arab Emirates	420,925	648,753	14,512	-
Other Countries	2,791,788	2,412,855	-	-
	101,539,651	84,050,458	59,391,225	54,506,203

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Name of the Related Party	Relationship and percentage shareholding	Transactions during the period	(Unaudited)	
			March 2023	March 2022
			----- (Rupees in '000) -----	
Swisstex Chemicals (Private) Limited	Associated company	Purchase of goods	119,565	44,808
Win Star (Pvt) Limited	Associated company	Purchase of goods	18,148	3,018
Arwen Tech. (Private) Limited	Associated company	Services obtained	-	611
Win Star (Pvt) Limited	Associated company	Services obtained	18,192	-
Haji Ali Mohammad Foundation	Associated company	Rent paid	720	720
The Pakistan Business Council	Associated company	Fees paid	2,754	20,000
Board of Directors	Associated company	Meeting Fees	4,500	4,700
Habib Metropolitan Bank	Associated company	Bills discounted	7,011,983	12,389,687
Habib Metropolitan Bank	Associated company	Markup and other bank charges	60,516	102,285
Employee Provident Fund Trust	Employee Retirement Fund	Company's contribution to provident fund	20,479	190,172
Swisstex Chemicals (Private) Limited	Associated company	Dividend paid	-	15,359

Name of the Related Party	Relationship and percentage shareholding	Transactions during the period	(Unaudited)		(Audited)
			March 2023	June '22	
			----- (Rupees in '000) -----		
Habib Metropolitan Bank	Associated company	Deposit with banks	86,727	21,160	
Habib Metropolitan Bank	Associated company	Short term borrowings	3,319,840	2,488,000	
Habib Metropolitan Bank	Associated company	Bank guarantee	1,103,637	1,103,637	
Win Star (Private) Limited	Associated company	Trade and other payables	5,437	3,151	
Swisstex Chemicals (Private) Limited	Associated company	Trade and other payables	10,630	17,084	
Swisstex Chemicals (Private) Limited	Associated company	Trade debts	9,013	4,298	
Habib Metropolitan Bank	Associated company	Accrued mark-up	200,333	7,530	
Key management Personnel	Associate	Loan provided	157,503	189,579	
Employee Provident Fund Trust	Employee Retirement Fund	Payable to employee's provident fund	48,443	27,120	

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the nine months ended 31 March 2023 amounting to Rs. 1,312 million (31 March 2022: Rs. 1,036 million) on account of remuneration.

16 FAIR VALUES

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

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

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

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

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

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except 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.

17 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material. The following major reclassification have been made during the period:

Description	Reclassified from	Reclassified to	30 June 2022 Balance (Rupees in 000)
Stock in transit	Loans, advances and other receivables	Stock-in-trade	1,536,816
Stores in transit	Loans, advances and other receivables	Stores and spares	77,368
Advance to supplier	Trade and other payables	Loans, advances and other receivables	35,005

These reclassifications do not have any material impact on these unconsolidated condensed interim financial statements, therefore, corresponding figures have not been restated.

18 DATE OF AUTHORISATION

These financial statements were authorised for issue on April 27, 2023 by the Board of Directors of the Group.

19 GENERAL

- 19.1 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.
- 19.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer