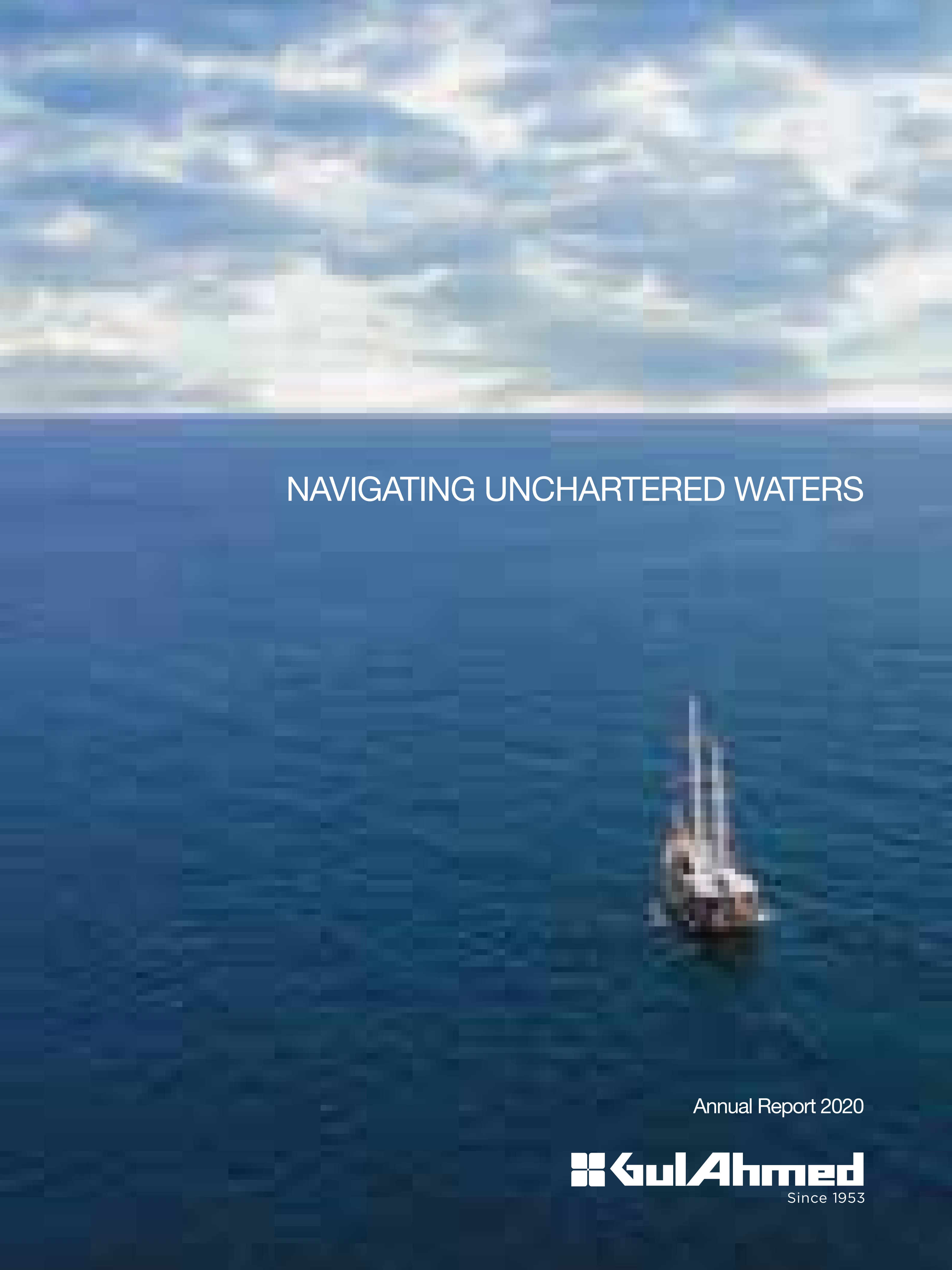


NAVIGATING UNCHARTERED WATERS

Annual Report 2020

GulAhmed
Since 1953

CONTENTS

NAVIGATING UNCHARTERED WATERS

Faced with unprecedented challenges, our leadership forged ahead with a clear direction; to keep our operations stable, and keep our deliveries to our diverse markets continuous and on-time, making sure the highest standards of safety are in place at every step of the journey.

Even in these testing times, the top priority for Gul Ahmed, as always, has been in maintaining a robust performance and creating greater value for its stakeholders, employees, customers and the communities it operates in.

OUR STRATEGY: A DYNAMIC PLAN

These testing times, plunged the world into unprecedented challenges, and Gul Ahmed responded through a dynamic plan. With most of our teams confined to their homes, relying on information and communication technology for continued access to work. From remote-working and e-commerce to conference calling and remote supply-chain management, COVID-19 is the first pandemic in human history where Gul Ahmed and technology are being chartered on a massive scale, driving the collective response to the business and digital transformation across the company.

E-COMMERCE: NEWER HORIZONS

Our e-commerce teams work round the clock to get our products delivered directly to the doorsteps of those who need them. It's heartening to know the demand for our products has been and remains high. It's a completely new and exciting horizon we are enduring to cross along with our customers and the team that manages to surprise us every day.

OUR TEAM:
THE SILVER LINING

The one most important thing we have learned from the COVID-19 pandemic is how important Gul Ahmed has become to our customers. We take this responsibility seriously and are proud of our team who, since the epidemic, is continuing to help our customers through this uncertain and challenging time.

OUR OPERATIONS: GETTING DEEPER

The COVID-19 challenges we face today highlights the fundamental importance of Gul Ahmed to economies and societies everywhere in Pakistan and the countries we operate in. It also calls for solidarity, as too many people around the world are still unconnected, left to fend for themselves in these very difficult and uncertain times. In response, Gul Ahmed rose and stays committed to the challenge and has strengthened its operations and its collective digital response in a pursuit to adjust and operate in what is now the new normal.

COMPANY INFORMATION

Board of Directors	Mohomed Bashir	- Chairman
	Zain Bashir	- Vice Chairman/ Executive Director
	Mohammed Zaki Bashir	- Chief Executive Officer
	Ziad Bashir	- Non Executive Director
	Dr. Amjad Waheed	- Non Executive Director
	Ehsan A. Malik	- Independent Director
	Zeeba Ansar	- Independent Director
Chief Financial Officer	Abdul Aleem	
Company Secretary	Salim Ghaffar	
Audit Committee	Ehsan A. Malik	- Chairman & Member
	Mohomed Bashir	- Member
	Dr. Amjad Waheed	- Member
	Salim Ghaffar	- Secretary
Human Resource and Remuneration Committee	Ehsan A. Malik	- Chairman & Member
	Mohomed Bashir	- Member
	Zain Bashir	- Member
	Salim Ghaffar	- Secretary
Bankers	Allied Bank Limited Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited Bankislami Pakistan Limited Citi Bank NA 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 Khyber The Bank Of Punjab United Bank Limited	
Auditors	Kreston Hyder Bhimji & Co. Chartered Accountants	
Internal Auditors	Grant Thornton Anjum Rahman Chartered Accountants	
Legal Advisors	A.K. Brohi & Co Advocates	
Registered Office	Plot No.82, Main National Highway, Landhi, Karachi-75120	
Share Registrar	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106	
Mills	Landhi Industrial Area, Karachi-75120	
E-Mail	finance@gulahmed.Com	
URL	www.gulahmed.com	

VISION

Enriching Lives by Inspiring Chvange.

MISSION

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

VALUES

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

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

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

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

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

OBJECTIVES & STRATEGIES

Objectives

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

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

Strategies

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

Tactics

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

STATEMENT OF BUSINESS CONDUCT AND ETHICS CODE

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

Ethical Decision Making

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

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

If the answer is “No” to any of these questions, don’t do it.

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

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

Compliance with Laws, policies and Procedures

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

INTEGRITY AND RESPECT FOR OTHERS

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

Confidentiality

1. Directors/employees shall not use or disclose the Company’s trade secrets, proprietary information, or any other confidential information gained in the performance of duty.
2. Every employee must be cautious and discreet when using information categorized as “classified” or “confidential-restricted access.” Such information should be shared only with the Company’s employees who have a legitimate “need to know.” Outside parties should have access to such information only if they are under binding confidentiality agreements and have a “need to know.”
3. Similarly, when handling sensitive information that has been entrusted to our Company by others, we must always treat it with the maximum care. Doing so, it can protect the Company from potential liability.
4. We must also comply with all laws, regulations and contractual commitments regarding the valid and enforceable intellectual property rights of third parties, including patents, copyrights, trade secrets and other proprietary information.
5. If anyone has a question about the use of patented or proprietary information, including computer software of third parties, he/she should contact Legal Department. In order to use copyright material such as articles, charts, maps, films and music, permission must be obtained from the copyright owner.

Avoiding Conflict of Interest

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

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

Insider Trading

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

Company Records and Internal Controls

1. The Company’s books and records must be prepared accurately and honestly, both by our accountants who prepare records of transactions and by any of us who contribute to the creation of business records.
2. The Company shall maintain accounting records and issue financial statements as required by the local laws to ensure transparency of information on the Company’s financial performance.
3. Reliable internal controls are critical for security of Company’s assets, proper, complete and accurate accounting and financial reporting. Everyone must understand the internal controls relevant to his/her position and follow the policies and procedures related to those controls. Everyone is encouraged to talk to their managers or supervisors immediately if ever in a doubt that a control is not adequately detecting or preventing inaccuracy, waste or fraud.
4. Audits performed by internal and external auditors help ensure compliance with established policies, procedures and controls. Audits also help identify potential weaknesses so these may be fixed promptly. Everyone is required to cooperate fully with internal and external auditors. This means always providing clear and truthful information and cooperating fully during the audit process.
5. Engaging in any scheme to defraud anyone — of money, property or honest services — violates Company’s policy and carries severe penalties. These consequences apply to all dishonest or fraudulent activities, including misusing or stealing assets. The Company relies on its internal controls and the personal integrity of all its directors, employees and contractors to protect assets against damage, theft and other unauthorized use.

Dealing with Various Stakeholders

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

1. Customers

a) Treat customers fairly and honestly.

b) Provide high standards of services and quality products.

c) Operate effective complaint processes to deal with situations where these standards are challenged.

d) Aim to provide and promote a range of products and services that meet customer requirements and needs.

e) Maintain the confidentiality of customer information, except where the law requires/ permits disclosure, or the customer has given prior written consent.

2. Employees

a) The Company has maintained a suitable working environment that provides appropriate training, transparent career growth opportunities and competitive remuneration packages including benefits which are also in compliance with the employment related laws and regulations of Pakistan as well as other relevant countries.

b) It is ensured that all the values and standards required by our business practices are communicated to each employee.

c) Provide a clean, healthy and safe work environment, stressing the obligation on all employees to take every reasonable precaution to avoid injury to themselves, colleagues and members of the public.

d) Provide appropriate facilities to fulfill the needs of special employees

e) The Company follows the laws that prohibit discrimination in employment practices. It is Company's policy to provide equal employment opportunities and to treat applicants and employees without bias. It is our policy that no one is ever subject to discrimination on the basis of:

- Race
- Religion
- Color
- National origin
- Age
- Sex
- Disability
- Personal/Political preference

3. Suppliers of Goods and Services

a) Encourage dealing with those suppliers/ vendors who operate with values and standards similar to those of the Company.

b) Work together with suppliers/vendors following the laws and policies to improve all aspects of performance.

c) Agree terms of payment when orders for goods and services are placed and pay in accordance with those terms.

d) No one shall engage in unfair, deceptive or misleading practices including receiving or demanding of any favors or benefits from a supplier as an advantage for him to win a bid or contract.

4. Communities

a) Contribute to the social and economic well being of communities connected to the places of business of the Company.

b) Encourage employees to participate in projects and initiatives for the welfare of these communities.

c) Work and plan operations of business to minimize adverse environmental impact.

5. Competitors

a) Conduct business in accordance with the Code and compete vigorously but honestly.

b) Avoid disclosing any confidential information except as required by the law.

c) The Company competes fairly and complies with all applicable competition laws wherever the Company operates. These laws often are complex, and vary considerably from country to country. Penalties for violation can be severe. Therefore, directors/employees should seek legal advise.

6. Governments and Regulators

a) Comply with all applicable laws, rules and regulations under which the Company operates.

b) Maintain a constructive and open relationship with regulators to foster mutual trust, respect and understanding.

KEY PERFORMANCE INDICATORS

Financial Performance Indicators Objective:
Increase shareholder's wealth.

- **Export sales**

2020	Rs. 34,231 million	6%
2019	Rs. 32,262 million	

- **Local sales**

2020	Rs. 19,710 million	(21%)
2019	Rs. 25,026 million	

- **Gross profit**

2020	Rs. 9,069 million	(24%)
2019	Rs. 11,982 million	

- **Profit Before Tax**

2020	Rs. (76) million	(102%)
2019	Rs. 4,008 million	

- **EBITDA**

2020	Rs. 4,751 million	(36%)
2019	Rs. 7,442 million	

- **Earnings per share**

2020	Rs. (1.12)	(113%)
2019	Rs. 8.44 per share	

- **Return on equity**

2020	(3.27%)	(113%)
2019	25.82%	

Relevance: These KPIs will remain relevant in future.

NON-FINANCIAL PERFORMANCE INDICATORS

I. Internal Efficiency and Effectiveness

Objective: Promote Company's image by working ethically.

- **Compliance with Local Laws**

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

- **Compliance with policies and procedures**

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

- **Zero tolerance against unethical practices**

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

Objective: Achieving production efficiencies.

- **Reduction in cost of manufacturing**

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

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

  A review of activities which can be partially outsourced has been undertaken and would continue to be undertaken to determine as to what extent and what activities may more conveniently and economically be outsourced or otherwise to save both cost and time. Similar exercise is also periodically undertaken to determine if certain activities can be carried internally or outsourced completely depending on the market rates vs cost comparison. Decisions for temporary closure are taken immediately after management consultation, whereas decision for permanent closure are based on experience over the period.

Relevance: These KPIs will remain relevant in future.

- **Certifications from independent organizations for quality management**

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

Relevance: These KPIs will remain relevant in future.

II.Long-Term Development and Innovation

Objective: To be the industrial leader.

- **Technological Advancement**

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

- **Product development and diversification**

  The Company is continuously engaged in product research and development.

- **Update MIS**

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

Relevance: These KPIs will remain relevant in future.

COMPANY PROFILE

Company Overview

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

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

Group Structure

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

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

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

The above is summaries as under

Gul Ahmed Holdings (Pvt.) Ltd.	67.10%
Gul Ahmed International Ltd. (FZC) - UAE	100%
GTM (Europe) Ltd. UK	100%
GTM USA Corp. USA, Sky Home Corp. USA and JCCO 406 Limited UK	
Vantona Home Limited, UK	100%
Worldwide Developers (Private) Limited	54.84%

Nature of Business

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

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

More than 60 years since its inception, the name Gul Ahmed is still globally synonymous with quality, innovation & reliability. Gul Ahmed Textile Mills Limited 100%

Association

The Company is member of following Associations:

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

PRODUCT STEWARDSHIP

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

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

Product Portfolio

The production of textile is a mix of technical expertise and the creative art required to make products acceptable to valued customers. At Gul Ahmed, efforts are made to strive and grow through learning, continuous improvement and innovation. Gul Ahmed is also equipped with the most advanced technology that enables it to cater to a vast spectrum of product varieties.

Yarn

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

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

Fabric

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

Made-ups

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

- **Home Textiles**

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

  This section includes:

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

- **Apparel and Garments**

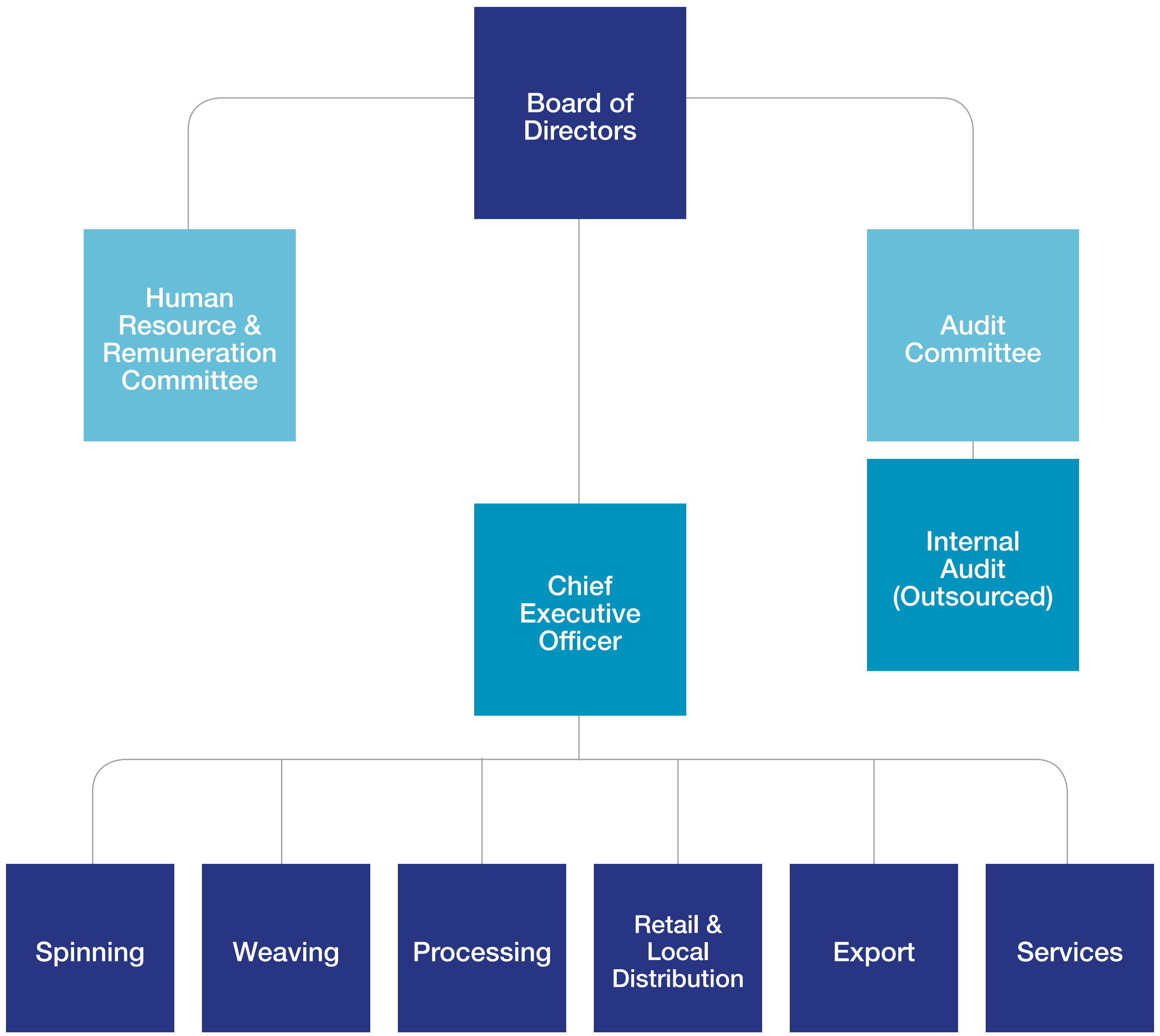
  We have always kept alive the passion of creative designers and invited young talent to express their talent in various forms of design. This is how the Company encourages them and also benefits from their ideas. Our value creation process and our human resource have never let us down. The passion of our customers to rush to the stores on every new launch is a testament to our success in creating appealing designs and new fashion trends.

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

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

  Doctors' Gown
  Patient Suits
  Textile Face Mask

ORGANOGRAM



PROFILE OF THE DIRECTORS

Mr. Mohomed Bashir
Chairman

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

In recognition of his services he was awarded Sitara-e-Imtiaz by the President of Pakistan in 2006 and has also been conferred as Justice of Peace. On April 7, 2017 Mr. Mohomed Bashir was awarded with the Grade d' Officer in the National Order of Merit by the President of the French Republic. On February19, 2020 Mr. Mohomed Bashir was awarded the Knight of King, Northern Star Order, first class by the King of Sweden, Mr. Carl Gustaf.

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

- Pakistan Business Council
- Gul Ahmed Energy Limited
- Habib Metropolitan Bank Limited
- GTM (Europe) Limited – UK
- Gul Ahmed International Limited (FZC) – UAE
- GTM USA Corp – USA
- Habib University Foundation
- Education Fund for Sindh
- Gul Ahmed Holdings (Private) Limited

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

- Member of The Prime Minister's Council of Business Leaders, Government of Pakistan, Ministry of Commerce and Textile.
- Co-Convener on Constitution of Sub Working Group on Textile under Joint Working Group on Industrial Cooperation under CPEC.
- Member on the Task Force on Textile Policy, Government of Pakistan, Ministry of Commerce and Textile.
- Honorary Consul General of Sweden – Karachi
- Member, Pakistan France Business Council
- Member, Pakistan German Business Council
- Member, Pakistan Swedish Business Council

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

- Chairman, Pakistan Business Council (2014-2015)
- Vice Chairman, Pakistan Business Council (2013 – 2014)
- President, International Textile Manufacturers Federation (ITMF) (2010-2012)
- Vice President, International Textile Manufacturers Federation (2008-2010)
- Member, Tax Reform Commission, Ministry of Finance (2014-2016)
- Member, Tax Advisory Council, FBR (2014-2016)
- Founder, Trustee, Fellowship Fund For Pakistan till 2013
- Member, Advisory Committee, Federal Tax Ombudsman, Government of Pakistan (2011-2014)
- Member, Economic Advisory Council, Government of Pakistan (2008-2013/2001-2003)
- Member, Export Promotion Board, Government of Pakistan (2002-2007, 1995-1997)
- Member, National Strategy on Textiles (2006-2007)
- Chairman, Pakistan Britain Advisory Council (2002-2005)
- Chairman, All Pakistan Textile Mills Association (1989 -1990)
- Vice Chairman, All Pakistan Textile Mills Association (1982-1985)

- Chairman, Pakistan Swiss Trade and Industry Committee (1981-2000)
- Governing Board, Pakistan Design Institute (1981- 2000)
- Member, Advisory Board of CPLC, Government of Sindh (2010)

Mr. Zain Bashir

(Vice Chairman/Executive Director)

Mr. Zain Bashir joined the Board in May 1997. He is also the Vice Chairman of the Company and is a certified director from the Pakistan Institute of Corporate Governance (PICG). He is on the Board of Landhi Infrastructure Development and Management Company, which is responsible for enhancing the infrastructure of Landhi Industrial Area. In 2009-2010, 2015-2016 & 2018-2019, he remained the Chairman and President of the Landhi Association of Trade and Industry respectively. In 2012-2013, he remained the Chairman of the Pakistan Bedwear Exporters Association. He has also served as the Executive Committee Member of the Landhi Association of Trade and Industry. He is presently the Spokesperson for all 7 Industrial Associations of Karachi (LATI, SITE, KATI, BQATI, FBATI, NKATI, SSITE). Mr. Zain Bashir strives to bridge the gap in between the industries in Karachi and the various Government Departments.

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

Mr. Mohammed Zaki Bashir

(Chief Executive Officer)

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

Mr. Mohammed Zaki Bashir is a member of Executive Committee of All Pakistan Textile Mills Association (APTMA). He is also a member of the Entrepreneurs Organization since 2014. The Entrepreneurs Organization (EO) is a global, peer-to-peer network of more than 12,000+ influential business owners with 173 chapters in 54 countries. Founded in 1987, EO is the catalyst that enables leading entrepreneurs to learn and grow, leading to greater success in business and beyond. Through his thorough knowledge of the Company, he has contributed to the overall growth of the Company. He is also serving on the board of the following companies:

- Arwen Tech International Limited (FZC) – UAE
- Gul Ahmed Power Company (Private) Limited
- Gul Ahmed International Limited (FZC) – UAE
- GTM (Europe) Limited – UK
- GTM USA Corp. – USA
- Ideas (Private) Limited
- Gul Ahmed Holdings (Private) Limited
- Worldwide Developers (Private) Limited

Mr. Ziad Bashir

(Non-Executive Director)

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

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

Over the years, he has served as Chairman of Landhi Association of Trade and Industry and on the Board of Central Managing Committee of All Pakistan Textile Mills Association (APTMA). He has also served as a President of Young Presidents Organization (YPO), Pakistan and Executive Committee of the Pakistan Board of Investment. He is currently serving on the Punjab Board of Investment. Presently he is the Chairman of Pakistan Retail Business Council and he has also served as the Director of the Landhi Trading Estate Development & Management Company.

Dr. Amjad Waheed

(Non-Executive Director)

Dr. Amjad Waheed joined the Board as an independent non-executive director on March 31, 2011. He is also the member of the Audit Committee of the Company. He holds a Doctorate in Business Administration with a major in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst (CFA). Since the last fifteen years, he is CEO of NBP Fund Management Limited (NBP Funds), which is a subsidiary of National Bank of Pakistan. NBP Funds is presently managing several mutual and pension funds, and portfolios. Total assets under management of NBP Funds are presently about Rs. 150 billion. NBP Funds is one of the highest rated Asset Management Company in Pakistan.

Before joining NBP Funds, Dr. Amjad Waheed was Head of Equity Mutual Funds & Portfolios at Riyadh Bank, Saudi Arabia, for about five years where he was managing USD 7.5 billion invested in 22 mutual funds. Prior to that he was Head of Investments at NIT, and Chief Operation Officer of FC-ABN AMRO Equities for several years. Before moving back to Pakistan, Dr. Amjad Waheed was Assistant Professor of Finance at Tennessee State University, USA and he has published several articles in top journals of the world such as Journal of Banking & Finance and Financial Management.

Dr. Amjad Waheed has served on the boards of various companies including Siemens (Pakistan) Engineering Co.Ltd., Nishat Mills Ltd., PICIC, Askari Bank Ltd., Millat Tractors Ltd., Fauji Fertilizer Company Ltd., Pakistan Tobacco Company Ltd., Parke-Davis & Company Ltd., Treet Corporation Ltd., Atlas Investment Bank Ltd., Bata Pakistan Ltd.

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

Mr. Ehsan A. Malik

(Independent Non-Executive Director)

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

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

Ms. Zeeba Ansar

(Independent Non-Executive Director)

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

BOARD COMMITTEES

Audit Committee

1. Composition

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

2. Terms of Reference

The committee shall be responsible for:

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

Major judgmental areas:

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

Human Resource and Remuneration Committee

1. Composition

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

2. Terms of Reference

The committee shall be responsible for:

- Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The senior management shall include the first layer of management below the chief executive officer level;
- Undertaking annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and
- Where human resource and remuneration consultants are appointed, their credentials shall be known by the Committee and a statement shall be made by them as to whether they have any other connection with the Company.
- Ensuring that appropriate procedures exist to assess the remuneration levels of the Chairman, Chief Executive Officer (CEO), Non-Executive Directors, Executive Directors, Board Committees and the Board of Directors as a whole.
- Ensuring that the Company adopts, monitors and applies appropriate remuneration policies and procedures.
- Ensuring that reporting disclosures related to remuneration meet the Board's disclosures objectives and all relevant legal requirements.
- Making recommendations to the Board on appropriate remuneration, in relation to both the amount and its compositions, for the Chairman, CEO, Non-Executive Directors, Executive Directors and Senior Executives.
- Developing and recommending to the Board performance based remuneration incentive programs such as bonus schemes, long-term incentive plans.
- Developing, maintaining and monitoring appropriate Human Resource Policies and Procedures.
- Developing, maintaining and monitoring appropriate talent management programs including succession planning, recruitment, development, retention and termination policies and procedures for senior management.
- Developing remuneration related disclosure objectives for the Company and ensuring that publicly disclosed information meets those objectives, all legal requirements, and is accurate; and
- Developing and monitoring Workplace Health and Safety metrics and initiatives to ensure a safe working environment.

CHAIRMAN'S REVIEW

It gives me immense pleasure to communicate with our valued members and stakeholders to present the financial and other information for the year ended June 30, 2020, and to appraise them on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

The world faced a unprecedent challenge in the shape of COVID-19 during the year under review, which has posed serious threats and losses to lives, loss of employment, supply chain both at national and global level, liquidity, and more prominently to "business continuity". In Pakistan the retail operations were suspended in March 2020 followed by a complete lockdown of all business activities including even manufacturing operations which continued for more than a month. The uncertainty surrounding around our global customers as well as local operations was a serious threat and warranted a through, continuously monitored and often tailored strategy to ensure all aspects of business including the safety of our human assets. The effective role played by the Board and hectic efforts by management helped your Company to sail from the Pandemic to New Normal with least possible impact on business. The capacity and capability to deal with the challenge have kept the Company at level to serve all its customers even better and achieve results in ensuing years to meet expectations of shareholders and stakeholders.

Your Board though fully cognizant of the fact, that the success and profitable continuity of Company is dependent greatly upon the capacity of Board to provide the vision and direction needed not only to survive, but to prosper and take the Company to new heights but is also to have potential to absorb shocks of unanticipated risks and always have a robust strategy to deal with such situations. To perform the statutory role, fulfil its obligations and to guide the management under unprecedent uncertainty, the Board:

a) strived to maintain and strengthen the high level of corporate governance, continuously improving the corporate transparency, ensuring the healthy advancement of our Company and endeavoring to enhance corporate value

b) established a strategy and business model which promote long-term value for shareholders and ensure ability and resources in place to deal with both anticipated and unanticipated risks

c) has worked very effectively during the entire year through two of its committees and had continuous interaction with the Chief Executive

d) embedded effective risk management, considering both opportunities and threats, throughout the Company, reframed the risk management policy and reassessed the risk appetite

e) has identified priorities for improvement in results as well as key indictors and ensured that the same is on agenda of Chief Executive

f) as a strategic measure, approved the substantial new investment in few segments of the business, opportunity management, effective credit line management etc. which helped in having more efficient and effective platform and to position the Company for sustained growth

g) ensured that the Company take advantage of different schemes and concessions announced/ allowed by the State Bank of Pakistan to conserve working capital

h) ensured that between them, the directors have the necessary up-to-date experience, skills, capabilities, forward skills and experience requirements to ensure effectiveness of the role played by the Board in achieving the Company's objectives

i) conducted annual review and discussions of its performance both individually and collectively, thus seeking ways to improve its contribution to the sustainable growth of Company. Also had annual evaluation of the Board in compliance with Code of Corporate Governance

j) considered wider stakeholders and social responsibilities and their implications for long term success

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

Karachi
September 26, 2020

Mohomed Bashir
Chairman

چیئرمین کا جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2020 کو ختم ہونے والے مالی سال کے لئے مالیاتی اور دیگر معلومات اپنے معزز اراکین اور اسٹیک ہولڈرز کے روبرو پیش کر رہا ہوں، اس موقع پر کمپنی کے مقاصد کے حصول میں بہترین کارکردگی دکھانے پر میں بورڈ کی کارکردگی کو از حد سراہتا ہوں۔

زیر جائزہ سال کے دوران دنیا کو COVID-19 کی شکل میں ایک غیر معمولی چیلنج کا سامنا رہا، جس سے بیش قیمت انسانی جانوں کا زیاں، ملازمتوں اور روزگار کے مواقعوں کی شدید قلت، قومی و عالمی سطح پر سپلائی چین، لیکویڈیٹی اور ان سب سے نمایاں ''کاروباری تسلسل'' کو سنگین خطرات اور خطیر نقصانات کا سامنا کرنا پڑا۔ پاکستان میں، مارچ 2020 میں ریٹیل آپریشنز کو معطل کر دیا گیا تھا نیز بعد ازاں نوبت اس نہج پر پہنچ گئی کہ مینوفیکچرنگ آپریشنز سمیت تمام کاروباری سرگرمیاں مکمل طور پر لاک ڈاؤن کی نذر ہو گئیں جو کہ ایک ماہ کے عرصے سے زائد جاری رہا۔ ہمارے عالمی صارفین کے ساتھ ساتھ لوکل آپریشنز کے ارد گرد موجود غیر یقینی صورتحال ایک سنگین خطرہ تھا، ہمارے انسانی اثاثے کی حفاظت سمیت کاروبار کے تمام پہلوؤں کو یقینی بنانے کے لئے مستقل نگرانی اور اکثر موزوں حکمت عملی کی ضمانت دی گئی تھی۔ بورڈ کے ذریعے ادا کردہ موثر کردار اور انتظامیہ کی انتھک کاوشوں کے باعث آپ کی کمپنی کو کاروبار پر کم سے کم ممکنہ اثرات کے ساتھ وبائی صورتحال سے نئے معمول تک جانے میں معاونت حاصل ہوئی ہے۔ چیلنجز سے نمٹنے کی صلاحیت اور قابلیت نے کمپنی کو معیاری سطح کو برقرار رکھتے ہوئے اپنے صارفین کے لئے اور بھی بہتر انداز میں خدمات سرانجام دی ہیں اور حصص یافتگان اور اسٹیک ہولڈرز کی توقعات کی تکمیل کے لئے مابعد برسوں کے ثمر بار نتائج حاصل کئے ہیں۔

آپ کا بورڈ اس حقیقت سے بخوبی آگاہ ہے کہ کمپنی کی کامیابی، ترقی اور خوشحالی کا تسلسل بورڈ کی اپنی صلاحیت اور نا صرف بقاء بلکہ کمپنی کو خوشحالی اور کامیابی کی نئی بلندیوں پر لے جانے کے لئے ان کی جانب سے فراہم کئے گئے نظریئے اور درست سمت پر بہت زیادہ انحصار ہے، تاہم یہ بھی ہے کہ کسی غیر متوقع خطرات کے دھچکوں کو جھیلنے کی صلاحیت کا اہل ہے اور اس طرح کے حالات سے نبرد آزما ہونے کے لئے ہمیشہ مضبوط حکمت عملی پیش نظر رکھتا ہے۔ قانونی تقاضوں کی تکمیل اور اپنی ذمہ داریوں کو احسن طریقے سے ادا کرنے کے لئے غیر یقینی صورتحال میں انتظامیہ کو رہنمائی فراہم کی، بورڈ نے:

(الف) اعلیٰ پیمانے پر کارپوریٹ گورننس کو برقرار رکھنے، کارپوریٹ شفافیت میں مسلسل بہتری کے لئے، ہماری کمپنی کی صحت مند ترقی کو یقینی بنانے اور کارپوریٹ ویلیو کو بڑھانے کی بھرپور کوششیں کیں۔

(ب) ایک حکمتِ عملی اور کاروباری ماڈل کا قیام عمل میں لایا گیا جو کہ حصص داران کے لئے طویل مدتی مالیت کو فروغ دیتا ہے اور متوقع اور غیر متوقع دونوں خطرات سے نمٹنے کے لئے اپنی اہلیت اور وسائل کو یقینی بناتا ہے۔

(ج) اپنی دو کمیٹیوں کے ذریعے سے پورے سال میں بہت موثر طریقے سے کام کیا ہے اور چیف ایگزیکٹو کے ساتھ مسلسل گفت و شنید کی ہے۔

(د) تمام کمپنی میں، موثر رسک مینجمنٹ نے، مواقع اور خطرات دونوں پر غور کرتے ہوئے رسک مینجمنٹ کی پالیسی اور درپیش خطرات کا از سرِ نو جائزہ لیا۔

(ہ) نتائج میں بہتری کے لئے اہم عوامل اور ان کی ترجیحات کی نشاندہی کی ہے تاکہ یہ یقینی بنایا جا سکے کہ وہ چیف ایگزیکٹو کے ایجنڈا کے مطابق ہیں۔

(و) حکمتِ عملی کے اقدام کے طور پر، کاروبار کے کچھ حصوں، مواقعوں کے انتظام، کریڈٹ لائن کے موثر انتظام وغیرہ میں خاطر خواہ نئی سرمایہ کاری کی منظوری دی گئی۔ جس نے زیادہ کار آمد اور موثر پلیٹ فارم رکھنے اور کمپنی کو مستحکم ترقی کے لئے مقام فراہم کرنے میں معاونت کی۔

(ز) اس بات کو یقینی بنایا گیا کہ کمپنی مختلف منصوبوں اور مراعات سے استفادہ حاصل کرے جو کہ اسٹیٹ بینک آف پاکستان کے ذریعے ورکنگ کیپیٹل کے تحفظ کے لئے اعلان/اجازت دی گئی ہے۔

(ح) ان دونوں کے مابین اس بات کو بھی یقینی بنایا گیا کہ ڈائریکٹر حضرات کے پاس لازمی درکار اَپ ٹو ڈیٹ تجربہ، مہارت، قابلیت، آئندہ کے لئے درکار صلاحیت و ضروری تجربہ باہم موجود ہے تاکہ کمپنی کے مقاصد کے حصول میں بورڈ کے موثر کردار کی ادائیگی کو یقینی بنایا جا سکے۔

(ط) انفرادی و اجتماعی دونوں سطح پر اپنی کارکردگی کے جائزے کے لئے سالانہ جائزوں اور مباحثوں کا انعقاد کیا گیا۔ اس طرح سے کمپنی کی مستحکم ترقی میں اپنی شراکت کو مزید بہتر بنانے کی راہوں کو تلاش کیا گیا۔ کوڈ آف کارپوریٹ گورننس کی تعمیل کے مطابق بورڈ کی سالانہ تشخیص کا بھی اہتمام کیا گیا۔

(ی) وسیع تر اسٹیک ہولڈرز اور معاشرتی ذمہ داریوں اور ان کے مضمرات کو طویل مدتی کامیابیوں کے لئے خاص طور پر مدنظر رکھا گیا۔

میں اس موقع پر تہہ دل سے اپنے اراکین اور دیگر اسٹیک ہولڈرز کا شکریہ ادا کرتا ہوں، جنہوں نے ہمیشہ کمپنی اور مینجمنٹ کو اپنا بھرپور تعاون فراہم کیا اور اعتماد اسی طور پر قائم رکھا۔

کراچی: مورخہ 26 ستمبر 2020ء

محمد بشیر
چیئرمین

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2020 together with auditors' report thereon.

Economic And Industrial Overview

The fiscal year 2019-2020 has been one of the most extraordinary and challenging years in the history of the world. The United Kingdom's exit from the EU, which was mutually agreed changed the European Union forever. This has resulted in future uncertainties deepening the Euro Zone crisis. This was followed by heightened tensions in the trade war between the US and China that led to a continued decline in global oil prices on the back of increased supplies and lower demand due to the global economic slowdown. While the global players were trying to balance the supply chain and trade disruptions, a novel virus emerged declared as COVID-19 a global pandemic. Since then, the virus has engulfed the entire world, disrupting supply chains and paralyzing many parts of the global economy. The pandemic has inflicted massive damage to human lives and has also taken a massive toll on global economic activity. In particular, various necessary measures to control the spread of the virus has brought much of the global economic activity to a halt. On one hand, the pandemic had put the whole world in a Lockdown and changed the dynamics of ongoing and future economic activities, while on the other, the pandemic wiped out any mentionable economic performance of any economy. The swift and massive shock of the coronavirus pandemic and shutdown measures to contain it have plunged the global economy into large scale contraction.

Pakistani economy's fundamental weaknesses like low tax to GDP ratio, poor savings rate and minimal export growth with negligible value addition etc. exhibited the countries exposure to global shocks. However, as the new fiscal year 2020 began, the economy started to witness a remarkable turnaround which confirmed that the Government has taken appropriate policy actions to address the macroeconomic imbalances. However, the COVID-19 severally dented both measures and efforts made till mid-March 2020.

Indisputably, COVID-19 is challenging human life globally and straining economic activity around the world and Pakistan was no exception. The Government of Pakistan through the Ministry of Finance and The State Bank of Pakistan took a range of measures to protect the safety of public and address the economic impact. They were focused on ensuring that inflation remained contained, reduced impact of COVID-19 on economic growth and employment and overseeing that the banking and payments system remains healthy. The government has approved a fiscal stimulus package of Rs. 1.2 trillion and Supplementary Grant of Rs. 100 billion for the "Residual/Emergency Relief Fund" in relation to provision of funds for mitigating the effect of COVID-19 for the impacted population. The State Bank of Pakistan (SBP) had taken several measures to counter the adverse impact of COVID-19 on Pakistan's economy including but not limited to reducing the policy rate by 625 basis points in three months since March 2020; approved the refinancing of wages to prevent layoffs; deferred payments of the principal amount of loans as part of the debt restructuring; exporters provided relief under the Export Financing Scheme (EFS) and the Long-Term Financing Facility (LTFF); financing of Rs. 21 billion was approved to facilitate new investments across all sectors of the economy, etc.

The stabilization efforts paid off in terms of sustained adjustment in current account deficit and continued fiscal prudence. For the first time in many years, the current account deficit posted a surplus in October 2019. While primary balance continued to remain in surplus during the current fiscal year. During FY-2020, fiscal deficit has been reduced to 8.1 percent, while current account deficit contradicted by 78 percent. Economy further supported by 6% increase in Workers' Remittance while pushing the foreign exchange reserves to increase by 61% to USD 12.5 billion in FY 2019-20 as compared to USD 7.7 billion last year.

Textile Industry

In FY 2019-20, Textile exports of Pakistan decreased by 6% to USD 12.5 billion as compared to USD 13.3 billion last year. The industry was showing encouraging increase in exports during the first half of the FY 2019-20, however due to COVID-19 outbreak suffered a drop in exports of 37% and 30% as compared to 3rd quarter of FY 2019-20 and 4th quarter of FY 2018-19 respectively. Pakistan Bureau of Statistics (PBS), data shows that readymade garments exports dipped 3.815 in value and 10.07% in quantity during July-June FY20, while those of knitwear dropped 3.64% in value and 10.11% in quantity. Bedwear exports posted a negative growth of 4.91% in value and 2.31% in quantity. Towel exports fell 6.52% in value and 6.395 in quantity, while those of cotton cloth dipped by 12.94% in value and 17.665 in quantity. Moreover, Cotton production in the country has shown lackluster performance in the year FY 2019-20; although the area under cultivation for cotton increased by 6.5% to 2.5 million hectares as compared to last year, cotton yield has been disappointing depicting a decline of 6.9 % owing to unfavorable weather conditions, low water supply during important part of crop development and pest attacks.

Company's Market Share In Exports

The Company is among the country's largest composite textile mills and a leading exporter of value-added textile products. The Company has contributed approximately 6% in the bed wear exports of the country.

Performance Overview

Key performance indicators (KPI's) which we monitor include:

Description	Units	2020	2019
Export sales	Rs. in millions	34,706	32,706
Local sales	Rs. in millions	19,710	25,026
Gross profit	Rs. in millions	9,069	11,982
(Loss)/ Profit before tax (PBT)	Rs. in millions	(76)	4,008
(Loss)/ Profit after tax (PAT)	Rs. in millions	(479)	3,609
Gross Profit Margin	%	16.81%	20.92%
(Loss)/Profit before tax margin	%	(0.14%)	7.00%
(Loss)/Profit after tax margin	%	(0.89%)	6.30%
EBITDA	Rs. in millions	4,751	7,427
(Loss)/Earnings per share (EPS)	Rupees	(1.12)	8.44
Debt to equity	Ratio	0.50:0.50	0.58:0.42
Current ratio	Ratio	1.02:1.00	1.16;00
Beak-up value per share	Rupees	32.64	43.01

During the first half of the year, your Company was blessed with the required volume of export orders as well as extended demand in local and retail sector which helped in full utilization of operational capacities and absorption of fixed production overheads. However, with the eruption of COVID-19 in late December 2019 in China, the export markets all around the world started portraying a downward trajectory, which ultimately translated into decline in export sales.

The massive impact of COVID-19 started being felt by the company towards the end of February 2020. At this time many countries around the world started to lock down or introduce stringent measures on movement and travel. Thus, many customers started asking us to hold shipments that were in the pipeline. This was followed by a complete Lock Down that was imposed by the Government of Sindh. This Lock Down directly impacted the sales and profitability of the company in last two quarters. A complete Lock Down was imposed from March 22nd for about 5 weeks for all our business segments. The weaving, processing and stitching plants started to operate from the last week of April under strict SOPs. This was followed by Ramadan which is a low productivity period. The sudden closure resulted in losses in work in process material; abrupt change in PKR/US$ parity from Rs. 155 to 168 causing huge financial losses in settling the Foreign Currency Loans and forward contracts. The one irreversible factor which dented the company more than any other factor was fixed costs like human resource cost, depreciation, rent, finance cost etc.

The retail operation of the company was closed for more than 8 weeks. After which it also opened under very strict SOPs and very limited hours of operation. Retails prime hours are considered to be the weekends along with evening hours. This was restored approximately three months after the lock down.

As a result of above the Gross Profit Margin dropped from 20% in first half of the year to 13% in 3rd Quarter and finally to 10.4% in the 4th Quarter when the company's sales dropped by 32% as compared to the 3rd Quarter. Contingency plans and emergency measures taken to operate the company on bare minimum level while abiding by the guidelines issued by the governing bodies. The same has reduced the Gross Profit margin, and profit margin as compared to previous year. Resultantly, the Company's EPS dropped from Rs. 8.44 last year to Rs. (1.12).

The management continued with its policy of taking advantage of long-term loan's subsidized mark-up rates, which would remain locked over the term of loan. Hence, net long-term financing was enhanced by 38% during the year to fund BMR investments and acquire latest technology specifically in Spinning and Weaving Divisions. These investments were to yield margins during the year under review, however, owing to lockdowns the same is pushed ahead.

Considering the impacts stated above, as at June 30, 2020, considerable inventory was stuck in the operations which resulted in increase in inventory and short-term borrowing levels. Accordingly, the liquidity position also showed a similar picture with current ratio of 1.02 (2019: 1.16) and debt to equity ratio of 0.50 (2019: 0.58).

Subsequent Events

The Board of Directors of the Company in its meeting held on September 26, 2020 has not recommended any dividend or other appropriation of prior profit

Funds Management

The company managed to meet its cash obligations including debt servicing and payment of dividend to shareholders through effective and efficient monitoring of working capital requirements and cash flow forecasts. The Company manages liquidity risk by maintaining sufficient cash and ensuring that adequate short-term credit facilities are available. At the year-end, the Company had Rs. 3,079 million (2019: Rs. 3,303 million) unutilized credit lines and Rs. 489 million (2019: Rs. 492 million) cash in hand and balances in banks to cover any temporary mismatches.

Business Segments

Spinning

Despite expansion in capacities, the spinning segment sales took a hit due to the outbreak of COVID-19 and resultant lockdown which led to decline in sales by 4% to Rs 13,896 million as compared to Rs. 14,465 last year. The spinning segment remained completely closed for in excess of 60 days due to the Lock Down.

Spinning	2020	2019	Change
	Rs. in millions		
Sales	13,896	14,465	(4%)
Cost of sales	(12,649)	(12,787)	(1%)
Gross profit	1,247	1,677	(26%)
Distribution & Admin expenses	(173)	(153)	13%
Operating profit of the segment before other operating expenses	1,074	1,524	(30%)

On the backdrop of expansion with state-of-the-art technology, the Management is confident that this segment will show improved results in the coming years.

Weaving

This business segment primarily caters to in-house requirements. Sales revenue increased by 32% when compared with corresponding last year. Financial performance of the segment is summarized in the table below:

Weaving	2020	2019	Change
	Rs. in millions		
Sales	3,079	2,339	32%
Cost of sales	(2,600)	(2,268)	15%
Gross profit	479	71	575%
Distribution & Admin expenses	(104)	(69)	51%
Operating profit of the segment before other operating expenses	375	2	18,406%

Retail and Distribution

This segment is engaged in retails sales through chain of IDEAS retails outlets and its distribution channels. The segment was showing an encouraging growth in sales and profitability till 3rd Quarter for the FY 2019-20, however, with almost two-month lockdown in 4th Quarter, the peak season, segment lost potential sales and accordingly took a hit in profitability.

Retail and Distribution	2020	2019	Change
	Rs. in millions		
Sales	19,185	21,725	(12%)
Cost of sales	(14,378)	(15,300)	(6%)
Gross profit	4,807	6,425	(25%)
Distribution & Admin expenses	(4,231)	(4,643)	(9%)
Operating profit of the segment before other operating expenses	577	1,783	(68%)

Processing, Home Textile and Apparel

This segment deals in processing of value-added textiles, which are mainly exported and also sold in local market. On the backdrop of lockdown both in customers' destination and Pakistan, the segment suffered delay in order fulfillment and a significant capacity loss which resulted in complete erosion of profit.

Processing, Home Textile and Apparel	2020	2019	Change
	Rs. in millions		
Sales	37,294	36,803	1%
Cost of sales	(34,758)	(32,994)	5%
Gross profit	2,536	3,809	(33%)
Distribution & Admin expenses	(2,734)	(2,461)	11%
Operating profit of the segment before other operating expenses	(197)	1,348	(115%)

Management Objectives and Strategies

Gul Ahmed has been one of the leading names in the textile industry of Pakistan for decades. This has been made possible only through the management's commitment to increase shareholders' wealth while improving quality standards, use of latest technology and creativity. However, this has not deterred the company in its service to the environment and society.

The objectives and related strategies are discussed separately in detail on page 19 of the Annual Report.

Materiality Approach

Determining materiality levels is subjective and the methodology varies from one organization to the other. Authorization for transactions and delegation of powers have been clearly defined and documented through formalized processes in the Company. The Company has an approved materiality policy which is reviewed annually to confirm its relevance.

Risk Management and Opportunities

The Company operates in a challenging environment as discussed and analyzed in detail in PESTEL and SWOT analysis on page 81 and page 80 of the Annual Report. The management has set up a robust mechanism for identification, evaluation and mitigation of risks which enables smooth operations and ensures that focus remains on business growth.

a) Credit Risk

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

b) Market Risk

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

c) Liquidity Risk

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

The Risk Management System of the Company comprises:

The Board of Directors and its Committees

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

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

Details with respect to the names of directors, composition of the Board and Committees are mentioned on page 32 of the Annual Report.

Policies and Procedures

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

Information and Monitoring System

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

Internal Audit

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

Risk management is discussed in detail on page 82 of the Annual Report.

Human Resource (HR)

Unique and extraordinary products and services provide competitive advantage, but the one advantage that stands the test of time is our people. The commitment and drive of our employees to innovate, lead and achieve has contributed the most towards our success. Our aim is to maintain a high performing organization that attracts, develops and retains talented resources.

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

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

Information Technology (IT)

IT has become a vital and integral part of every business and is more than just a support function to maximize competitive edge. Understanding its importance, the company has also invested in its IT framework which is upgraded as and when required. Better systems and use of technology have strengthened the control environment and made financial / operational reporting accurate and timely, while providing an opportunity to continuously improve business processes and innovate.

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

IT Governance Policy

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

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

- monitor and improve performance;
- provide up-to-date information on which to base strategic decisions;
- verify and demonstrate departmental effectiveness; and
- Create service-wide checks and balances to safeguard assets and ensure accountability.

Business Continuity Plan (BCP)

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

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

Safety of Records

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

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

Corporate Social Responsibility

Corporate social responsibility is discussed in detail on page 52 of the Annual Report.

Holding Company

The Company continues to be the subsidiary of Gul Ahmed Holdings (Private) Limited (the Holding Company) which owns 67.10% shares of the Company.

Subsidiary Companies

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

1. Gul Ahmed International Limited (FZC) incorporated in UAE on December 11, 2002.
2. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).
3. GTM USA Corp. incorporated in United States of America (USA) on March 19, 2012 is a wholly owned subsidiary of GTM (Europe) Limited.
4. Sky Home Corporation incorporated in USA on February 28, 2017 is a wholly owned subsidiary of GTM (Europe) Limited
5. JCCO 406 Limited incorporated in UK on September 29, 2017 is a wholly owned subsidiary of GTM (Europe) Limited
6. Vantona Home Limited Incorporated in UK on April 22, 2013 is a wholly owned subsidiary of JCCO 406 Limited

Further, the Company has also acquired 54.84% stake in Worldwide Developers (Private) Limited during the year.

Code of Corporate Governance (CCG)

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

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, and (expect change in accounting policies resulting from adoption of IFRS 16 "Leases" adequately disclosed in notes to the financial statements) accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The directors of the Board are well aware of their duties and responsibilities as outlined by corporate laws and listing regulations. In compliance with the provisions of the Listing Regulations, five of our directors have attended and completed Corporate Governance Leadership Skills program under the Board Development Series of Pakistan Institute of Corporate Governance (PICG).
- One director, i.e. Chairman, having the required knowledge and experience is exempt from the requirement of attending the directors' training program.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The value of investment of provident fund based on its un–audited accounts as on June 30, 2020 is Rs. 1,135.195 million (FY2019: As per audited accounts Rs. 1,079.373 million)
- Statements regarding the following are annexed in the notes to the financial statements:
  - Number of Board meetings held and attendance by directors.
  - Key financial data for the last six years.
  - Pattern of shareholding.
  - Trading in shares of Company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary and their spouses and minor children.

Investors' Grievance and Complaints

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

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

Board's Evaluation

Complying with Code of Corporate Governance, 2019 the Board has approved a comprehensive mechanism for evaluation of its performance. The Company has introduced a questionnaire covering the Board's scope, objectives, function and Company's performance and monitoring. The Board has evaluated all factors based on inputs received from every director.

Conflict of Interests

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

Further, there is an approved Code of Business Ethics which, in addition to compliance of regulatory requirements, requires formal disclosure of interests if any, to allow avoidance of known or perceived conflict of interests.

Review of Related Party Transactions

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

CEO'S Performance Review

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

Role of Chairman and CEO

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

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

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

Issues Raised in Last Annual General Meeting (AGM)

Annual General Meeting of the Company was held on October 28, 2019. All the following agenda items of the meeting were approved without any specific issues raised by the members:

1. Audited consolidated and unconsolidated financial statements for the year ended June 30, 2019 together with the Directors' and Auditors' report thereon.
2. Final cash dividend for the year ended June 30, 2019 @ 25%.
3. Issuance of bonus shares in the proportion of "one" share for every "five" shares held i.e. 20%.
4. Appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants as statutory auditors for the year ended June 30, 2020 and fixation of their remuneration.

Auditors

The present auditors of the Company M/s Kreston Hyder Bhimji & Co., Chartered Accountants have completed the annual audit for the year ended June 30, 2020 and have issued an unqualified audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company and being eligible; have offered themselves for reappointment for the year ending June 30, 2021.

Election of Directors

In compliance with the requirements of Companies Act, 2017 election of directors was held at the Extra Ordinary General Meeting on March 31, 2020. The members elected the following persons and the reconstituted board comprise of the following seven members:

Mr. Mohomed Bashir

Mr. Zain Bashir

Mr. Mohammed Zaki Bashir

Mr. Ziad Bashir

Dr. Amjad Waheed

Mr. Ehsan A. Malik

Ms. Zeeba Ansar

Three years term of the new Board will complete on March 31, 2023. The newly elected Board has the optimum combination of executive, non-executive and independent directors. The Board now comprises of 3 non-executive, 2 executive and 2 independent directors. All the directors have diverse exposure, necessary skills and understanding to deal with various business issues and have the ability to review and challenge management performance. Further, none of the directors on the Board is a director in more than 7 listed companies which is a requirement under the corporate laws and regulations.

Consolidated Financial Statements

Consolidated Financial Statements for the year ended June 30, 2020 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) UAE, GTM (Europe) Limited UK, GTM USA Corp. USA Sky Home Corporation USA, Vantona Home Limited, UK, JCCO 406 Limited and Worldwide Developers (Private) Limited are attached.

Pattern of Shareholding

Please refer page 198 of the Annual Report.

Forward Looking Statement

The business of the Company is directly linked with economic activity in Pakistan and its exporting countries. The landscape for international trade has though changed post lockdown and economies while being in their recovery period are treading carefully with respect to COVID-19 so that any possible lockdown in the future can be avoided. The management however is geared up for challenges such as uncertainties in the economic environment, fluctuation in exchange rates, tough competition and tackling COVID-19 related repercussions.

Accordingly, strategies are in place and are regularly reviewed to ensure that the Company stays on the path of growth and progress. The focus is on stringent controls on the cost of production mainly through modernizing and replacement of old machines, lesser interruptions and abnormal wastages, and process improvements using the Kaizen approach all the while adhering to the guidelines and SOPs necessary to curb the spread of COVID-19. We are optimistic that the Company's performance will bounce back and further improve in the next FY, in terms of revenue, profits and liquidity positions.

Future Outlook

The easing of lockdown in the North American and European countries — top export destinations for Pakistani textile goods is helping to revive the sinking exports. The global growth is projected to rebound to 5.8 percent in 2021. The COVID-19 has collapsed the demand for the country's exports during March to June. Exports from Pakistan including textile exports started to revive from in July as exporters have resumed production at more or less normal levels. The fall in export proceeds from the sectors improved on a month-on-month basis owing to a recovery in the international order. Compared to the 36.5% decline in May 2020, the exports in June declined by 5.43% over the year last year. On the other hand, with the onslaught of COVID-19, new opportunities for the textile sector of Pakistan have been identified with entrance into untapped markets and expansion of product portfolios. The biggest increase in exports in July 2020 over July 2019, as reported by the PBS (Pakistan Bureau of Statistics), was in textile products and leather manufactures. Shipments of textile products increased by 14.4% in dollar terms. Knitwear exports increased by 20.4%, bedwear 25.3%, towels 21.4% and readymade garments 18.04%. However, the country's textile sector exports witnessed 19.5% percent decline in August 2020 in dollar terms compared to the same month of last fiscal year as it reduced from $1.19 billion to $1.007 billion, says PBS. However, there were reason like heavy rains and lessor number of working days etc. The textile sector being very resilient has started to get back on its feet with encouraging sales and promising export figures, however the latest Supreme Court ruling regarding GIDC as well as increase in utility rates can prove to obstruct the boost the industry is aiming to achieve.

The textile industry, being one of the major contributors in LSM, needs to focus on sustainability and survival in these unpredictable times. However, this would only be possible with the support of the Government with commitment to policy implementation, improved energy supply, helping exporters to build competitive cost advantage. In light of the outlook for the textile sector, we are hopeful that the Government will continue to show positive consideration towards the industry in terms of pendency against GIDC along with accessibility to economical liquidity.

For the Company, investment in the balancing and modernisation of production machinery, and measures to rationalise costs will continue to bear fruits in years to come. With the increase in production capacities, through technologically advance machinery, the Sales and Production efficiency would improve further. Hence, we are looking forward to the next year with immense optimism and enthusiasm given the condition that the health crisis facing the world is under control and surge in the spread of COVID-19 is curbed.

For and on behalf of the Board

September 26, 2020

Karachi

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

Acknowledgement

We acknowledge and appreciate the efforts of the employees and valuable support of our customers, financial institutions, shareholders and members of the board of directors.

نقد اور ایکویٹی میں تبدیلی کی واضح طور پر نشاندہی کرتے ہیں۔

- کمپنی کے کھاتوں کی بکس تیار کی جا چکی ہیں۔
- مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیز کا مسلسل اطلاق کیا گیا ہے نیز تخمینہ جات موزوں اور محتاط فیصلوں کی بنیاد پر بنائے گئے ہیں۔ سوائے "IFRS 16 "Leases کے۔ جن کا ذکر آگے نوٹس میں کیا گیا ہے۔
- مالی گوشواروں کی تیاری میں، پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی جاتی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے بہت مستحکم ہے، جس کا موثر اطلاق کیا گیا ہے اور اس کی باقاعدہ نگرانی کی جاتی ہے۔
- بورڈ کے ڈائریکٹرز کارپوریٹ قوانین اور Listing Regulations میں مذکور اپنے فرائض وذمہ داریوں سے بخوبی آگاہ ہیں۔ Listing Regulations کی رُو سے ہمارے پانچ ڈائریکٹر حضرات پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کی بورڈ ڈیولپمنٹ سیریز کے تحت کارپوریٹ گورننس لیڈرشپ اسکلز پروگرام مکمل کر چکے ہیں۔
- ڈائریکٹر (چیئرمین) ڈائریکٹروں کے تربیتی پروگرام سے مستثنیٰ ہیں چونکہ ان کو اہم اُمور کا ضروری علم اور وافر تجربہ حاصل ہے۔
- کمپنی کی Going Concern قابلیت پر کسی قسم کا کوئی شک وشبہ نہیں ہے۔
- درج شدہ مفصل قواعد میں سے کارپوریٹ گورننس کی بہترین مشق سے کسی بھی قسم کا مادی انخلاء رونما نہیں ہوا ہے۔
- پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون 2020 کو ان کے غیر آڈٹ شدہ اکاؤنٹس کے مطابق 1,135.195 ملین روپے (مالی سال 2019: آڈٹ شدہ اکاؤنٹس کے مطابق 1,079.373 ملین روپے) پر منحصر ہے۔
- مندرجہ ذیل سے متعلق گوشوارے مالی گوشواروں کے نوٹس کے ساتھ بطور ضمیمہ منسلک ہیں:

☆ بورڈ کی میٹنگز کی تعداد اور ڈائریکٹرز کی حاضری

☆ گزشتہ چھ سال کے اہم مالی کوائف

☆ پیٹرن آف شیئر ہولڈنگ

☆ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر اور کمپنی سیکریٹری نیز ان کے اہل خانہ اور چھوٹے نابالغ بچوں کی جانب سے کمپنی کے حصص کی تجارت

سرمایہ داروں کے اعتراضات اور شکایات:

کمپنی تمام حصص یافتگان بشمول متوقع سرمایہ کار کمیٹی کے آپریشنز کی تفصیلی یا معلومات، مع ان کی مخصوص سرمایہ کاری سے متعلق تفصیل، منافع منقسمہ یا قوائد کی اشاعت کے حوالے سے کمپنی کو کال کرنے اور مکمل رسائی کی اجازت دیتی ہے۔ مطلوبہ معلومات فوراً فراہم کی جاتی ہیں نیز کسی بھی قسم کا مسئلہ یا اعتراض موجودہ راہنما اصولوں کے مطابق فوری حل کیا جاتا ہے۔

سرمایہ کار کے اعتراضات کو ایک مرکزی طریقہ کار کے ذریعے موثر طریقے سے حل کیا جاتا ہے۔

بورڈ کی تشخیص:

کارپوریٹ گورننس 2019 کے ضابطہ اخلاق کے مطابق بورڈ نے اپنی کارکردگی کی جانچ کے لئے ایک جامع طریقہ کار کی منظوری دی ہے۔ کمپنی نے ایک سوالنامہ بھی متعارف کروایا ہے جو بورڈ کی وسعت، مقاصد، کام اور کمپنی کی کارکردگی نیز نگرانی سے متعلق ہے۔ بورڈ کی جانچ ہر ڈائریکٹر سے موصول شدہ آراء کی بنیاد پر تمام عوامل مدِ نظر رکھتے ہوئے کی جاتی ہے۔

مفاد کا تصادم:

بورڈ کی کاروائیوں میں تمام ڈائریکٹرز اپنے مقررہ اختیارات کو استعمال کرتے ہوئے حصہ لیتے ہیں اور عموی طور پر فیصلے اتفاق رائے سے کئے جاتے ہیں۔ کسی بھی نقطے یا ایجنڈے پر بورڈ کے اراکین کی جانب سے کیئے جانے والے اعتراض کو اجلاس کی کاروائی میں باقاعدہ طور پر تحریر کیا جاتا ہے۔

مزید برآں، منظور شدہ کارپوریٹ کوڈ آف گورننس اور قانونی چارہ جوئی کی تکمیل کے ساتھ ساتھ مفادات کا رسمی انکشاف کیا جاتا ہے تاکہ کسی بھی نامعلوم یا معلوم مفادات کے تصادم سے بچا جا سکے۔

متعلقہ پارٹی کے مالی لین دین پر نظر ثانی:

کمپنیز ایکٹ 2017 کے مطابق، CCG اور دیگر قابل اطلاق قوانین اور قواعد کی رو سے تمام متعلقہ پارٹی کی لین دین آڈٹ کمیٹی کے سامنے پیش کی جاتی ہے اور اس کی منظوری پر اسے بورڈ کے سامنے منظوری اور نظر ثانی کے لئے رکھا جاتا ہے۔

مالی لین دین کی تفصیلات جہاں ڈائریکٹروں کی اکثریت دلچسپی رکھتی ہے ہر سال ارکان کے سامنے بھی منظوری کے لئے رکھی جاتی ہے۔

CEO کی کارکردگی کا جائزہ:

بورڈ ہر سال اپنے مقاصد کے حصول اور ان کی حکمتِ عملی کا تعین کرتا ہے تاکہ کمپنی کے مشن کی تکمیل ہو سکے۔ ہر سنگِ میل کے ذریعے کارکردگی کو جانچا جاتا ہے۔ اس تجزیئے کی بنیادی وجہ کمپنی کے ترقی میں کردار ادا کرنے والے عوامل کی کارکردگی پر گفت وشنید کرنا ہے۔ جن عوامل کا تجزیہ کیا جاتا ہے ان میں مشن کا حصول، طویل اور مختصر المدت مقاصد، طویل المدت نفع کو یقینی بنانے کا عمل، حصص یافتگان کی مالیت میں اضافہ، بہترین ضابطہ اخلاق اور قانون کے مطابق رپورٹنگ شامل ہیں۔ بورڈ CEO کے کردار کو مضبوط بنانے اور اس کے ارتقاء کے لئے اپنی دیانت دارانہ رائے کا اظہار کرتا ہے۔

چیئرمین اور CEO کا کردار:

چیئرمین، بورڈ اور اسٹیک ہولڈر کی جانب سے کمپنی کے نگران کے طور پر کام کرتا ہے۔ یہ بورڈ آف ڈائریکٹرز کی سربراہی کرتا ہے اور بورڈ کی موثریت کو قائم رکھنے کا ذمہ دار ہوتا ہے۔ اس کے ذیلی اداروں کو بورڈ کی موزوں توجہ حاصل ہوتی ہے۔ یہ بورڈ کی رکنیت کو مختلف کاروباری آپریشنز اور اقتصادی نیز کاروباری باریک بینی کو ظاہر کرنے کے حوالے سے متوازن رکھنے کو بھی یقینی بناتا ہے۔

CEO کی بنیادی ذمہ داری کمپنی کے نظریئے، مشن اور اس کے طویل المعیاد مقاصد کے حصول کے لئے کوشش کرنا ہے۔ CEO کمپنی کے بورڈ اور مینجمنٹ کے درمیان رابطہ کا کردار ادا کرتا ہے، اسی وجہ سے یہ مینجمنٹ کی جانب سے بورڈ سے گفت وشنید کرتا ہے۔ CEO کمپنی کی روز بروز کے امور کے انتظام و انصرام اور طویل المعیاد لائحہ عمل، منصوبہ بندی اور حصص یافتگان کی مالیت میں اضافے کے لئے بجٹ پر عمل درآمد کی ذمہ داری انجام دیتا ہے۔

CEO حصص یافتگان، سرکاری حکام اور عوام کے سامنے کمپنی کی نمائندگی کرتا ہے۔ درحقیقت CEO ایک راہنما اور فیصلہ ساز کے طور پر کام کرتا ہے جو ملازمین میں جستجو پیدا کرتا ہے، کمپنی کو بہتری کی جانب لے جاتا ہے اور ترقیاتی اہداف کو حاصل کرنے کے لئے فیصلے کرتا ہے۔

گزشتہ سالانہ اجلاس عام (AGM) میں سامنے لائے جانے والے معاملات:

کمپنی کا سالانہ اجلاسِ عام 28 اکتوبر 2019 کو منعقد ہوا۔ اجلاس کے مندرجہ ذیل تمام ایجنڈے پر کسی بھی رکن کی جانب سے کسی مخصوص معاملے کی نشاندہی کے بغیر منظوری دی گئی۔

1۔ پڑتال شدہ مجموعی (Consolidated) اور غیر مجموعی (Un consolidated) مالی گوشوارے برائے 30 جون 2019 کو ختم ہونے والے سال بمع ڈائریکٹرز اور آڈیٹرز کی رپورٹ۔

2۔ 30 جون 2019 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ کا بھی بحساب 25 فیصد اعلان کیا گیا تھا۔

3۔ ہر "پانچ" حصص پر "ایک" شیئر کے تناسب میں بونس حصص کا اجراء، جو کہ 20 فیصد ہے۔

4۔ 30 جون 2020 کو ختم ہونے والے سال کے لئے میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کا بطور قانونی آڈیٹرز تقرر اور ان کے مشاہرے کا تعین۔

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2020 کو مکمل ہونے والے سال کے لئے سالانہ آڈٹ مکمل کرلیا ہے اور ایک غیر مشروط آڈٹ رپورٹ تیار کی ہے۔ آڈیٹرز کمپنی کے سالانہ اجلاسِ عام کے اختتام پر ریٹائر ہو جائیں گے اور خود کو 30 جون 2021 کو ختم ہونے والے سال میں دوبارہ تقرری کے لئے پیش کرنے کے اہل ہوں گے۔

ڈائریکٹرز کا انتخاب:

کمپنیز ایکٹ 2017 کی تعمیل میں، مورخہ 31 مارچ 2020 کو منعقدہ غیر معمولی اجلاسِ عام میں ڈائریکٹرز کا انتخاب عمل میں لایا گیا۔ ممبران نے مندرجہ ذیل افراد کو منتخب کیا ہے اور نو تنظیم شدہ بورڈ مندرجہ ذیل سات (7) افراد پر مشتمل ہے:

1۔ جناب محمد بشیر
2۔ جناب زین بشیر
3۔ جناب محمد ذکی بشیر
4۔ جناب زیاد بشیر
5۔ ڈاکٹر امجد وحید
6۔ جناب احسان اے ملک
7۔ محترمہ زیبا انصار

نئے بورڈ کی تین سالہ معیاد 31 مارچ 2023 کو مکمل ہوگی۔ نو منتخب شدہ بورڈ میں ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کا زیادہ سے زیادہ مجموعہ شامل ہے۔ بورڈ میں اب 3 نان ایگزیکٹو، 2 ایگزیکٹو اور 2 آزاد ڈائریکٹرز شامل ہیں۔ مختلف کاروباری امور سے نمٹنے کے لئے تمام ڈائریکٹرز متنوع اظہار، ضروری مہارت اور فہم وفراست کے حامل ہیں اور مینجمنٹ کی کارکردگی کا جائزہ لینے اور چیلنج کرنے کی صلاحیت موجود ہے۔ مزید برآں، بورڈ میں شامل کوئی بھی ڈائریکٹر سات (7) سے زائد مندرجہ کمپنیوں میں ڈائریکٹر نہیں ہے جو کہ کارپوریٹ قوانین وضوابط کے مطابق ہے۔

مجموعی (Consolidated) گوشوارے:

30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی اور اس کے ذیلی اداروں گل احمد انٹرنیشنل لمیٹڈ (FZC) یو اے ای، GTM (یورپ) لمیٹڈ یو کے، GTM یو ایس اے کارپوریشن USA اور اسکائی ہوم کارپوریشن USA اور ویلنٹو ہوم لمیٹڈ JCCO 406 ،UK لمیٹڈ اور ورلڈ وائڈ ڈیولپرز (پرائیوٹ) لمیٹڈ کے ساتھ منسلک ہیں۔

پیٹرن آف شیئر ہولڈنگ:

براہ کرم سالانہ رپورٹ کا صفحہ نمبر 198 ملاحظہ کریں۔

مستقبل کا لائحہ عمل:

کمپنی کا کاروبار پاکستان اور اس کے برآمدی ممالک میں معاشی سرگرمیوں سے منسلک ہے۔ اگرچہ بین الاقوامی صورتحال کے لئے منظر نامے نے لاک ڈاؤن کے بعد کی صورتحال اور معیشتوں کو خاصی حد تک تبدیل کر دیا ہے، جبکہ بحالی کی مدت میں رہتے ہوئے COVID-19 کے حوالے سے احتیاط سے چل رہے ہیں تاکہ مستقبل میں کسی بھی لاک ڈاؤن سے بچا جا سکے۔ تاہم انتظامیہ کو معاشی ماحول میں غیر یقینی صورتحال، زرمبادلہ کی شرح میں اتار چڑھاؤ، سخت مسابقت اور COVID-19 سے متعلقہ عارضے سے نمٹنے جیسے چیلنجز کا مقابلہ کرنا ہوگا۔ اس لحاظ سے کمپنی کے لائحہ عمل پر باقاعدگی سے نظر ثانی کی جاتی ہے اور یہ یقینی بنایا جاتا ہے کہ کمپنی نشو ونما اور ترقی کی راہ پر گامزن ہے۔ COVID-19 کے پھیلاؤ کو روکنے کے لئے ضروری رہنما اصول اور ایس او پیز پر عمل پیرا ہو کر بنیادی طور پر پرانی مشینوں کی جدت وتبدیلی، کم رکاوٹوں بلا ضرورت ویسٹیج اور Kaizen نقطہ نظر کو استعمال کرتے ہوئے عوامل میں بہتری لا کر پیداواری لاگت پر سخت کنٹرول پر خصوصی توجہ دی جا رہی ہے۔ ہم پُر امید ہیں کہ کمپنی کی کارکردگی آئندہ مالی سال میں آمدن اور لیکویڈیٹی پوزیشن کے معاملے میں آگے بڑھے گی اور باؤنس بیک کے بعد اس میں مزید بہتری آئے گی۔

مستقبل کے خدوخال:

شمالی امریکا اور یورپی ممالک میں لاک ڈاؤن میں آسانی — پاکستانی ٹیکسٹائل سامان کے لئے برآمد کی اعلیٰ منزلیں، روبہ زوال برآمدوں کو بحال کرنے میں مدد فراہم کر رہی ہیں۔ 2021 میں عالمی شرح نمو 5.8 فیصد تک متوقع ہے۔ COVID-19 نے مارچ سے جون کے دوران ملک کی برآمدات کی طلب کو منہدم کردیا ہے۔ ٹیکسٹائل کی برآمدات سمیت پاکستان سے برآمدات جولائی سے بحال ہونا شروع ہوگئیں کیونکہ برآمد کنندگان نے کم یا زیادہ معمول کی سطح پر دوبارہ پیداوار شروع کردی ہے۔ بین الاقوامی ترتیب میں بحالی کی وجہ سے ماہانہ درماہانہ کی بنیاد پر مختلف سیکٹرز سے برآمدی آمدن میں کمی میں نمایاں بہتری واقع ہوئی ہے۔ مئی 2020 میں 36.5 فیصد کمی کے مقابلے میں جون میں برآمدات میں گزشتہ سال کے نسبت 5.43 فیصد کی کمی واقع ہوئی ہے۔ دوسری جانب، COVID-19 کے حملے کے ساتھ ہی، ٹیکسٹائل سیکٹر کے لئے پاکستان کے نئے مواقعوں کی نشاندہی کی جارہی ہے، جس کہ وجہ سے دریافت شدہ نئی مارکیٹوں میں داخلہ اور پروڈکٹ کے پورٹ فولیوز میں توسیع کو ممکن بنایا جاسکتا ہے۔ جولائی 2020 میں جولائی 2019 کے دوران برآمدات میں سب سے بڑا اضافہ ٹیکسٹائل اور چمڑے کی تیاری میں ہوا۔ ٹیکسٹائل مصنوعات کی ترسیل میں ڈالر کے لحاظ سے 14.4 فیصد کا اضافہ ہوا ہے۔ نٹ ویئر کی برآمدات میں 20.4 فیصد، بیڈ ویئرز میں 25.3 فیصد، تولیہ انڈسٹری میں 21.4 فیصد اور ریڈی میڈ گارمنٹس میں 18.04 فیصد کا اضافہ ہوا ہے۔ تاہم پی بی ایس کا کہنا ہے کہ گزشتہ مالی سال کے اسی مہینے کی نسبت اگست 2020 میں ملک کے ٹیکسٹائل سیکٹر کی برآمدات میں 19.5 فیصد کمی دیکھنے میں آئی ہے کیونکہ یہ 1.19 بلین ڈالر سے گھٹ کر 1.007 بلین ڈالر ہوگئی ہے، تاہم ایسی وجوہات بھی تھیں جیسے کہ تیز بارشیں اور کاروباری ایام کی کم تعداد وغیرہ۔ ٹیکسٹائل سیکٹر نے انتہائی لچک کے باعث حوصلہ افزا سیلز اور ایکسپورٹ کے نمایاں اعداد وشمار کے ساتھ ہی ازسرنو اپنے قدم جمانا شروع کردیا ہے۔ تاہم جی آئی ڈی سی سے متعلق اور یوٹیلیٹی بلوں کی شرح میں اضافے کے بارے میں سپریم کورٹ کے حالیہ فیصلے کے ساتھ ثابت ہوتا ہے کہ یہ اضافہ صنعتوں کو فروغ دینے کا مقصد حاصل ہونے میں رکاوٹ کا باعث ہوسکتا ہے۔

ٹیکسٹائل کی صنعت، LSM میں بڑا تعاون کرنے والوں میں سے ایک ہے، ان غیر متوقع اوقات میں استحکام اور بقاء پر توجہ مرکوز رکھنے کی ضرورت ہے۔ تاہم ایسا صرف اس وقت ممکن ہے جب حکومت مکمل سپورٹ مہیا کرے پالیسیوں کا نفاذ یقینی بنائے، توانائی کی سپلائی بہتر ہو اور برآمد کنندگان کو مسابقتی فوائد حاصل کرنے میں مکمل معاونت کرے۔ ٹیکسٹائل سیکٹر کے لئے آؤٹ لُک کی روشنی میں، ہم پُر امید ہیں کہ حکومت GIDC کے فیصلے پر نظر ثانی کرے گی اور معاشی لیکویڈیٹی تک رسائی کے ساتھ ساتھ اس صنعت کی جانب مثبت توجہ دیتی رہے گی۔

کمپنی کی پروڈکشن مشینری میں جدت اور تجدید کے لئے سرمایہ کاری اور لاگت کے اخراجات میں کمی کے عوامل آئندہ آنے والے سالوں میں فائدہ مند ثابت ہوں گے، جدید تکنیکی صلاحیتوں اور مشینری کے ذریعے پیداواری صلاحیتوں میں اضافے کے ساتھ، سیلز اینڈ پروڈکشن کی کارکردگی میں مزید بہتری آئے گی۔ دنیا کو درپیش COVID-19 کے پھیلاؤ میں اضافے کی روک تھام اور صحت کے بحران کے قابو ہونے کی صورت میں ہم بے پناہ امید اور عزم کے ساتھ آئندہ آنے والے سال کے منتظر ہیں۔

تسلیم وتحسین:

ہم اپنے ملازمین کی کاوشوں اور ساتھ ہی اپنے کسٹمرز، مالیاتی اداروں، حصص یافتگان اور بورڈ آف ڈائریکٹرز کے اراکین کی جانب سے معاونت کو سراہتے ہوئے ان کا شکریہ ادا کرتے ہیں۔

کراچی: مورخہ 26 ستمبر 2020ء

منجانب:

بورڈ آف ڈائریکٹرز،

محمد بشیر	محمد ذکی بشیر
چیئرمین:	چیف ایگزیکٹو آفیسر:

ریٹیل اور ڈسٹری بیوشن	2020	2019	تبدیلی
	روپے ملین میں		
سیلز	19,185	21,725	(12) فیصد
سیلز کی لاگت	(14,378)	(15,300)	(6) فیصد
مجموعی نفع	4,807	6,425	(25) فیصد
ترسیل اور انتظامی اخراجات	(4,231)	(4,643)	(9) فیصد
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	577	1,783	(68) فیصد

پروسیسنگ، ہوم ٹیکسٹائل اور اپیرل:

یہ شعبہ ویلیو ایڈڈ ٹیکسٹائلز کی پروسیسنگ سے تعلق رکھتا ہے جو کہ بنیادی طور پر مقامی اور بین الاقوامی دونوں طرح کی مارکیٹس میں فروخت کی جاتی ہیں۔ صارفین کی طرف اور پاکستان میں لاک ڈاؤن کے پس منظر میں، اس شعبہ کو آرڈرز کی تکمیل میں تاخیر کا سامنا رہا اور capacity loss سے نمایاں طور پر زیادہ نقصان ہوا جس کے نتیجے میں منافع مکمل طور پر ختم ہو گیا۔

پروسیسنگ، ہوم ٹیکسٹائل اور اپیرل	2020	2019	تبدیلی
	روپے ملین میں		
سیلز	37,294	36,803	1 فیصد
سیلز کی لاگت	(34,758)	(32,994)	5 فیصد
مجموعی نفع	2,536	3,809	(33) فیصد
ترسیل اور انتظامی اخراجات	(2,734)	(2,461)	11 فیصد
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	(197)	1,348	(115) فیصد

انتظامی مقاصد اور حکمتِ عملی:

گل احمد کئی دہائیوں سے پاکستان کی ٹیکسٹائل کی صنعت میں ایک اہم نام رہا ہے۔ یہ سب کچھ صرف حصص یافتگان کے سرمائے میں پُر قدر اضافے کے لئے مینجمنٹ کے عزم اور لگن نیز جدت، کوالٹی کے معیار اور بہترین ٹیکنالوجی کے استعمال کو مزید بہتر بنانے کے باعث ہی ممکن ہو سکا ہے۔ تاہم، اس سے کمپنی کی راہ میں ماحول اور سوسائٹی کے لئے اپنی خدمات پیش کرنے میں کوئی رکاوٹ حائل نہیں ہے۔

سالانہ رپورٹ کے صفحہ نمبر 19 پر مقاصد اور متعلقہ حکمتِ عملیوں کے حوالے سے علیحدہ بحث کی گئی ہے۔

نقطہ نظر (Materialitity Approach):

Materialitity سطحوں کا تعین کرنا مشروط کام ہے اور یہ مختلف اداروں کے لحاظ سے مختلف ہوتا ہے۔ مالی لین دین اور اختیارات کی تفویض کے حوالے سے اجازت واضح طور پر جاری کی گئی ہے۔ اور اس پر کمپنی میں تیار کردہ طریقہ کار کے مطابق عمل کیا جاتا ہے۔ کمپنی نے Materialitity کے حوالے سے پالیسی کی منظوری دی ہے جس پر مطابقت کے لئے سالانہ بنیاد پر نظر ثانی کی جاتی ہے۔

رسک مینجمنٹ اور مواقع:

کمپنی ایک چیلنج والے ماحول میں کام کرتی ہے، جس کی PESTEL اور SWOT تجزیہ پر مبنی تفصیل اور سیر حاصل گفتگو سالانہ رپورٹ کے صفحہ نمبر 81 اور صفحہ نمبر 80 پر موجود ہے۔ اس لئے انتظامیہ نے ان اندیشوں کی علیحدہ سے شناخت تخمینیت اور انہیں بروقت اٹھانے کے لئے ایک مضبوط نظام مرتب کیا ہے جو ہموار آپریشن کو ممکن بناتا ہے اور اس بات کو بھی یقینی بناتا ہے کہ توجہ کاروباری ترقی پر مرکوز ہے۔

کمپنی کا رسک مینجمنٹ سسٹم مندرجہ ذیل پر مشتمل ہے:

(الف) کریڈٹ رسک:

کمپنی اپنی مقامی فروخت کے لئے وصول کنندگان کے ڈیفالٹ ہو جانے کے خطرے سے نمٹنے کے لئے بالکل تیار ہے (ریٹیل سیلز کے علاوہ جو کہ صرف نقد بنیاد پر ہیں)۔ اس طرح کے امور کا انتظام مکمل مطلوبہ احتیاط سے ان کسٹمرز کے ساتھ کیا جاتا ہے جن کے لئے قرض کو بڑھایا جا رہا ہو۔ دیگر واجبات پہلے سے کی جانے والی ان ادائیگیوں یا مناسب سیکیورٹیز کے ساتھ کی جاتی ہیں۔

(ب) مارکیٹ رسک:

کمپنی کا منافع اپنے بنیادی خام مال جیسے کپاس اور سوت کی قیمتوں میں تبدیلی کی شرح سے مشروط ہے۔ اس کا انتظام اسٹاک لیولز کی پلاننگ اور مناسب وقت اور وقفے پر مختلف ذرائع سے خریداری کے ذریعے سے کیا جاتا ہے، مزید یہ کہ ایکسچینج ریٹ میں اتار چڑھاؤ فنانشل انسٹرومنٹس جیسے فارورڈ کنٹریکٹس، بلز ڈسکاؤنٹنگ، FCY کریڈٹ اور نیٹ ایکسپوزر کی مانیٹرنگ وغیرہ کے ذریعے کیا جاتا ہے۔

(ج) لیکوڈیٹی رسک:

کمپنی نے ادائیگیوں اور وصولیوں کے توازن کو برقرار رکھنے کے لئے وافر سرمائے کا انتظام اور متعدد اہم بینکوں کی معاونت حاصل کر رکھی ہے تاکہ عمومی کاروباری آپریشنز وغیرہ کو یقینی بنایا جا سکے۔

کمپنی کا رسک مینجمنٹ سسٹم مندرجہ ذیل پر مبنی ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں:

بورڈ کاروبار کو درپیش اہم نقصان کے اندیشوں پر وقتاً فوقتاً نظر ثانی کرتا ہے اور جہاں ضرورت درپیش ہو وہاں کاروائی کرتا ہے۔ جبکہ آڈٹ کمیٹی مالی اور کمپلائنس رِسک پر نظر ثانی کرتی ہے۔ مشاہرہ اور افرادی قوت کے حوالے سے قائم کمیٹی ہنرمند اور تجربہ کار عملے کو برقرار رکھنے اور رغبت دلانے کے لئے مارکیٹ سے مطابقت کے عمل کو یقینی بنانے کے لئے مشاہرہ اور ریوارڈ کی پالیسیز پر نظر ثانی کرتی ہے۔

نان ایگزیکٹو ڈائریکٹرز کے مشاہرے حالیہ مارکیٹ کی ادائیگی کی شرح اور کمپنی کی کاروباری ضروریات کو مدِنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز کی جانب سے مقرر کئے گئے ہیں۔

ڈائریکٹران کے ناموں کی تفصیلات، بورڈ آف ڈائریکٹرز اور کمیٹیوں کی تشکیل سالانہ رپورٹ کی صفحہ نمبر 32 پر مندرج ہے۔

پالیسیاں اور طریقہ کار:

بورڈ نے متعلقہ خطرات کی شناخت کے بعد مخصوص پالیسیاں اور طریقہ کار وضع کئے ہیں اور ان پر عملدرآمد کیا ہے جس سے تجارت کو درپیش نئے خطرات کی تشخیص کا وقتاً فوقتاً جائزہ لے کر نئے اقدامات کئے جاتے ہیں۔

معلوماتی اور نگہداشت کا انتظام:

ہمارا جدید معلوماتی نظام بروقت اور درست معلومات فراہم کرتا ہے جو انتظامیہ کی موثر انداز میں نتائج اور تغیرات کی جانچ میں معاونت کرتا ہے۔

انٹرنل آڈٹ:

اندرونی معاملات پر موثر کنٹرول رکھنے کے لئے انٹرنل آڈٹ فنکشنز کی رپورٹ آڈٹ کمیٹی کو پیش کی جاتی ہے اور ساتھ ہی بہتری کے لئے مزید موزوں اقدامات کی تجویز بھی دی جاتی ہے۔ متواتر آڈٹ رپورٹس، آڈٹ کمیٹی کے پاس جمع کروائی جاتی ہے۔

رسک مینجمنٹ کے حوالے سے مزید تفصیل صفحہ نمبر 82 پر ہے جو سالانہ رپورٹ کا جزو ہے۔

افرادی قوت (HR):

منفرد اور غیر معمولی پراڈکٹس اور سروسز مسابقتی فائدہ پہنچاتی ہیں، تاہم وقت کی کسوٹی پر ہمارے لوگوں کا پورا اُترنا ہمیں اصل فائدہ دیتا ہے۔ جدت، کاوش اور حصول کے لئے ہمارے ملازمین کا خلوص اور لگن ہی ہماری کامیابی میں اعانت کرتی ہے۔ ہمارا مقصد ایک ایسے اعلیٰ کارکردگی والے ادارے کی تخلیق ہے جو فن مہارت کے حامل افراد کو مواقع فراہم کرتے ہوئے انہیں اپنے ساتھ جوڑے رکھے۔

ہمارے ملازمین کی انفرادی تربیت و ترقی کے لئے انہیں اعلیٰ عہدوں کے ساتھ اختیارات تفویض کئے جاتے ہیں تاکہ مشکل مراحل میں فیصلہ سازی پر عبور حاصل ہو۔ انہیں مسلسل رہنمائی بھی مہیا کی جاتی ہے۔

ہم مکمل طور کام کے باہمی تعاون اور متنوع ماحول پر یقین رکھتے ہیں اور یہی ہماری کامیابی کا اہم سبب ہے۔

انفارمیشن ٹیکنالوجی (IT):

آئی ٹی ہر کاروبار کا ایک اہم اور لازمی جزو بن گیا ہے، نیز سبقت کے حصول کے لئے یہ ایک اہم پیش قدمی بن چکا ہے۔ اس کی اہمیت کے پیش نظر کمپنی اپنے آئی ٹی فریم ورک میں بھی سرمایہ کاری کرتی ہے جسے جب اور جہاں بھی ضرورت درپیش ہو اَپ گریڈ کیا جاتا ہے۔ بہتر سسٹم اور ٹیکنالوجی کے استعمال نے کنٹرول انوائرمنٹ کو مضبوط کیا ہے فنانشل / آپریشنل رپورٹنگ کو موثر اور بروقت بنایا ہے، جبکہ کاروبار کو مسلسل بہتر بنانے اور جدت لانے میں بھی معاونت کرتا ہے۔

کمپنی نے ریٹیل بزنس کے تیزی سے تغیر پذیر ہوتے ماحول کی طلب کی تکمیل کے لئے اپنے ریٹیل آپریشن میں 'مائیکروسافٹ ڈائنامکس 365' کو اپنایا ہے۔ کمپنی کے دیگر آپریشنز، اسٹریٹیجک اور آپریشنل فیصلہ سازی کی رواں معلومات کے پلیٹ فارم کی صورت میں اوریکل EBS بطور پرائم سسٹم استعمال کیا جاتا ہے۔

عوامل میں بہتری اور اندرونی کنٹرول کے قیام پر زور دیا گیا ہے۔

آئی ٹی کے نظم و ضبط کی پالیسی:

آئی ٹی کے نظم و ضبط کی پالیسی نقصانات اور معلومات تک غیر مجاز رسائی کے خلاف حفاظت کے ساتھ ساتھ سائبر سیکیورٹی کے خطرات سے نبرد آزما ہونے کی پالیسی ہے۔ اس پالیسی کے ذریعے سے تحفظات کی نگرانی اور ان میں بہتری لائی جاتی ہے۔ اس پالیسی کا مقصد تخلیق، اسٹوریج، استعمال، آرکائیونگ اور معلومات کی تنسیخ کی راہنمائی کرنا ہے۔

استعمال کنندگان کی ضرورت اور کاروبار کی کامیابی میں آئی ٹی کے کردار کے پیش نظر کمپنی باقاعدگی سے مینجمنٹ انفارمیشن سسٹم پر نظر ثانی کرتے ہوئے اسے بہتر بناتی ہے جس سے مندرجہ ذیل فوائد حاصل ہوتے ہیں۔

- رواں کارکردگی کی نگرانی اور اس میں بہتری۔
- تازہ ترین معلومات کی فراہمی، جس کی بنیاد پر منصوبے کے تحت فیصلہ سازی ہو۔
- شعبوں میں کارکردگی کی تصدیق اور ان کا ثبوت حاصل کرنا، اور
- اثاثہ جات کے تحفظ اور احتساب کو یقینی بنانے کی غرض سے سروس کے لحاظ سے چیک اینڈ بیلنس کے نظام کی تخلیق۔

کاروبار کو جاری و ساری رکھنے کا منصوبہ (BCP):

جیسا کہ ہمارا شمار ٹیکسٹائل کے شعبے میں سب سے بڑی جامع ٹیکسٹائل ملز میں ہوتا ہے، جس کی متعدد پروڈکشن لوکیشنز پر قائم فیکٹریاں ایک مربوط نظام کے تحت، غیر منقولہ اثاثہ جات اور اربوں روپے کی انوینٹریز کے ساتھ کام کر رہی ہیں اور اس کے مطابق، ہم یہ سمجھتے ہیں کہ کسی بھی قسم کی آفات ہمارے آپریشنز کو شدید نقصان پہنچا سکتی ہیں۔

کاروباری کو جاری رکھنے کے منصوبے کے ذریعے کسی بھی قسم کی قدرتی آفت یا دیگر کسی واقعات کی صورت میں کاروبار جاری رکھنے کو یقینی بنایا جاتا ہے، ساتھ ہی شدید نوعیت کی خرابی کے حامل سسٹم اور پراسس کو چلانے کی سہولت بھی فراہم کرتا ہے۔ ہم اپنے ملازمین کو کسی بھی قسم کے حالات سے نبرد آزما ہونے کے لئے (جس میں کاروبار کو جاری رکھنے پر سمجھوتہ کیا جا سکتا ہے) نہ صرف تربیت دیتے ہیں بلکہ اس کی مکمل مشق بھی کرواتے ہیں۔

ریکارڈز کی حفاظت:

ریکارڈز، جس میں اکاؤنٹس کی کتب، سیکریٹریئل، لیگل، کنٹریکچوئل، ٹیکسیشن اور دیگر معاملات کی دستاویزات شامل ہیں، کو مدتوں کے لئے قانونی ضرورت اور حفاظتی نقطہ نظر سے محفوظ کر دیا جاتا ہے۔ ہم نے اپنے ریکارڈ کیپنگ آپریشنز کو اس کی محفوظ سنبھال اور آسان حصول کو یقینی بنانے کے بعد بیرونی ذرائع کی خدمات بھی حاصل کی ہیں۔

اس حوالے سے EMC VNX سیریز کا کامیابی کے ساتھ اطلاق کیا جا چکا ہے اور تمام ابتدائی ڈیٹا کا ریموٹ بیک اپ بھی قائم کیا جا چکا ہے۔

ادارے کی سماجی ذمہ داری:

ادارے کی سماجی ذمہ داری کی تفصیل صفحہ نمبر 52 پر دی گئی ہے جو کہ سالانہ رپورٹ کا جزو ہے۔

ہولڈنگ کمپنی:

گل احمد ہولڈنگز (پرائیوٹ) لمیٹڈ (ہولڈنگ کمپنی) کا ذیلی ادارہ ہے۔ یہ ایک ایسی ہولڈنگ کمپنی ہے جو کمپنی کے 67.10 فیصد حصص کی حامل ہے۔

ذیلی کمپنیاں:

کمپنی کے مندرجہ ذیل 6 ملکیتی ادارے ہیں جو ٹیکسٹائل سے متعلق مصنوعات کی تجارت سے منسلک ہیں۔

1۔ گل احمد انٹرنیشنل لمیٹڈ (FZC)۔ 11 دسمبر 2002 کو UAE میں قائم کی گئی۔

2۔ GTM (یورپ) لمیٹڈ۔ 17 اپریل 2003 کو انگلینڈ میں قائم کی گئی، جو کہ گل احمد انٹرنیشنل لمیٹڈ (FZC) کا کُل ملکیتی ادارہ ہے۔

3۔ GTM (USA) کارپوریشن۔ 19 مارچ 2012 کو امریکا میں قائم کی گئی، جو کہ GTM (یورپ) لمیٹڈ کی کُل ملکیتی کمپنی ہے۔

4۔ اسکائی ہوم کارپوریشن جس کا آغاز 28 فروری 2017 کو امریکا میں کیا گیا اور یہ GTM (یورپ) لمیٹڈ کی کُل ملکیتی کمپنی ہے۔

5۔ 406 JCCO لمیٹڈ، 29 ستمبر 2017 کو انگلینڈ میں شامل GTM (یورپ) لمیٹڈ کی کُل ملکیتی کمپنی ہے۔

6۔ وینٹونا ہوم لمیٹڈ، 22 اپریل 2013 کو انگلینڈ میں قائم کی گئی، جو کہ 406 JCCO لمیٹڈ کا کُل ملکیتی ادارہ ہے۔

مزید یہ کہ کمپنی نے سال کے دوران ورلڈ وائڈ ڈیولپرز (پرائیوٹ) لمیٹڈ میں 54.84 فیصد حصص بھی حاصل کر لئے ہیں۔

کوڈ آف کارپوریٹ گورننس (CCG):

کمپنی کی انتظامیہ اعلیٰ ضابطہ اخلاق کی پابند ہے اور کام کا بہترین ماحول فراہم کرتی ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹر مندرجہ ذیل عوامل واضح کرتے ہیں:

- کمپنی کی انتظامیہ کی جانب سے تیار شدہ مالی گوشوارے، اس کے معاملات، اس کے آپریشنز کے نتائج، زیرِ

شیئر ہولڈرز کے لئے ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2020 کو ختم ہونے والے مالی سال کے لئے سالانہ رپورٹ اور پڑتال شدہ مالیاتی حسابات بمعہ آڈیٹرز رپورٹ پیش کررہے ہیں۔

معاشی اور صنعتی جائزہ:

مالی سال 2019-2020 دنیا کی تاریخ کا ایک انتہائی غیر معمولی اور چیلنجنگ سال رہا ہے۔ یورپی یونین سے برطانیہ کا اخراج، جس میں باہمی اتفاق رائے سے یورپی یونین کو ہمیشہ کے لئے تبدیل کردیا گیا۔ اس کے نتیجے میں مستقبل کی غیر یقینی صورتحال یوروزون کے بحران کو مزید بڑھا دیا ہے۔ بعد ازاں امریکا اور چین کے مابین تجارتی جنگ میں سخت کشیدگی پیدا ہوئی جس کے باعث عالمی معاشی سست روی کی وجہ سے سپلائی میں اضافہ اور طلب کم ہونے کے سبب تیل کی عالمی قیمتوں میں مسلسل کمی واقع ہوئی۔ جب عالمی ماہرین سپلائی چین اور تجارتی رکاوٹوں میں توازن پیدا کرنے کی کاوشیں میں مصروف عمل تھے تو عالمی منظر نامے پر ایک اَنجانا وائرس COVID-19 اُبھرا جسے عالمی وبائی مرض قرار دیا گیا۔ تب ہی سے اس وائرس نے پوری دنیا کو اپنی لپیٹ میں لے لیا ہے، جس سے سپلائی چین میں خلل واقع ہوا اور عالمی معیشت کے بیشتر حصے یکسر مفلوج ہو کر رہ گئے۔ اس وبائی بیماری نے انسانی جانوں کو بڑے پیمانے پر نقصان پہنچایا ہے اور عالمی معاشی سرگرمیوں کو بھی زبردست خسارے کا سامنا رہا۔ خصوصاً، وائرس کے پھیلاؤ پر قابو پانے کے لئے مختلف ضروری اقدامات اٹھائے گئے جبکہ عالمی اقتصادی سرگرمیوں کا بیشتر حصہ جمود کا شکار ہے۔ ایک جانب، وبائی مرض نے پوری دنیا کو لاک ڈاؤن میں مبتلا رکھا نیز جاری و آئندہ کی اقتصادی سرگرمیوں کی ڈائنامکس کو تبدیل کردیا تھا، دوسری جانب وبائی مرض نے کسی بھی معیشت کی قابلِ ذکر معاشی کارکردگی کا مکمل صفایا کردیا تھا۔ کورونا وائرس کے اس وبائی مرض کا مہلک اور گہرا دھچکا اور اس پر قابو پانے کے لئے شٹ ڈاؤن کے اقدامات نے عالمی معیشت کو بہت بری طرح سے لاغر کردیا ہے۔

پاکستانی معیشت کی بنیادی کمزوریوں جیسے جی ڈی پی کی شرح سے کم محصولات، بچت کی ناقص شرح اور نا ہونے کے مساوی ویلیو ایڈیشن کے ساتھ برآمدات میں کم سے کم شرح نمو وغیرہ نے عالمی دھچکوں کو مزید نمایاں کردیا۔ تاہم، جوں ہی نیا مالی سال 2020 شروع ہوا، معیشت میں نمایاں بدلاؤ آنے لگا جس نے اس بات کی تصدیق کی کہ حکومت نے معاشی عدم توازن کو دور کرنے کے لئے مناسب پالیسی اقدامات اُٹھائے ہیں۔ تاہم COVID-19 نے مارچ 2020 کے وسط تک کی جانے والی دونوں تدابیر اور کاوشوں کو بالترتیب رَد کردیا۔

بلاشبہ COVID-19 عالمی سطح پر انسانی زندگی کو نا صرف چیلنج کررہا ہے بلکہ پوری دنیا بشمول پاکستان میں معاشی سرگرمیوں کے لئے تناؤ کا باعث بن رہا ہے۔ حکومت پاکستان نے وزارت خزانہ اور اسٹیٹ بینک آف پاکستان کے توسط سے عوام کے تحفظ اور منفی معاشی اثرات کو زائل کرنے کے لئے بیشتر اقدامات کئے ہیں۔ ان کی توجہ اس بات پر مرکوز رہی کہ افراطِ زر قابو میں رہے، معاشی نمو اور ملازمتوں پر COVID-19 کے اثرات کم ہوں اور اس کی بھی نگرانی کی جائے کہ بینکاری اور ادائیگیوں کا نظام صحت مند رہے۔ حکومت نے 1.2 ٹریلین روپے کے محرک مالی پیکج کی منظوری دی ہے اور فنڈز کی فراہمی کے سلسلے میں متاثرہ آبادی میں COVID-19 کے اثرات کی تخفیف اور "بقایا جات/ہنگامی امدادی فنڈ" کے لئے 100 بلین روپے مخصوص اضافی گرانٹ کے طور پر فراہم کئے ہیں۔ اسٹیٹ بینک آف پاکستان نے COVID-19 کے بعد پاکستانی معیشت پر پڑنے والی منفی اثرات کو روکنے کے لئے متعدد اقدامات کئے جس میں مارچ 2020 کے بعد سے تین ماہ میں پالیسی کی شرح میں 625 Basis Points کی کمی کرنا بھی شامل ہے؛ لیکن اس پر ہی محدود نہیں، متروکہ تحفظات کی خاطر اُجرتوں کی دوبارہ فنانسنگ کی منظوری؛ قرضوں کی تنظیمِ نو کے جزو کے طور پر قرضہ جات کے زرِاصل کی موخر ادائیگی؛ ایکسپورٹرز کی جانب سے ایکسپورٹ فنانسنگ اسکیم (EFS) اور طویل مدتی فنانسنگ سہولت (LTFF) کے تحت امداد کی فراہمی؛ معیشت کے تمام شعبہ جات وغیرہ میں نئی سرمایہ کاری کو سہل بنانے کے لئے 21 بلین روپے کی منظوری دی گئی۔

استحکام کی کوششوں نے کرنٹ اکاؤنٹ خسارے میں مسلسل مطابقت اور مالی حکمت عملی کو جاری رکھا۔ کئی برسوں میں پہلی بار کرنٹ اکاؤنٹ خسارہ اکتوبر 2019 میں اضافی رہا۔ جبکہ رواں مالی سال کے دوران بنیادی توازن سرپلس میں برقرار ہے۔ مالی سال 2020 کے دوران، مالی خسارہ گھٹ کر 8.1 فیصد رہ گیا جبکہ کرنٹ اکاؤنٹ خسارہ 78 فیصد سے متصادم ہے۔ معیشت کو مزدوروں کی ترسیلاتِ زر میں 6 فیصد اضافے سے مزید مدد ملی، مالی سال 2019-20 میں غیر ملکی زرِمبادلہ کے ذخائر 16 فیصد اضافے سے 12.5 بلین امریکی ڈالر تک پہنچنے میں تقویت ملی جو کہ سالِ گزشتہ میں 7.7 بلین امریکی ڈالر تھے۔

ٹیکسٹائل انڈسٹری:

مالی سال 2019-20 میں، پاکستان کی ٹیکسٹائل کی برآمدات 6 فیصد گھٹ کر 12.5 بلین امریکی ڈالر رہیں جو گزشتہ سال 13.3 بلین امریکی ڈالر تھیں۔ مالی سال 2019-20 کی پہلی ششماہی کے دوران اس صنعت میں حوصلہ افزا اضافہ دیکھا جارہا تھا، تاہم COVID-19 پھیلنے کے باعث مالی سال 2019-20 کی تیسری سہ ماہی اور مالی سال 2019-20 کی چوتھی سہ ماہی کے مقابلے میں بالترتیب 37 فیصد اور 30 فیصد کی برآمدات میں کمی واقع ہوئی۔ ادارہ برائے شماریات پاکستان (PBS) کے اعداد و شمار سے معلوم ہوتا ہے کہ جولائی تا جون مالی سال 2020 کے دوران ریڈی میڈ گارمنٹس کی ایکسپورٹ میں قیمتوں میں 3.815 اور مقدار میں 10.07 فیصد کی کمی واقع ہوئی، جبکہ نِٹ ویئر مصنوعات کی مالیت میں 3.64 فیصد اور مقدار میں 10.11 فیصد کی کمی واقع ہوئی، بیڈ ویئر مصنوعات کی برآمدات کی قدر میں 4.91 فیصد اور مقدار میں 2.31 فیصد کا منفی اضافہ ریکارڈ کیا گیا۔ تولیہ مصنوعات کی برآمدات قدر میں 6.52 فیصد اور مقدار میں 6.395 فیصد تک گھٹ گئیں، جبکہ کاٹن کے کپڑوں کی مالیت میں 12.94 فیصد اور مقدار میں 17.665 کی کمی ریکارڈ کی گئی۔ مزید برآں، مالی سال 2019-20 میں کپاس کی پیداواری صلاحیت ناکافی رہی، اگرچہ گزشتہ سال کی نسبت کپاس کے زیرِکاشت رقبے میں 6.5 فیصد یعنی 2.5 ایکڑ کا اضافہ ہوا ہے۔ فصلوں کی نشونما کے اہم وقت کے دوران پانی کی کم فراہمی، کیڑوں کے حملوں اور موسم کی ناگوار صورتحال کے باعث کپاس کی پیداوار میں 6.9 فیصد کی نمایاں کمی نظر آئی۔

برآمدات میں کمپنی کا مارکیٹ شیئر:

یہ کمپنی ملک کی سب سے بڑی جامع ٹیکسٹائل ملوں میں شامل ہے اور ویلیو ایڈڈ ٹیکسٹائل مصنوعات کی نمایاں ایکسپورٹر ہے۔ کمپنی نے ملک کی بیڈ ویئر ایکسپورٹ میں تقریباً 6 فیصد کا حصہ ڈالا ہے۔

کارکردگی کا مجموعی جائزہ:

ہماری جانب سے دیکھے جانے والے کارکردگی کے اہم عوامل (KPI's) مندرجہ ذیل ہیں:

صراحت	یونٹس	2020	2019
ایکسپورٹ سیلز	روپے ملین میں	34,706	32,706
لوکل سیلز	روپے ملین میں	19,710	25,026
مجموعی نفع	روپے ملین میں	9,069	11,982
(خسارہ)/ نفع قبل از محصول (PBT)	روپے ملین میں	(76)	4,008
(خسارہ)/ نفع بعد از محصول (PAT)	روپے ملین میں	(479)	3,609
مجموعی منافع کا مارجن	فیصد	16.81 فیصد	20.92 فیصد
(خسارہ)/ نفع قبل از ٹیکس مارجن	فیصد	(0.14) فیصد	7.00 فیصد
(خسارہ)/ نفع بعد از ٹیکس مارجن	فیصد	(0.89) فیصد	6.30 فیصد
EBITDA	روپے ملین میں	4,751	7,427
(خسارہ)/ آمدنی فی حصص (EPS)	روپے	(1.12)	8.44
Debt to Equity	تناسب	0.50:0.50	0.58:0.42
Current Ratio	تناسب	1.02:1.00	1.16;00
بریک اَپ ویلیو فی حصص	روپے	32.64	43.01

خوش قسمتی سے سال کی پہلی ششماہی کے دوران، مطلوبہ حجم کے ایکسپورٹ آرڈرز کے ساتھ ساتھ مقامی اور ریٹیل سیکٹر میں وسیع طلب کے باعث کمپنی کے (fixed production overheads) Absorb ہونے میں مدد ملی۔ تاہم، دسمبر 2019 کے آخر میں چین میں COVID-19 کی وبا پھیلنے سے پوری دنیا کی برآمدی منڈیاں زوال کی جانب گامزن ہوگئیں، جو بالآخر برآمدی فروخت میں کمی میں تبدیل ہوگئیں۔ کمپنی نے کاروباری سرگرمیوں میں فروری 2020 کے آخر تک COVID-19 کے نمایاں اثرات محسوس کیے، اس وقت دنیا کے بیشتر ممالک نے نقل و حرکت اور سفر کے سلسلے میں لاک ڈاؤن یا سخت اقدامات متعارف کیے۔ اسی طرح، بہت سارے صارفین نے ہم سے ان شپمنٹس کو روکنے کا مطالبہ کیا جو کہ پائپ لائن میں تھیں۔ بعد ازاں حکومت سندھ کی جانب سے نافذ کردہ ایک مکمل لاک ڈاؤن کیا گیا۔ گزشتہ سہ ماہی کے دوران اس لاک ڈاؤن کا براہ راست اثر کمپنی کی فروخت اور منافع پر ہوا۔ ہمارے تمام بزنس سیگمنٹس کے لئے 22 مارچ سے 5 ہفتے کے لئے مکمل لاک ڈاؤن نافذ کردیا گیا۔ ویونگ، پروسیسنگ اور اسٹچنگ پلانٹس نے سخت ایس او پیز کے تحت اپریل کے آخری ہفتے سے کام کا آغاز کردیا۔ اس کے بعد رمضان المبارک کا مہینہ بھی آیا جو کہ کم پیداواری مدت ہے۔ اچانک بندش کے نتیجے میں ورک ان پروسس میٹریل کا بھاری نقصان اٹھانا پڑا؛ امریکی ڈالر کی پاکستانی روپے میں شرح تبادلہ 155 سے 168 ہونے کے باعث فارن کرنسی لون اور فارورڈ معاہدوں کو طے کرنے میں بھی بھاری مالی نقصان ہوا۔ ایک ناقابل واپسی عنصر جس نے کمپنی کو کسی بھی دوسرے عنصر سے زیادہ نقصان پہنچایا وہ طے شدہ قیمتیں تھیں جیسا کہ ہیومن ریسورس کی لاگت، افراط زر، کرایہ، فنانس لاگت وغیرہ۔

کمپنی کا ریٹیل آپریشن 8 ہفتے سے بھی زیادہ کے لئے بند رہا۔ جس کے بعد اسے نہایت سخت ایس او پیز اور محدود گھنٹوں کے آپریشن کے لئے کھولا گیا۔ شام کے اوقات کے ساتھ ویک اینڈ کو ریٹیل پرائم ٹائم سمجھا جاتا ہے جنہیں لاک ڈاؤن کے تقریباً تین ماہ کے بعد بحال کیا گیا۔ مذکورہ بالا عوامل کے نتیجے میں، مجموعی منافع کا مارجن سال کی پہلی ششماہی میں 20 فیصد، تیسری سہ ماہی میں 13 فیصد اور بالآخر چوتھی سہ ماہی میں 10.4 فیصد تک گر گیا جبکہ کمپنی کی سیلز میں تیسری سہ ماہی کے مقابلے میں 32 فیصد کمی واقع ہوئی۔ گورننگ باڈیز کے جاری کردہ رہنما خطوط کی پاسداری کرتے ہوئے کم از کم سطح پر کمپنی کو چلانے کے لئے ہنگامی منصوبے اور ہنگامی اقدامات اٹھائے گئے۔ اسی باعث گزشتہ سال کی نسبت مجموعی منافع کے مارجن اور منافع مارجن میں بھی کمی ہوئی۔ نتیجتاً، کمپنی کا EPS گزشتہ سال کی نسبت 8.44 روپے سے (1.12) روپے کم ہوگیا۔ انتظامیہ نے کم ترین اور سبسڈائزڈ شرح سود سے استفادہ حاصل کرنے کی اپنی پالیسی کو جاری رکھا جو کہ قرض کی مدت کے دوران بند رہے گی۔ لہٰذا اس سال کے دوران BMR سرمایہ کاری کے فنڈ کے لئے اور متعدد پیداواری جگہوں بالخصوص اسپننگ اور ویونگ ڈویژن میں جدید ترین ٹیکنالوجی کے حصول کے لئے طویل مدتی کل فنانسنگ میں 38 فیصد کا اضافہ ہوا۔ ان سرمایہ کاریوں کو زیرِ غور سال کے دوران پیداواری مارجن حاصل کرنا تھا، تاہم لاک ڈاؤن کے باعث اسے آگے بڑھا دیا گیا ہے۔ مذکورہ بیان کردہ اثرات پر غور کیا جائے تو 30 جون 2020 تک آپریٹنگ میں بیشتر انوینٹری پھنس کر رہ گئی، جس کے نتیجے میں انوینٹری اور قلیل مدتی قرض لینے کی سطح میں بھی اضافہ ہوا۔ لہٰذا، لیکویڈیٹی پوزیشن نے بھی current ratio 1.20 (2019: 1.16) اور debt to equity 0.50 (2019: 0.58) کے ساتھ یکساں تصویر پیش کی۔

آئندہ کا ماحاصل:

کمپنی کے بورڈ آف ڈائریکٹرز نے مورخہ 26 ستمبر 2020 کو منعقدہ اجلاس میں کسی بھی منافع منقسمہ یا پیشگی منافع کی دیگر تخصیص کی کوئی تجاویز پیش نہیں کیں۔

فنڈز کا انتظام و انصرام:

کمپنی ورکنگ کیپٹل کی ضروریات، بشمول ڈیبٹ سروسنگ اور حصص یافتگان کو منافع کی ادائیگی اور کیش فلو کی پیش گوئی کی موثر اور منظم نگرانی کے ذریعے سے اپنے نقد فرائض کو احسن طور پر ادا کرنے میں کامیاب رہی۔ کمپنی مناسب نقد رقم کو برابر رکھ کر اور مناسب کریڈٹ کی سہولیات کی دستیابی کے ذریعے زرِنقد (لیکویڈیٹی) رِسک کا بندوبست کرتی ہے۔ سال کے اختتام پر، کمپنی کے پاس 3,079 ملین روپے (2019: Rs. 3,303 million) غیر استعمال شدہ کریڈٹ لائنز کی مد میں اور 489 ملین (2019: Rs. 492 million) بینک میں بقایا جات کی صورت میں موجود تھے تاکہ کسی بھی قسم کے عارضی عدم تناسب کو پورا کیا جاسکے۔

کاروباری شعبہ جات:

اِسپننگ:

گنجائش میں توسیع کے باوجود، COVID-19 کے پھیلاؤ اور اس کے نتیجے میں ہونے والے لاک ڈاؤن کے باعث اِسپننگ سیگمنٹ سیلز بھی متاثر ہوئی، جس کی وجہ سے سیلز میں گزشتہ سال 14,465 ملین روپے کے مقابلے میں 13,896 ملین روپے کی 4 فیصد کمی واقع ہوئی۔ لاک ڈاؤن کے باعث اِسپننگ سیگمنٹ 60 دنوں سے زائد مدت تک مکمل طور پر بند رہا۔

اِسپننگ	2020	2019	تبدیلی
	روپے ملین میں		
سیلز	13,896	14,465	(4) فیصد
سیلز کی لاگت	(12,649)	(12,787)	(1) فیصد
مجموعی نفع	1,247	1,677	(26) فیصد
ترسیل اور انتظامی اخراجات	(173)	(153)	13 فیصد
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	1,074	1,524	(30) فیصد

اسٹیٹ آف دا آرٹ توسیعی پس منظر کے ساتھ، مینجمنٹ پُر امید ہے کہ آنے والے سالوں میں یہ شعبہ مزید بہتر نتائج دکھائے گا۔

ویونگ:

یہ کاروباری شعبہ بنیادی طور پر اندرونی ضروریات کی تکمیل میں اپنا کردار ادا کرتا ہے۔ گزشتہ سال کی نسبت مجموعی سیلز کی آمدن میں 32 فیصد کا اضافہ ہوا۔ اس شعبے کی مالی کارکردگی کا خلاصہ ذیل میں درج جدول کے مطابق ہے:

ویونگ	2020	2019	تبدیلی
	روپے ملین میں		
سیلز	3,079	2,339	32 فیصد
سیلز کی لاگت	(2,600)	(2,268)	15 فیصد
مجموعی نفع	479	71	575 فیصد
ترسیل اور انتظامی اخراجات	(104)	(69)	51 فیصد
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	375	2	18,406 فیصد

ریٹیل اور ڈسٹری بیوشن:

یہ سیگمنٹ آئیڈیاز ریٹیل آؤٹ لیٹ اور اس کے ڈسٹری بیوشن چینلز کے ذریعے سے ریٹیل سیلز میں مصروفِ عمل ہے۔ مالی سال 2019-20 کی تیسری سہ ماہی تک یہ شعبہ فروخت اور منافع میں حوصلہ افزا ترقی کا مظاہرہ کررہا تھا۔ تاہم چوتھی سہ ماہی میں جبکہ سیلز کے وسیع مواقع عروج پر ہوتے ہیں، دو ماہ کے لاک ڈاؤن کے ساتھ، اس شعبے نے ممکنہ سیلز پوٹینشل کھو دیا جس کے باعث منافع میں زیادہ نقصان ہوا۔

SUSTAINABILITY REPORT

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

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

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

As a socially responsible entity, Gul Ahmed Textiles Mills Limited (the Company) recognizes its duty towards safety and protection of the environment. Safeguarding the environment for human race is of utmost importance to the Company. Sustainability Policy of the Company provides the guidelines for maintaining coherence with the objective of conducting nature friendly practices. This report updates the stakeholders about the steps taken by the Company to ensure compliance.

Better Cotton Initiative (BCI)

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

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

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

The Company is member of BCI and strictly promotes BCI's objective by purchasing cotton which is produced according to its guidelines. The Company purchased BCI cotton equaling 24,450 tonnes in FY 2019 and 15,016 tonnes in FY 2018.

Contribution to National Exchequer

The Company is contributing to the national growth by sharing its revenues in the form of taxes, rates and duties and exports also contribute towards improving foreign reserves. Contribution by the Company was a total of Rs. 1,2087 million in FY 2019 (FY 2018: 2,217 million) in various federal, provincial and local taxes, rates and duties.

Education

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

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

Women Empowerment

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

Special Persons

The company also gives importance on providing an opportunity with dignity to people with special needs who are trained to serve the company as valuable human capital. We have included a yearly quota for special person as a part of our diverse human resource. In joint collaboration with Deaf Schools, PWDs and SWADs, our special person programs connect competent and qualified disable students with our organization.

Conservation of Resources

Pakistan is facing severe energy crisis and efforts to increase power generation are yet to fully materialize. This is besides the everyday increasing drinking water shortage faced by the citizens. This is resulting in load-shedding and power shutdowns in all sectors whether Industrial or Residential as well as weekly scheduling of drinking water supply. Considering the importance of energy and water and to cater energy and water needs, the Company has been heavily investing in power generation which includes installation of turbines, fuel efficient generators and addition of energy efficient machines to our various manufacturing units, as well as using and converting to processes and machineries that require less water consumption.

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

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

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

Combined Cycle Gas Turbine

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

Caustic Recovery Plant

The Company has installed two Caustic Recovery Plants (CRP) at its processing facility to recover caustic from weak lye generated from the newly installed mercerizing machines. CRP helps in recovering caustic from waste water and also helps in reducing chemicals cost required to control the pH of waste water.

Pollution Prevention and Control

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

- Using good quality surfactant and avoid using less-degradable surfactants (in washing and scouring operations).
- Using transfer printing for synthetics and water-based printing pastes to reduce and control water and chemical (dyes) usage.
- Using Dyeing Pad Steam which helps to reduce water and energy consumption.
- Using jet dyers instead of winch dyers to reduce water consumption.
- Avoiding use of benzidine-based azo dyes and dyes containing cadmium and other heavy metals.
- Avoid using chlorine based dyes.
- Recovering and reusing process chemicals and dye solution.
- Using peroxide-based bleaches instead of sulphur and chlorine based in its processing process.

AUDIT COMMITTEE REPORT

The Audit Committee (the Committee) has concluded its annual review of the conduct and operations of the Company during 2020 and reports that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with Company codes and policies have been affirmed by the members of the Board, the management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, for the financial year ended June 30, 2020, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- The Chief Executive and the Chief Financial Officer have endorsed the financial statements of the Company, consolidated financial statements. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Directors' Report is drafted and endorsed by the Board of Directors, and is presented in compliance with the requirements of Companies Act, 2017. The Committee has reviewed and endorsed the report as to the compliance with regulations and acknowledges that business of the Company is fairly discussed in the Directors' Report.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 . The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors and Executives or their spouses were notified to the Company Secretary along with the required information which was notified by the Company Secretary to the Board. All such holdings /have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution to shareholders or any other business decision, which could materially affect the share price of the Company, along with maintenance of confidentiality of all business information.

Internal Audit

- The internal control framework has been effectively implemented through an independent outsourced Internal Audit function established by the Board which is independent of the External Audit function.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Audit Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to the management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

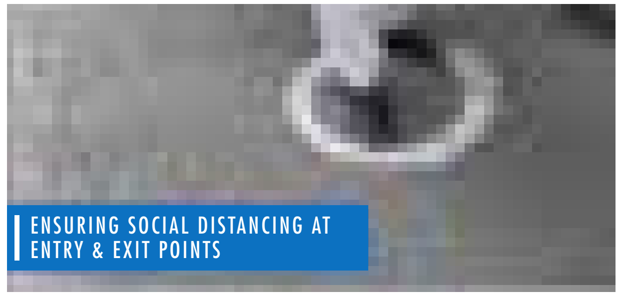
External Auditors

- The statutory Auditors of the Company, M/s .Kreston Hyder Bhimji & Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2020 and shall retire on the conclusion of the 68th Annual General Meeting.
- The Audit Committee has reviewed and discussed audit observations with the external auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meeting of the Company during the year and have confirmed attendance of the 68th Annual General Meeting scheduled for October 28, 2020 and have indicated their willingness to continue as Auditors.

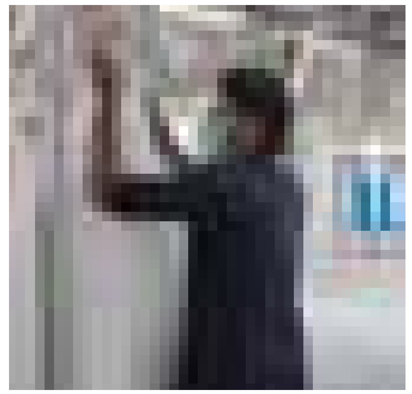
Karachi:
September 26, 2020

Ehsan A. Malik
Chairman Audit Committee


PROVIDING PPEs AT ENTRANCES


ENSURING SOCIAL DISTANCING AT ENTRY & EXIT POINTS


ENSURING SOCIAL DISTANCING AT ENTRY & EXIT POINTS

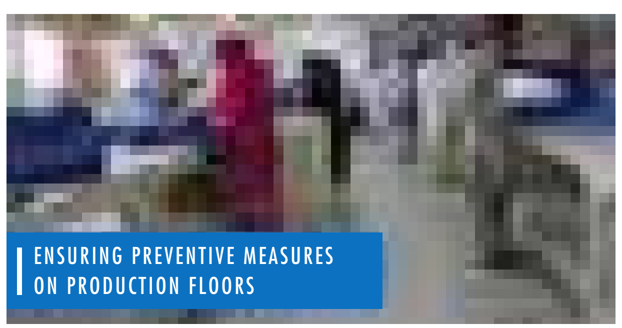


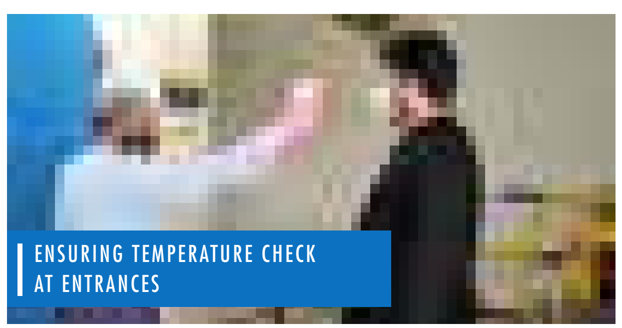

SOCIAL DISTANCING BETWEEN PASSENGERS


NOT TOUCH HANDWASHING FACILITY


SANITIZATION PROTOCOLS IN PLACE


SANITIZATION PROTOCOLS IN PLACE


ENSURING PREVENTIVE MEASURES ON PRODUCTION FLOORS


ENSURING TEMPERATURE CHECK AT ENTRANCES


COVID-19 AWARENESS CAMPS


ENSURING PREVENTIVE MEASURES ON OFFICE AREAS

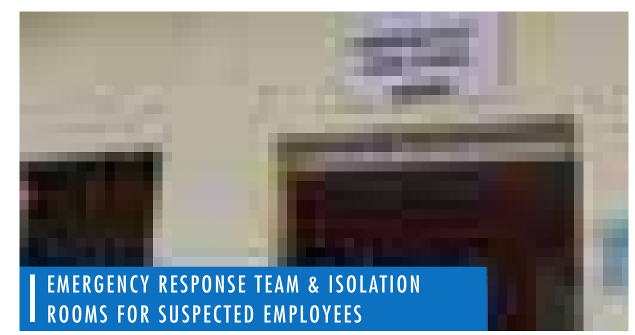

ENSURING SOCIAL DISTANCING IN CANTEEN


PREVENTIVE MEASURES ENSURED IN ABLUTION AND PRAYER AREAS


PREVENTIVE MEASURES ENSURED IN ABLUTION AND PRAYER AREAS


COVID-19 HEALTH & SAFETY SESSIONS


COVID-19 AWARNESS BANNERS


EMERGENCY RESPONSE TEAM & ISOLATION ROOMS FOR SUSPECTED EMPLOYEES


EMERGENCY RESPONSE TEAM & ISOLATION ROOMS FOR SUSPECTED EMPLOYEES


ENSURING PREVENTIVE MEASURES IN OFFICE AREAS

Innovaiton

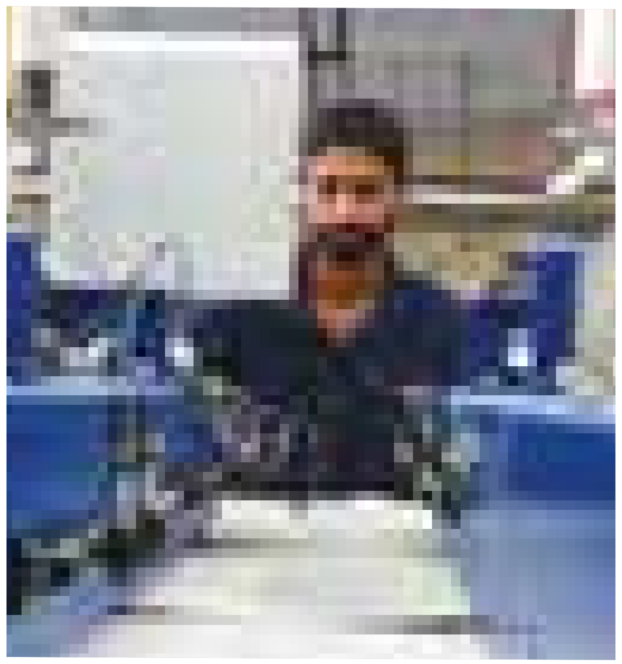
We stay one step ahead of the competition by investing in the latest technology. Our digital printing factory is equipped with state-of-the-art machines that deliver the highest quality digital printing in the country. In our processing and dyeing operations our focus is to reduce liquor ratio which will reduce water consumption further in coming years.

Sustainability

Gul Ahmed has installed both a Water Treatment Plant and a Water Recycling Plant. To ensure that waste water from our manufacturing units are treated, recycled and reused. Our water Treatment plant's capacity is approximately 1.2 million gallons/ day out of which the company will recycle and reuse half.

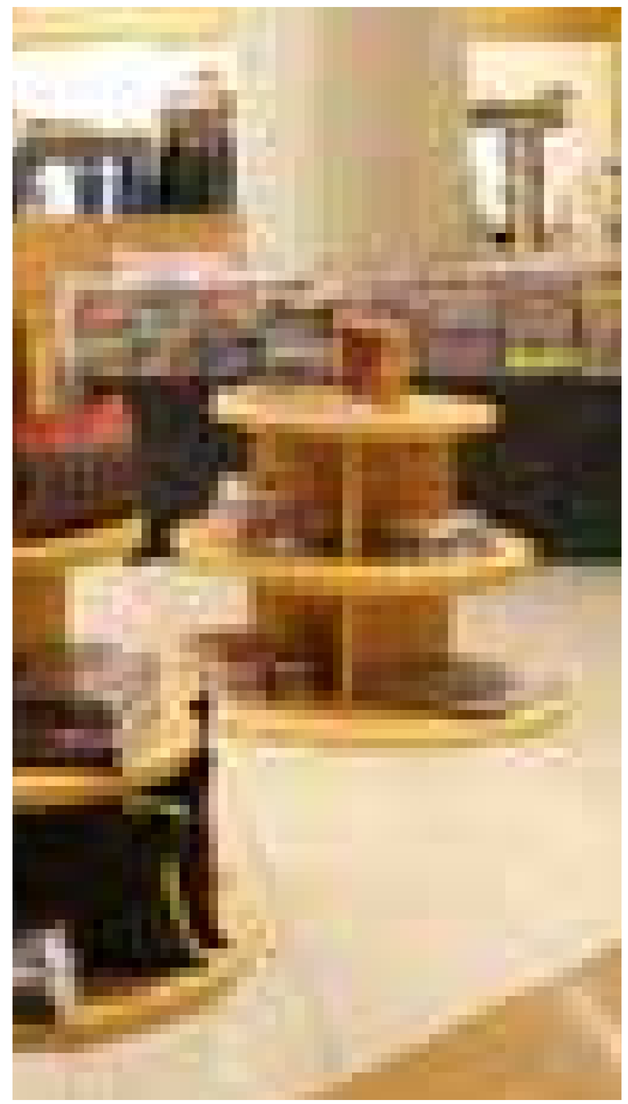
Top of the line Spinning Technology

With state-of-the-art latest machines at spinning and most modern yarn dyeing, weaving, processing, digital printing, embroidery and stitching units, the Company is a composite unit – making everything from cotton yarn to finished products.



Global Footprint

Gul Ahmed products reach consumers in over 44 countries worldwide while maintaining highest quality and sustainable manufacturing.



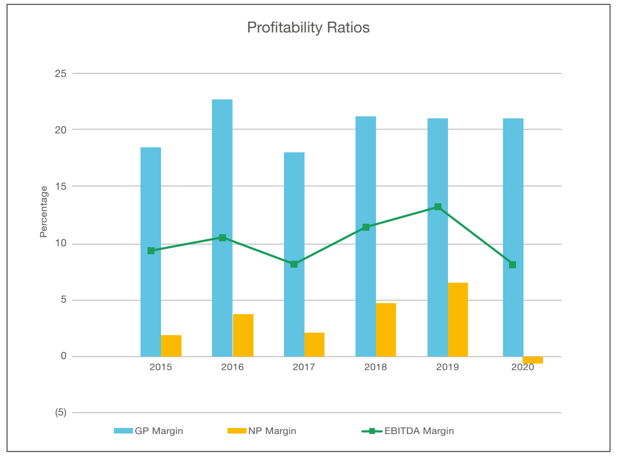
FINANCIAL HIGHLIGHTS

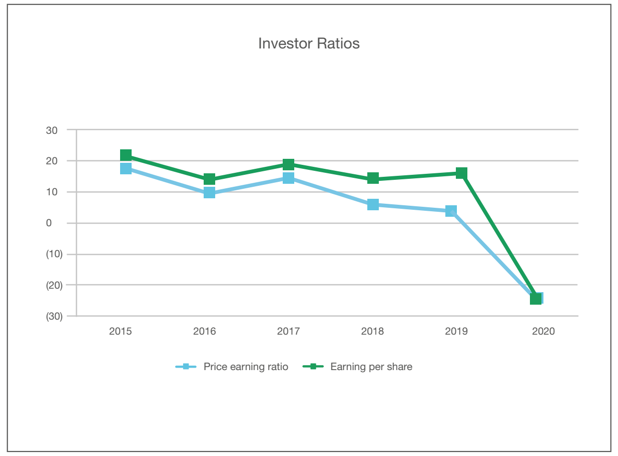
Profit & Loss		2020	2019	2018	2017	2016	2015
Sales	Rs. Million	**53,941**	57,288	45,626	40,066	32,275	33,355
Gross profit	Rs. Million	**9,069**	11,982	9,576	7,207	7,306	6,094
Operating profit	Rs. Million	**1,932**	5,482	3,315	1,686	2,245	2,118
Earnings before interest and tax	Rs. Million	**1,932**	5,482	3,315	1,686	2,245	2,118
Profit before tax	Rs. Million	**(76)**	4,008	2,328	809	1,335	783
Profit / (loss) after tax	Rs. Million	**(479)**	3,609	2,075	818	1,141	605
Cash dividend	Rs. Million	**-**	891	891	356	555	343
Bonus share	Rs. Million	**-**	713	-	-	-	-
Balance Sheet							
Property, plant and equipment	Rs. Million	**23,936**	18,994	16,104	15,969	12,050	9,039
Intangible	Rs. Million	**90**	45	24	34	13	11
Long term investment, loans, advances and deposits	Rs. Million	**2,862**	492	299	291	236	165
Net current assets	Rs. Million	**1,017**	4,819	3,193	2,088	1,394	756
Total assets employed	Rs. Million	**27,905**	24,350	19,620	18,382	13,693	9,971
Represented by:							
Share capital	Rs. Million	**4,278**	3,565	3,565	3,565	2,971	2,285
Reserves	Rs. Million	**9,685**	11,768	9,056	7,349	5,746	4,884
Shareholders' equity	Rs. Million	**13,963**	15,333	12,621	10,914	8,717	7,169
Long term loans	Rs. Million	**13,481**	8,857	6,912	7,146	4,630	2,408
Deferred liabilities	Rs. Million	**172**	158	87	322	345	394
Total capital employed	Rs. Million	**27,616**	24,348	19,620	18,382	13,692	9,971
Cash Flow Statement							
Operating activities	Rs. Million	**(20)**	160	(1,083)	2,071	(2,085)	670
Investing activities	Rs. Million	**(8,806)**	(4,899)	(1,956)	(5,275)	(4,159)	(1,783)
Financing activities	Rs. Million	**2,298**	875	100	4,097	2,407	108
Cash and cash equivalents at the end of the year	Rs. Million	**(24,998)**	(18,470)	(14,606)	(11,665)	(12,559)	(8,721)

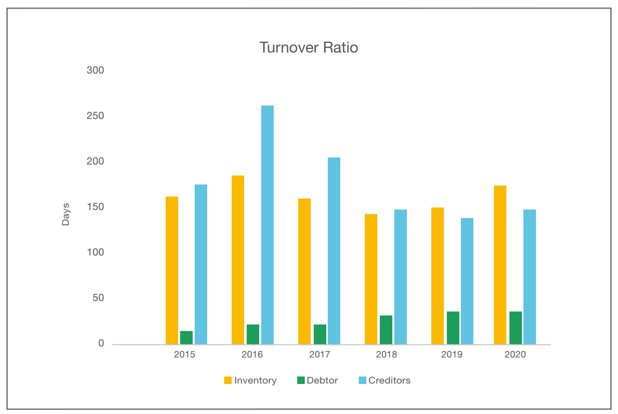
FINANCIAL RATIOS

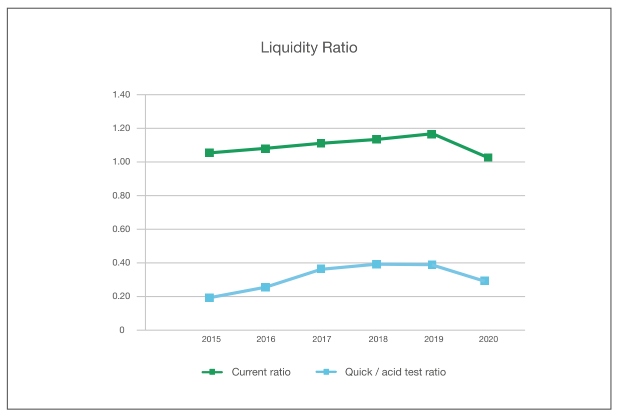
Profitability ratios		2020	2019	2018	2017	2016	2015
Gross profit ratio	%	**16.81**	20.92	20.99	17.99	22.64	18.27
Operating leverage ratio	Times	**0.09**	0.08	0.08	(1.03)	(1.86)	(19.65)
EBITDA margin to sales	%	**7.61**	12.99	11.37	8.16	10.44	9.28
Net profit to sales	%	**(0.89)**	6.30	4.55	2.04	3.54	1.81
Return on equity	%	**(3.27)**	25.82	17.63	8.34	14.37	8.75
Return on capital employed	%	**7.43**	24.94	17.45	10.52	18.97	22.01
Liquidity ratios							
Current ratio		**1.03**	1.16	1.14	1.11	1.08	1.05
Quick / acid test ratio		**0.30**	0.39	0.40	0.37	0.26	0.20
Cash to current liabilities		**0.01**	0.02	0.02	0.01	0.02	0.01
Cash flow from operations to sales		**(0.00)**	0.00	(0.02)	0.05	(0.06)	0.02
Capital structure ratios							
Financial leverage ratio		**2.82**	1.89	1.85	1.81	2.06	1.67
Weighted average cost of debt		**0.06**	0.05	0.04	0.04	0.04	0.11
Debt to equity ratio		**0.97**	0.58	0.55	0.65	0.53	0.34
Interest cover ratio		**0.96**	3.72	3.36	1.92	2.47	1.59
Turnover ratios							
Inventory turnover	Days	**192**	151	145	146	184	155
Inventory turnover ratio		**1.90**	2.42	2.52	2.50	1.99	2.35
Debtor turnover	Days	**43**	40	35	26	24	18
Debtor turnover ratio		**8.45**	9.19	10.44	14.04	15.09	20.33
Creditors turnover	Days	**175**	136	142	208	269	182
Creditors turnover ratio		**1.83**	2.44	2.46	1.79	1.50	1.64
Fixed assets turnover ratio		**2.25**	3.02	2.83	2.51	2.68	3.69
Total assets turnover ratio		**0.81**	1.05	1.05	1.09	1.00	1.34
Operating cycle	Days	**60**	54	38	(35)	(61)	(9)
Investor information							
Earnings per share	Rupees	**(1.12)**	8.44	5.82	2.50	3.92	2.30
Price earning ratio		**(25.56)**	4.65	7.38	16.36	9.23	18.53
Price to book ratio		**0.18**	0.31	0.35	0.40	0.33	0.45
Dividend yield ratio		**-**	0.05	0.06	0.02	0.03	0.03
Cash dividend per share	Rupees	**-**	2.50	2.50	1.00	1.00	1.50
Bonus shares issued	%	**-**	2.00	-	-	-	-
Dividend payout ratio	%	**-**	0.43	1.00	0.26	0.43	0.28
Dividend cover ratio	Times	**-**	4.05	2.33	2.50	3.92	1.77
Break - up value per share *	Rupees	**32.64**	43.01	35.40	33.40	29.93	27.22
Market value per share							
- at the end of the year	Rupees	**28.63**	47.12	42.93	40.98	36.19	49.05
- high during the year	Rupees	**49.62**	58.40	49.50	61.20	53.20	73.25
- low during the year	Rupees	**21.45**	38.25	32.52	36.00	32.99	44.65
EBITDA	Rs. Million	**4,751**	7,442	5,186	3,267	3,371	3,094

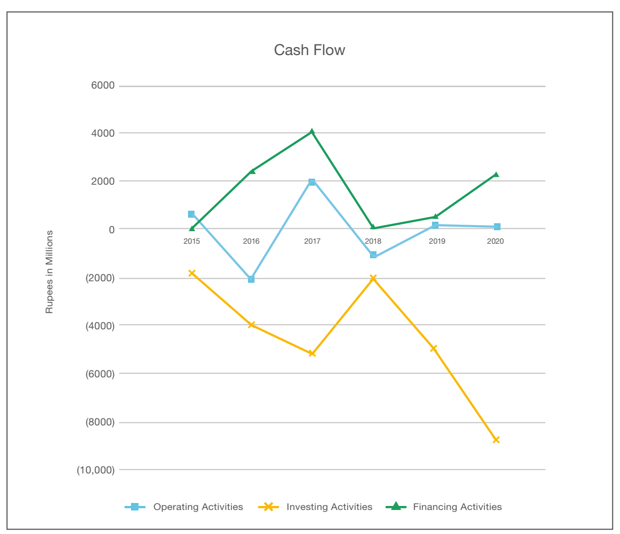
GRAPHICAL ANALYSIS

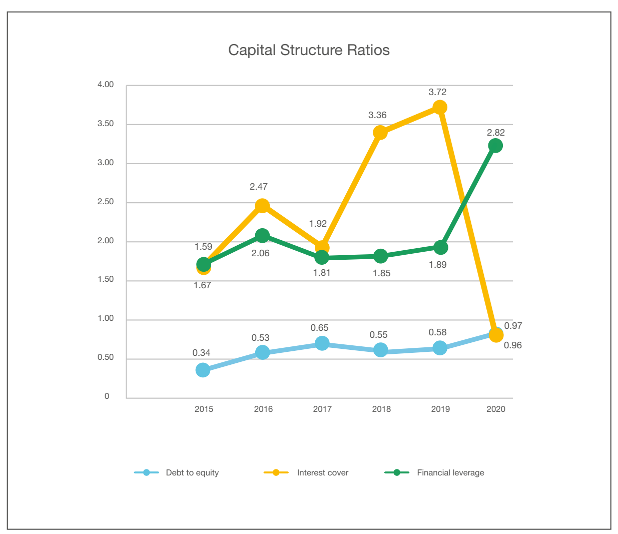


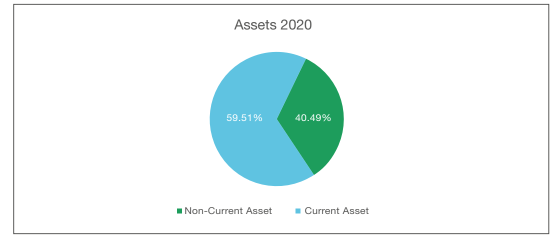


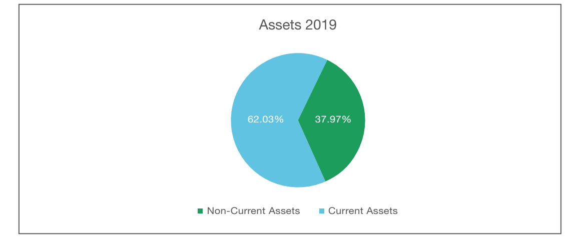


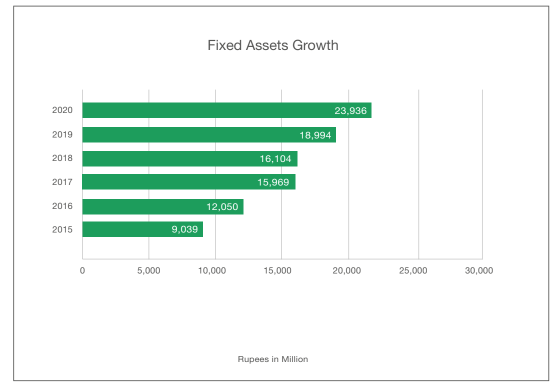


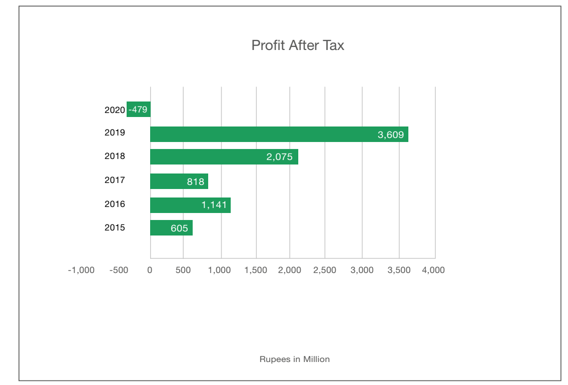


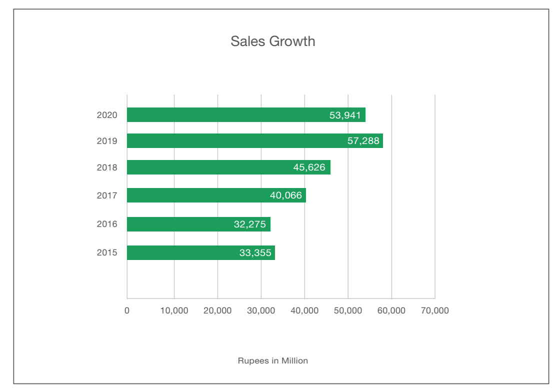


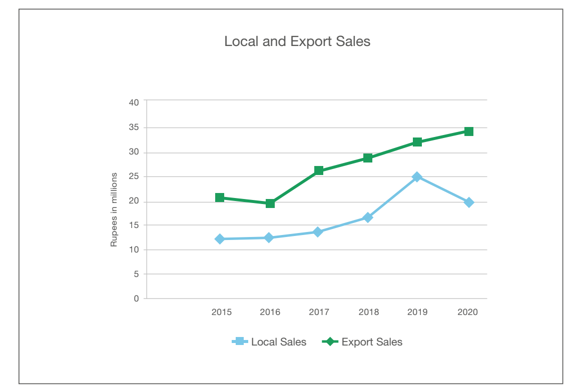


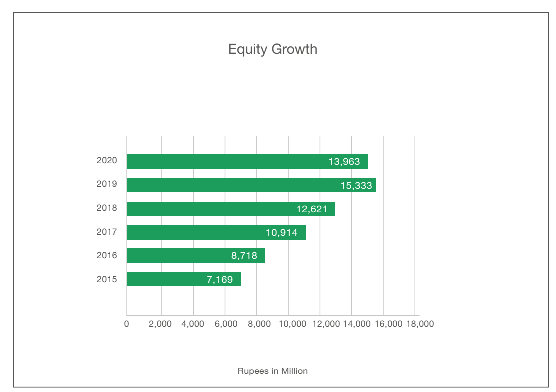


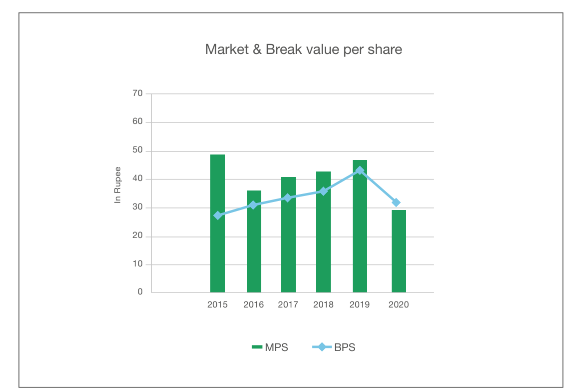








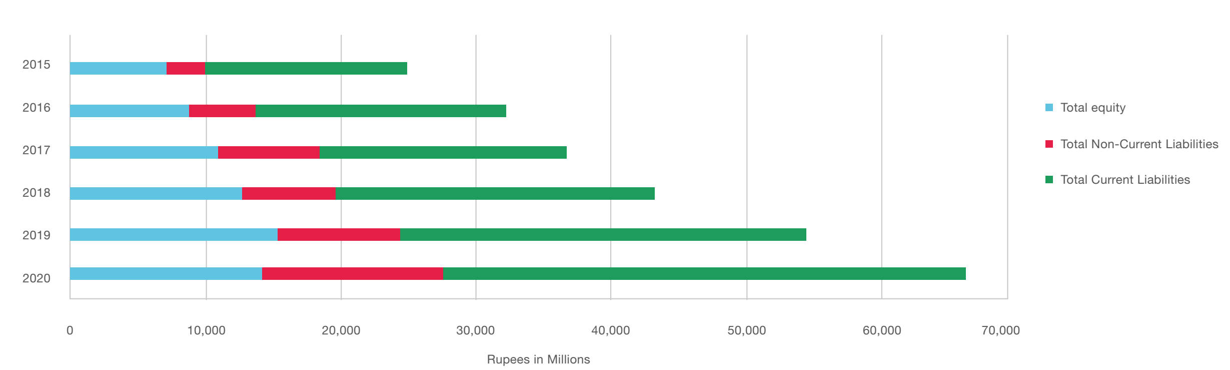




HORIZONTAL ANALYSIS OF
FINANCIAL STATEMENTS

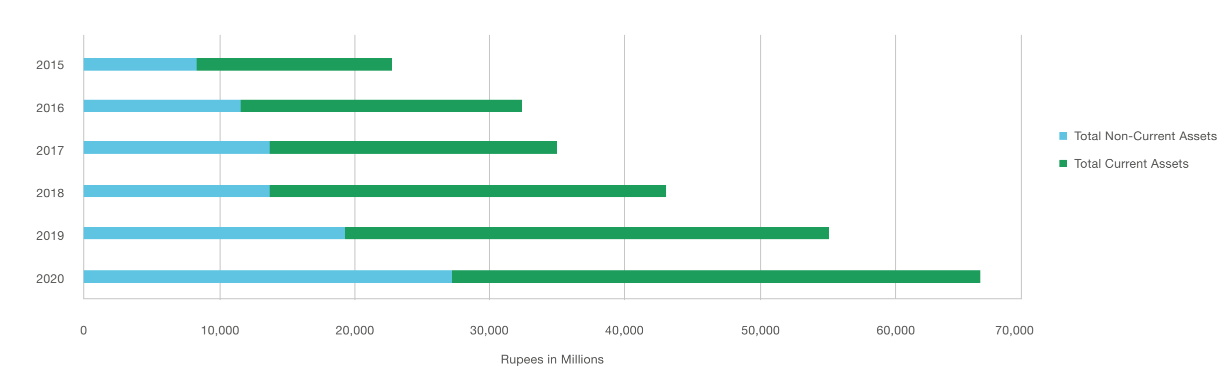
	2020	2019	2018	2017	2016	2015
	Rupees in '000					
Balance Sheet						
Total equity	**13,963,200**	15,333,213	12,620,727	10,913,917	8,718,239	7,169,472
Total non-current liabilities	**13,652,747**	9,014,948	6,998,726	7,468,625	4,975,661	2,802,022
Total current liabilities	**38,504,346**	30,104,046	23,643,992	18,336,130	18,475,363	14,971,853
Total equity and liabilities	**66,120,293**	**54,452,206**	**43,263,445**	**36,718,672**	**32,169,263**	**24,943,347**
Total non-current assets	**26,887,087**	19,530,496	16,427,027	16,294,109	12,299,727	9,215,047
Total current assets	**39,519,947**	34,921,711	26,836,418	20,424,563	19,869,536	15,728,300
Total assets	**66,407,034**	**54,452,207**	**43,263,445**	**36,718,672**	**32,169,263**	**24,943,347**
Profit & loss account						
Net sales	**53,941,017**	57,287,837	45,625,872	40,065,605	32,274,556	33,354,784
Cost of sales	**(44,871,541)**	(45,305,673)	(36,049,884)	(32,858,312)	(24,968,291)	(27,260,395)
Gross profit	**9,069,476**	11,982,164	9,575,988	7,207,293	7,306,265	6,094,389
Distribution expenses	**(4,528,465)**	(4,648,383)	(3,940,730)	(3,483,858)	(3,242,285)	(2,602,887)
Administrative expenses	**(2,712,937)**	(2,677,242)	(2,310,347)	(2,304,764)	(1,833,967)	(1,531,584)
Other expenses	**(264,192)**	(311,783)	(208,043)	(58,377)	(137,554)	(185,397)
Other income	**367,679**	1,137,104	198,601	326,055	152,538	343,095
Operating profit	**1,931,561**	5,481,860	3,315,469	1,686,349	2,244,997	2,117,616
Financial expenses	**(2,007,673)**	(1,473,407)	(987,076)	(877,587)	(910,488)	(1,334,289)
Profit/(Loss) before taxation	**(76,112)**	4,008,453	2,328,393	808,762	1,334,509	783,327
Income tax expense	**(403,253)**	(399,233)	(253,420)	9,660	(193,079)	(178,384)
Profit/(Loss) for the year	**(479,365)**	**3,609,220**	**2,074,973**	**818,422**	**1,141,430**	**604,943**

Equity & Liabilities



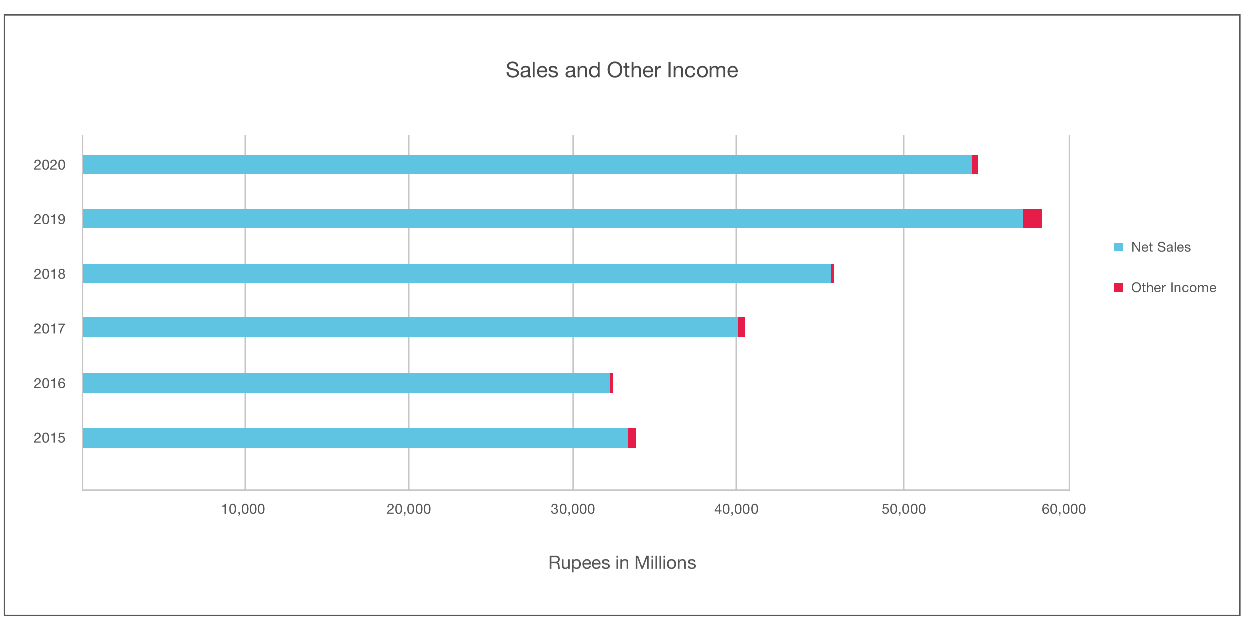
	2020	2019	2018	2017	2016	2015
	Variance %					
Balance Sheet						
Total equity	**(8.93)**	21.49	15.64	25.18	21.60	7.65
Total non-current liabilities	**51.45**	28.81	(6.29)	50.10	77.57	7.29
Total current liabilities	**27.90**	27.32	28.95	(0.75)	23.40	(0.23)
Total equity and liabilities	**21.43**	**25.86**	**17.82**	**14.14**	**28.97**	**2.74**
Total non-current assets	**37.67**	18.89	0.82	32.48	33.47	9.95
Total current assets	**13.17**	30.13	31.39	2.79	26.33	(1.05)
Total assets	**21.95**	**25.86**	**17.82**	**14.14**	**28.97**	**2.74**
Profit & loss account						
Net sales	**(5.84)**	25.56	13.88	24.14	(3.24)	1.04
Cost of sales	**(0.96)**	25.67	9.71	31.60	(8.41)	0.83
Gross profit	**(24.31)**	25.13	32.87	(1.35)	19.89	1.98
Distribution expenses	**(2.58)**	17.96	13.11	7.45	24.56	22.62
Administrative expenses	**1.33**	15.88	0.24	25.67	19.74	16.57
Other expenses	**(15.26)**	49.86	256.38	(57.56)	(25.81)	59.55
Other income	**(67.67)**	472.56	(39.09)	113.75	(55.54)	45.65
Operating profit	**(64.76)**	65.34	96.61	(24.88)	6.02	(20.36)
Financial expenses	**36.26**	49.27	12.48	(3.61)	(31.76)	14.74
Profit/(Loss) before taxation	**(101.90)**	72.16	187.90	(39.40)	70.36	(47.64)
Income tax expense	**1.01**	57.54	(2,723.40)	(105.00)	8.24	(31.70)
Profit/(Loss) for the year	**(113.28)**	**73.94**	**153.53**	**(28.30)**	**88.68**	**(51.01)**

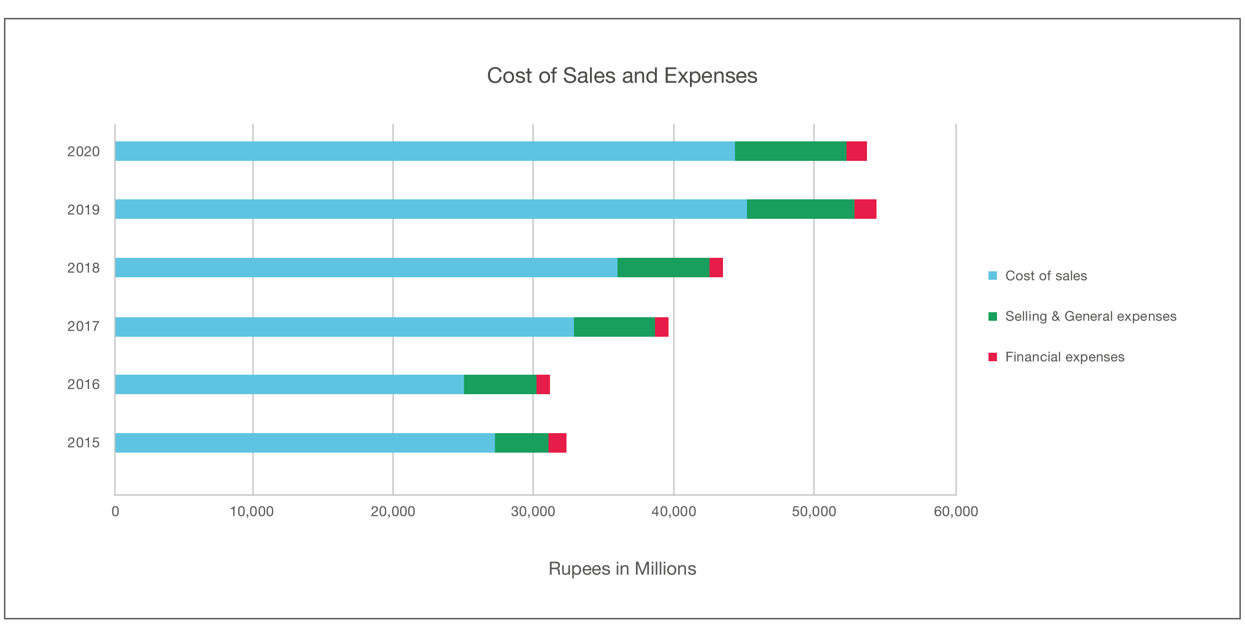
Current & Non-Current Assets



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2020		2019		2018		2017		2016		2015	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Balance Sheet												
Total equity	**13,963,200**	**21.12**	15,333,213	28.16	12,620,727	29.17	10,913,917	29.72	8,718,239	27.10	7,169,472	28.74
Total non-current liabilities	**13,652,747**	**20.65**	9,014,948	16.56	6,998,726	16.18	7,468,625	20.34	4,975,661	15.47	2,802,022	11.23
Total current liabilities	**38,504,346**	**58.23**	30,104,046	55.29	23,643,992	54.65	18,336,130	49.94	18,475,363	57.43	14,971,853	60.02
Total equity and liabilities	**66,120,293**	**100.00**	**54,452,206**	**100.00**	**43,263,445**	**100.00**	**36,718,672**	**100.00**	**32,169,263**	**100.00**	**24,943,347**	**100.00**
Total non-current assets	**26,887,087**	**40.49**	19,530,496	35.87	16,427,027	37.97	16,294,109	44.38	12,299,727	38.23	9,215,047	36.94
Total current assets	**39,519,947**	**59.51**	34,921,711	64.13	26,836,418	62.03	20,424,563	55.62	19,869,536	61.77	15,728,300	63.06
Total assets	**66,407,034**	**100.00**	**54,452,207**	**100.00**	**43,263,445**	**100.00**	**36,718,672**	**100.00**	**32,169,263**	**100.00**	**24,943,347**	**100.00**
Profit & loss account												
Net sales	**53,941,017**	**100.00**	57,287,837	100.00	45,625,872	100.00	40,065,605	100.00	32,274,556	100.00	33,354,784	100.00
Cost of sales	**(44,871,541)**	**(83.19)**	(45,305,673)	(79.08)	(36,049,884)	(79.01)	(32,858,312)	(82.01)	(24,968,291)	(77.36)	(27,260,395)	(81.73)
Gross profit	**9,069,476**	**16.81**	11,982,164	20.92	9,575,988	20.99	7,207,293	17.99	7,306,265	22.64	6,094,389	18.27
Distribution expenses	**(4,528,465)**	**(8.40)**	(4,648,383)	(8.11)	(3,940,730)	(8.64)	(3,483,858)	(8.70)	(3,242,285)	(10.05)	(2,602,887)	(7.80)
Administrative expenses	**(2,712,937)**	**(5.03)**	(2,677,242)	(4.67)	(2,310,347)	(5.06)	(2,304,764)	(5.75)	(1,833,967)	(5.68)	(1,531,584)	(4.59)
Other expenses	**(264,192)**	**(0.49)**	(311,783)	(0.54)	(208,043)	(0.46)	(58,377)	(0.15)	(137,554)	(0.43)	(185,397)	(0.56)
Other income	**367,679**	**0.68**	1,137,104	1.98	198,601	0.44	326,055	0.81	152,538	0.47	343,095	1.03
Operating profit	**1,931,561**	**3.58**	5,481,860	9.57	3,315,469	7.27	1,686,349	4.21	2,244,997	6.96	2,117,616	6.35
Financial expenses	**(2,007,673)**	**(3.72)**	(1,473,407)	(2.57)	(987,076)	(2.16)	(877,587)	(2.19)	(910,488)	(2.82)	(1,334,289)	(4.00)
Profit/(Loss) before taxation	**(76,112)**	**(0.14)**	4,008,453	7.00	2,328,393	5.10	808,762	2.02	1,334,509	4.13	783,327	2.35
Income tax expense	**(403,253)**	**(0.75)**	(399,233)	(0.70)	(253,420)	(0.56)	9,660	0.02	(193,079)	(0.60)	(178,384)	(0.53)
Profit/(Loss) for the year	**(479,365)**	**(0.89)**	**3,609,220**	**6.30**	**2,074,973**	**4.55**	**818,422**	**2.04**	**1,141,430**	**3.54**	**604,943**	**1.81**





COMMENTS ON FINANCIAL ANALYSIS

Equity And Liabilities

- **Shareholders' Equity**

  Total equity of the Company has decreased by Rs. 1.37 billion as compared to the prior year due to loss during the year and payment of cash and bonus dividend. As at June 30, 2020, total equity was Rs 13.96 billion which indicates a growth of around 85% over the last six years. There is reduction in reserves in current year due to payment of dividend and loss incurred. The current year's loss will not enable the company to pay any dividend. During the year June 30, 2020 the paid-up capital has increased by 714 million due to issuance of bonus shares. The share capital alone has increased by 87% primarily due to issuance of right shares.

- **Non-current Liabilities**

  Company obtained further long-term financing of Rs. 4.9 billion under the State Bank of Pakistan's (SBP) concessionary financing for textile exporters, due to the management's strategic decision to take maximum advantage of historically low markup rates which would remain locked over the term of loan. Further medium-term financing was also availed under the SBP scheme to support employment included in above figure. Company also had all long-term loans repayments deferred by one year as allowed by SBP to counter the impact of COVID-19 in March 2020. Resultantly Rs. 999 million was repaid during the year as per agreed terms. Though long-term loans have increased almost 6 times but has benefitted the company many fold including but not limited to increased capacity, latest technology, operational excellence and remarkable improvement both in top and bottom lines. Deferred liabilities which include deferred taxation and staff retirement benefits have decreased due to tax credits.

- **Current Liabilities**

  Current liabilities have gone up by Rs. 8.81 billion i.e., 22.64% as compared to 2019 and are at highest level during the last six years. The increase is mainly attributable to short term borrowings, following by increase in trade creditors and current maturity of long term borrowings. The increase in commercial borrowings has been caused due to opportunity buying of inventory as well as enhanced operations level in spinning. However, the same has been reflected in increased volume of inventory and trade debtors and total current assets have also increased. There has been an increase of about Rs. 23.452 billion in current liabilities over the last six years due to reasons mentioned above.

Assets

- **Non-current Assets**

  Non-current assets of the Company including property, plant and equipment, intangible assets and long-term investments reflected an increase of Rs. 9.67 billion as compared to the prior year. Additions during the year were of Rs. 6.06 billion as against Rs. 5.28 billion during 2019, however, there were higher disposals as well as higher depreciation charge during 2020 as compared to 2019. As mentioned above, the investment in property, plant and equipment was due to the management's decision to take advantage of currently prevailing interest rates, PKR valuation and availability of most efficient version of machineries. During the year Company also acquired strategic interest to the extent of 54.84% in Worldwide Developers (Private) Limited and made investment of Rs. 2.4 billion in that company. Over the last six years, non-current assets have grown by more than 2.9 times which indicates steady growth in the operational capability of the Company and results are evidence of the same.

- **Current Assets**

  Current assets include trade debts, stock in trade, short term prepayments, cash and bank balances and loans and advances. These have increased by around 4.60 billion mainly due to increase in levels of inventory and refunds from government. Refunds from Govt. has increased by Rs. 1.47 billion whereas trade debtors decreased by 1.37 billion. The current assets as on June 30th are highest in last six years and management has target to decrease the same in the ensuing year. The reduction in current assets would also result in reduction in the current level of current liabilities.

Profit and Loss

- **Revenue and Cost of Sales**

  Export sales have gone down by Rs. 1.20 billion including due to change in PKR/Dollar parity and for management decision of not entertaining customers who are not contributing in bottom line. The local sales have decreased by Rs. 5.32 billion as compared to last year due to COVID-19. The sales would have been higher by Rs. 7.5 billion if lock down had not taken place. Over the last six years, sales have increased by around 38% i.e. by Rs. 20.6 billion. Besides exports, the Company is also focusing on the local market through its chain of retail stores and sale of yarn in local market based on opportunity and better prices. Having more strong foot prints now due to its brand image, start of western wears & kids and focus on customer ease and satisfaction by having robust quality management systems, the Company is expanding in target markets across the country.

- **Gross Profit**

  The decrease sales in the current year is around 6%, whereas gross profit margin has also decreased to 16.8% from 20.9 in last year. Gross profit has decreased mainly due to:

  - Higher cost of raw material due to change in PKR/US$ parity in May 2019
  - Appreciation of PKR during the first few months compared to PKR/US rate prevailing on June 30, 2019
  - Very competitive yarn export market resulting the price reduction
  - Lock down of around 4 weeks completely
  - Reduced hours sales at retail outlets for almost 3 months
  - Absorption of fixed cost during lock down and lower sales period

  The immense competition in local and retail market has reduced the margin on each product category which has further reduced the gross profit margin.

- **Profit Before Tax**

  Company could not earn profit during the year under review due to losses incurred during the last two quarters. The massive impact of COVID-19 started to impact the sales towards the end of February 2020. At this time many countries around the world started to lock down as well as reintroduce stringent measures on movement and travel. In view of same, many of our customers approached us to hold or reschedule shipments that were in the pipeline. This was followed by a complete sudden Lock Down imposed by the Government of Sindh. This Lock Down directly impacted the sales and profitability of the company in last two quarters. This complete Lock Down was imposed from March 22nd for about 5 weeks for all our business segments. The weaving, processing and stitching plants started to operate from the last week of April under strict SOPs. The sudden closure resulted in losses of material in process material. The abrupt change in PKR/US$ parity in March 2020 from Rs. 155 to 168 causing huge financial losses in settling the Foreign Currency Loans and forward contracts. As a result of above and higher general inflation, the Gross Profit Margin dropped from 20% in first half of the year to 13% in 3rd Quarter and finally to 9% in the 4th Quarter when the company's sales dropped by 32% as compared to the 3rd Quarter. The above factor also resulted in non-absorption of fixed cost like human resource cost, depreciation, rent, finance cost etc. and Company could not earn any profit

Cash Flows

- Cash and cash equivalents as at June 30, 2020 were Rs. (24.99) billion as compared to Rs. (18.47) billion as at June 30, 2019. During the year under review, more amount was invested in inventory, and blocked in refunds from government. CAPEX for which State Bank of Pakistan's concessionary financing was not available were also financed from internal generation which further enhanced the working capital requirement. Further Company also made strategic investment of Rs. 2.4 billion in a subsidiary company. Amount invested in inventories was due to strategic opportunity purchases which has benefited the company in current year and will also benefit in the ensuing year. Amount around Rs. 1.5 billion further blocked in refunds which further enhanced the investment in working capital.

Ratio Analysis

- **Profitability Ratios**

  CAPEX investment in prior years, in time investment in inventories, enhanced operational efficiencies had helped the Gross Profit ratio not to go beyond 16.8% in spite of all the setbacks caused due to COVID-19. The decrease of 4.1% in Gross Profit was inspite of increase in raw material prices, effective reduction in export prices due to appreciation of PKR, increase in gas prices, incurring fixed cost during lock down and low sales period, general inflation etc. The decrease in gross profit inspite of effective control over selling & destruction and administrative costs, the net profit to sales ratio also decreased to (0.14%) from 7% compared to last year. Administrative costs were very effectively controlled and there is marginal change from last year inspite of increase in operational level and inflation. Whereas increase in selling & distribution cost is due to change in PKR/US$ parity. Return on capital employed is 7.43% showing a reduced return when compared with last year. Due to loss after tax the return on equity is also negative.

- **Liquidity Ratios**

  Efficient fund management has helped in steady growth in the current ratio year by year as well as acid test ratio though little comprised during the year due to COVID-19 impact. On the contrary, cash flow from operations has reflected an increase in working capital requirement mainly due to further money tied up in inventories and government refunds for the reasons cited in above paragraphs.

- **Turnover Ratios**

  Both Inventory turnover ratio debtors' turnover have decreased due to opportunity buying and carried over stock and higher yarn sales volume in local market with higher credit period and strategic non-discounting of export bills. The inventory turnover is more or less at par the last six years whereas debtors' turnover days had increased. Creditors' turnover ratio has increased as the Company had negotiated better credit terms from suppliers rather than relying on short term borrowings.

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

- **Investment/Market Ratios**

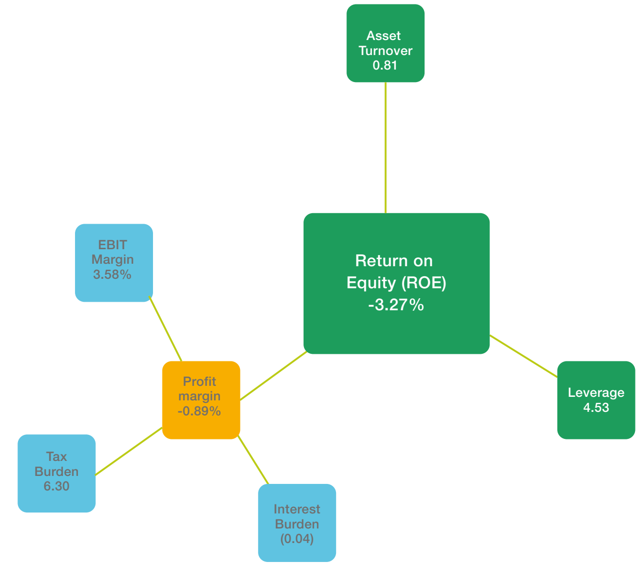
  Earnings per share had decreased to Rs. (1.12) from Rs. 10.12 in the current year due to loss of profitability. Price earnings ratio increased to 25.56 times from 4.65 times due to changes in market price of the shares. Market price was Rs. 28.63 at the end of FY 2020 as compared to Rs. 47.12 at the end of last financial year.

- **Capital Structure Ratios**

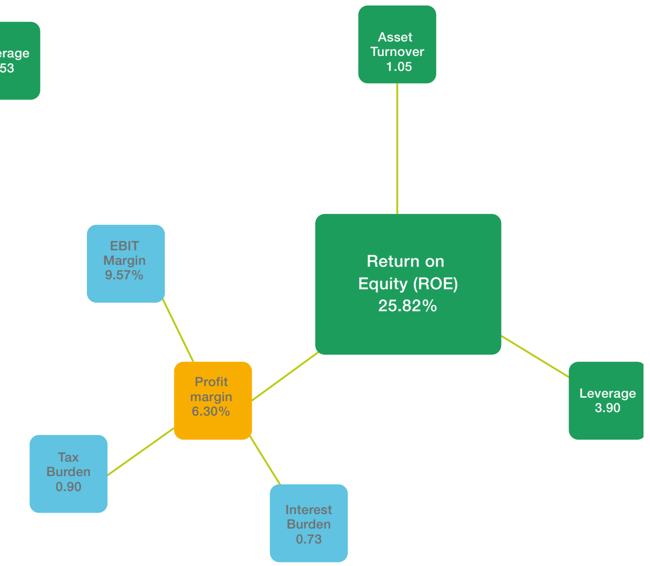
  Fresh long-term loans obtained during the year to undertake BMR as well as new projects with consideration to take advantage of the low markup rates have enhanced the total long-term borrowing levels by Rs. 4.9 billion to Rs. 13.44 billion despite the repayments during the year. However, the high volume of borrowings has enhanced the debt portion and debt to equity ratio was 50:50 as compared to 58:42 at the end of last year. Resultantly, the financial leverage ratio had also decreased to 2.82 times as compared to 1.89 times last year despite considerable increase in equity. Though the level of debt was high and due to loss during the year the interest coverage ratio had decreased to 0.96 from 3.72 last year.

DUPONT ANALYSIS

Dupont Analysis 2020



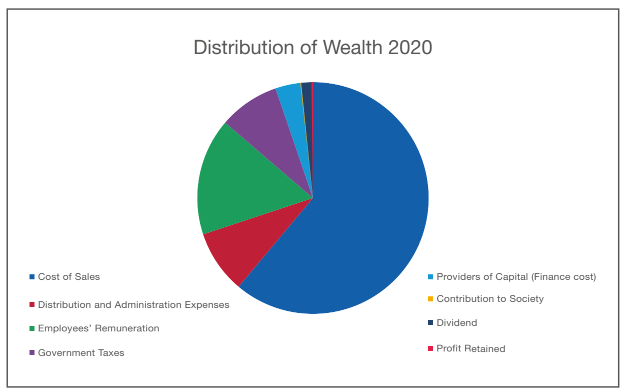
Dupont Analysis 2019

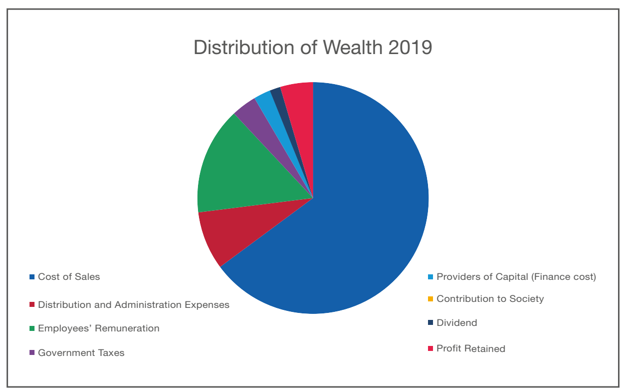


	2020	2019	2018	2017	2016	2015
Return on Equity (ROE)	-3.27%	25.82%	17.63%	8.34%	14.37%	8.75%
Asset Turnover	0.81	1.05	1.05	1.09	1.00	1.34
Leverage	4.53	3.90	3.68	3.74	4.05	3.61
Net Profit Margin	-0.89%	6.30%	4.55%	2.04%	3.54%	1.81%
Interest Burden	(0.04)	0.73	0.70	0.48	0.59	0.37
Tax Burden	6.30	0.90	0.89	1.01	0.86	0.77
EBIT Margin	3.58%	9.57%	7.27%	4.21%	6.96%	6.35%

OUR VALUE ADDITION AND ITS DISTRIBUTION

	2020		2019	
	Rs. '000s	%	Rs. '000s	%
Value addition				
Net sales including Sales tax	57,722,022	99.37	58,216,159	98.08
Other operating income	367,679	0.63	1,137,104	1.92
	58,089,701	100.00	59,353,263	100.00
Value distribution				
Cost of sales (excluding employees' remuneration, duties and taxes)	34,044,553	73.14	38,454,886	82.61
Distribution and administration expenses (Excluding employees' remuneration and taxes)	4,907,005	10.54	4,837,593	10.39
Employees' remuneration	9,110,965	19.57	8,895,858	19.11
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, Sales Tax etc.)	4,723,628	10.15	2,094,791	4.50
Providers of capital (Finance cost)	1,986,658	4.27	1,449,207	3.11
Dividend	891,239	1.91	891,239	1.91
Contribution to society - Donations	21,184	0.05	10,500	0.02
(Accumulated Loss) / Profit retained	(1,370,604)	(2.94)	2,717,981	5.84
	54,314,628	116.68	59,352,055	127.50





QUARTERLY ANALYSIS

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total		
	2020	2019	Change	2020	2019	Change	2020	2019	Change	2020	2019	Change	2020	2019	Change
	Rupees in millions														
Sales	14,202	11,934	19%	16,565	14,815	12%	14,238	13,774	3%	8,936	16,765	-47%	53,941	57,288	-6%
GP	2,908	2,692	8%	3,399	3,615	-6%	1,913	3,169	-40%	849	2,506	-66%	9,069	11,982	-24%
EBITDA	1,372	1,460	-6%	1,926	2,650	-27%	807	2,655	-70%	647	677	-100%	4,751	7,442	-36%
PAT/(LAT)	365	651	-44%	705	1,401	-50%	(370)	645	-157%	(1,179)	912	-229%	(479)	3,609	-113%
	Rupees per share														
EPS/(LPS)	1.02	1.83	-44%	1.65	3.93	-58%	(0.86)	1.81	-148%	(2.76)	2.55	-208%	(1.12)	8.44	-113%

First Quarter ended September 30, 2019

Sales compared to corresponding quarter was higher by Rs. 2.268 billion i.e.19%, however, the gross profit percentage dropped from 23% to 20%. The core reasons were unfavorable Rupee/Dollar Parity and, revised energy charges and higher raw material prices. However, gross profit amount improved by 8% mainly due to full utilization of capacity, operational excellence, cost containment etc.

Profit after tax reduced by 38% to Rs. 365 million from Rs. 651 million when compared with corresponding quarter of last year. The reduction caused by higher administrative and finance cost. The reduction in net profit also impacted EBITDA negatively.

Second Quarter ended December 31, 2019

Upward trend was continued in the second quarter as well and sales grown by 12% as compared to corresponding period of last year. However, gross profit like first quarter was lessor by 3% when compared with corresponding quarter but improved by 1% when compared with immediately preceding quarter. Profit after tax was around 50% lower than the corresponding quarter of last year for similar reasons as caused dent in first quarter.

Third Quarter ended March 31, 2020

The massive impact of COVID-19 started to haunt the operations and sales of the company towards the end of February 2020. At this time many countries around the world started to lock down, consequently many customers approached us to hold shipments that were in the pipeline. The situation was deteriorated further by a sudden complete Lock Down that was imposed by the Government of Sindh. This Lock Down directly impacted the sales and profitability of the company for almost 3 weeks of the quarter. The sudden closure resulted in losses of in process material. Moreover, a consequential abrupt change in PKR/US$ parity from Rs. 155 to 168 caused huge financial losses in settling the Foreign Currency Loans and forward contracts. As a result:

- Sales reduced by Rs. 464 million when compared with corresponding quarter and by Rs. 2,327 million when compared with immediately preceding quarter
- Gross profit percentage dropped by 10% when compared with last corresponding quarter and 8% compared with immediately preceding quarter
- Profit after tax reduced from 5% to loss of 3% when compared with corresponding quarter and from 4% profit to 3% loss when compared with immediately preceding quarter

Local and retail sales were dented more because planned sales campaigns could not be kicked off. Holding of inventory caused additional financial cost over and above fixed cost like staff salaries, rent etc.

Fourth Quarter ended June 30, 2020

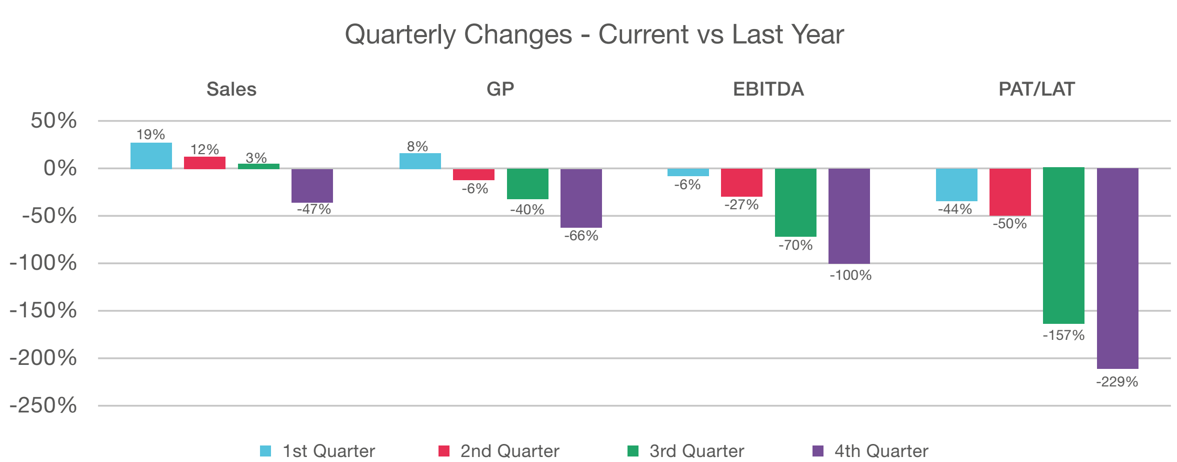
The impact of COVID-19 and lock down was grave in the fourth quarter. A complete Lock Down was imposed from March 22nd for about 5 weeks for all our business segments. The weaving, processing and stitching plants started to operate from the last week of April under strict SOPs. This was followed by Ramadan which is a low productivity period. The one irreversible factor which dented the results more than any other factor, was fixed costs like human resource cost, depreciation, rent, finance cost etc. Further retail operation of the company was closed for more than 8 weeks. After which it also opened under very strict SOPs and very limited hours of operation. Retails prime hours are considered to be the weekends along with evening hours. This was restored approximately three months after the lock down.

As a result of above:

- Sales reduced by Rs. 7,829 million when compared with corresponding quarter and by Rs. 5,302 million when compared with immediately preceding quarter
- Gross profit percentage dropped by 15% when compared with last corresponding quarter and 4% compared with immediately preceding quarter
- Profit after tax reduced from 5% to loss of 13% when compared with corresponding quarter and from loss of 3% to 13% loss when compared with immediately preceding quarter.

Sales were lower by 6% YoY and there was reduction in gross profit by 4% and profit after tax by 7% for the reasons cited above. EBITDA was lower when compared with last year as depicted in above chart.

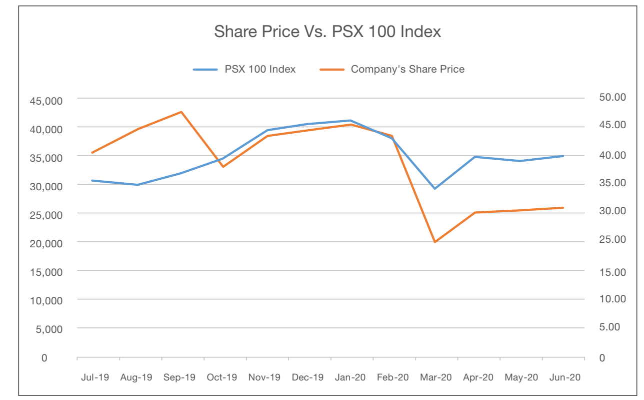
A graphic view of changes in current quarter compared with corresponding quarter of last year is as under:



SHARE PRICE SENSITIVITY ANALYSIS

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

Month	Company's Share Price	PSX 100 Index
July-19	40.13	31,938
Aug-19	44.00	29,672
Sep-19	47.44	32,079
Oct-19	36.36	34,204
Nov-19	41.20	39,288
Dec-19	43.11	40,735
Jan-20	44.57	41,631
Feb-20	42.93	37,984
Mar-20	23.05	29,232
Apr-20	27.86	34,112
May-20	27.50	33,931
Jun-20	28.63	34,422



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

1. Any shortage/excess of Cotton in the market (local and international), may distort the profitability as at times the Company has to resort to buying on higher prices to meet demand.
2. Exchange Rate fluctuations affect the export sales of the Company in PKR and where the same does not float free it makes the Company uncompetitive with the regional competitors.
3. Interest Rate fluctuations affect the finance cost of the Company and also affect the decisions of the management to expand its operations/modernize its production facilities due to borrowing cost. The anticipated increase would affect the profitability and hence may be the prices of shares.
4. Pronouncements by Government of Pakistan relating to rebates, taxes, duties, refinance rates, etc. are all price sensitive. These affect the performance of the Company and major decisions of the management.
5. Pronouncements by foreign governments such as award of 'GSP Plus Status' to Pakistan from European Union which may boost the export revenue of the textile industry. Other pronouncements from competing countries like subsidies to the industry in energy prices, lower tax or duties rates will affect the competitiveness of the industry in Pakistan if such facilities are not provided to the industry in Pakistan by the Government.
6. Economic growth in the countries where the products are exported.

STAKEHOLDER ENGAGEMENT AND INVESTOR RELATIONS

Stakeholder Engagement

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

Employees

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

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

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

Employee relationship is designed to secure staff commitment, to resolve any disputes and address grievances. The Company has provided platform to employees to raise their concerns, complaints and grievances.

Customers

It was well said by the American author Michael LeBoeuf; "A satisfied customer is the best business strategy of all". We also maintain a good relationship with our customers by providing quality products and making deliveries on time. We also provide specialized services to our customers as per their requirements.

To further strengthen our relationship, the Company organizes and attends various events and exhibitions, providing our customers with opportunities to interact, and obtains their feedback to understand their needs and requirements.

Suppliers and Partners

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

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

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

Government Authorities

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

General Public and Local Community

The Company is continuously contributing towards the betterment of the local community. While setting up a new mill or production facility we always plan to operate with hazard free-procedures both for the human resource of the Company as well as the local community or general public surrounding the premises. We deploy extra amount of resources to keep the environment green and conducive to the community.

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

Investor Relations

Shareholders

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

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

Annual General Meeting

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

Financial Reporting

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

Stock Exchange Notifications

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

Media

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

Website

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

SWOT ANALYSIS

STRENGTHS

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

Weaknesses

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

OPPORTUNITIES

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

THREATS

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

ENVIRONMENTAL OVERVIEW (PESTEL)

Political Factors

- Political situation in the country could not be stabilized and is still impulsive as anti-government movements are very active.
- Law and order conditions though improved, however, there are concerns about the situation in two of the provinces and on the borders with India and Afghanistan.
- Practices like red tapism, corruption and tardy systems and procedures are big hurdles in efficient operations of the businesses

Economic Factors

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

Social Factors

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

Technological Factors

- It is one of our priorities to stay up to date on technological advancements in today's era. We are continuously monitoring technological front in production and are adopting modern practices. Currently, we are substantially using the latest, state of the art production facilities.
- Gul Ahmed is enduring itself towards the integrated systems for management and storage of data and recently acquired Cloud for this purpose.
- Social media provides interactive engagement with consumers along with real time results in order to stay connected with the customers and their needs.
- Online marketing is another important medium to interact with customers globally.
- Gul Ahmed is making the best of efforts to benefit from the increasing trends of online shopping, locally and internationally.

Environmental Factors

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

Legal Factors

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

RISK MANAGEMENT

The rapidly changing and increasingly complex global economy has created an expanding array of risks to be managed if the viability and success of the Company is to be ensured. Organizations face the task of managing their risk exposures while remaining profitable and competitive and in this context managing risks is not a new challenge. The challenges and demands of contemporary markets, customers, regulatory authorities, employees and shareholders present organizations with an interesting paradox: It is the intelligent assumption of risk, not its avoidance that creates value in a Company. Risk management is no longer discretionary but essential for managing in today's increasingly complex and fast moving world. It takes commitment from the top, a sound methodology and discipline in its application to obtain the maximum benefit. We at Gul Ahmed:

- Identify
- Handle
- Avoid
- Reduce
- Retain
- Transfer

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

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

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

HUMAN RESOURCE

Companies and brands are established by employees and their success is entirely dependent on their efforts and hard work. Our employees uphold the Company's good will and brand. We attract, develop and retain talented people who possess all the attributes necessary to propel the Company forward - helping it to achieve its current and future objectives.

Succession Planning

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

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

Employee Benefits

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

Training and Development

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

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

Managing Employee Grievances

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

Employee Privacy

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

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

Harassment Policy

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

Diversity

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

Special Persons

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

HEALTH SAFETY AND ENVIRONMENT (HSE)

The Company follows strict adherence of HSE policy and the same is ensured by way of integration of same into our operation and culture. The key beliefs observed are:

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

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

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

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

WHISTLE BLOWING POLICY

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

Guiding Principles

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

i Ensure that the whistle-blower and/or the person processing the Protected Disclosure is not victimized for doing so;

ii Treat victimization as a serious matter, including initiating disciplinary action against such person(s);

iii Ensure complete confidentiality;

iv Not attempt to conceal evidence of the Protected Disclosure;

v Take disciplinary action, if anyone destroys or conceals evidence of the Protected Disclosure made/to be made; and

vi Provide an opportunity of being heard to the persons involved.

Whistle Blowing Committee

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

i Chief Financial Officer

ii Head of Human Resource

iii Head of Internal Audit

Procedure – Raising Protected Disclosure

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

i Confidential Call

ii Email: whistleblowing@gulahmed.com

bol@gulahmed.com

iii Whistle Blower Drop Box

Handling Protected Disclosures

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

SHAREHOLDERS' INFORMATION

Annual General Meeting

The Annual General Meeting of the shareholders' will be held on October 28, 2020 at 11:00 a.m via Video Call. Shareholders as of October 21, 2020 are encouraged to participate and vote.

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

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

Ownership

On June 30, 2020 the Company has 5,503 shareholders.

Stock Symbol

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

Circulation of Annual Reports through CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 31, 2016, the Company shall circulate Annual Report to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2020 may send a request using a Standard Request Form placed on Company's website.

E-Dividend Mandate (Mandatory)

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

Pakistan Stock Exchange Share Prices 2019-20		
	Price in Rupees	
Period	High	Low
1st Quarter	48.35	38.00
2nd Quarter	50.68	35.71
3rd Quarter	47.09	21.02
4th Quarter	32.35	22.90

Announcement of Financial Results

The tentative dates of the announcement of financial results and payment of cash dividend (if any) for the year 2020-21 are as follows:

Period	Financial Results	Dividend Payment (if any)
1st Quarter	October 26, 2020	---
2nd Quarter	February 25, 2021	---
3rd Quarter	April 27, 2021	---
Annual Accounts	September 30, 2021	November 11, 2021

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

Share Registrar

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

Web Reference

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

Investor Relation Contact

Mr. Salim Ghaffar, Company Secretary

Email: salim.ghaffar@gulahmed.com

UAN: (+92-021) 111-485-485 & 111-486-486

Fax: (+92-021) 35019802

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 68th Annual General Meeting of Gul Ahmed Textile Mills Limited will be held on Wednesday, October 28, 2020 at 11:00 a.m. through video-link facility to transact the following businesses:

Ordinary Business:

1. To receive, consider and approve the Audited Financial Statements for the year ended June 30, 2020 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors for the financial year ending June 30, 2021 and to fix their remuneration.
3. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

Special Business:

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

a) "RESOLVED that the transactions carried out in normal course of business with related parties as disclosed in Note No. 40 during the year ended June 30, 2020 be and are hereby ratified and approved."

b) "FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with related parties during the ensuring year ending June 30, 2021."

c) "FURTHER RESOLVED that these transactions by the Board of Directors of the Company shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval."

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

By Order of the Board

Karachi
September 26, 2020

Salim Ghaffar
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 21, 2020 to October 28, 2020 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers received in order at the office of our Share Registrar M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of the business on October 20, 2020 will be in time for the purpose of attending Annual General Meeting.
2. Due to the COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP), in terms of its Circular No.5 and Circular No.25 of 2020, has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large with minimal, physical interaction. Hence, the proceedings of the meeting will be carried out through video-link facility. In order to attend the Meeting through such facility, the members are requested to get themselves registered as provided in Note 3 hereof.
3. The shareholders who wish to attend the Annual General Meeting are requested to get themselves registered by sending their particulars at the designated email address salim.ghaffar@gulahmed.com giving particulars as per below table by the close of business hours (5:00 p.m.) on October 21, 2020.

Name of Shareholder	CNIC No./ NTN No	CDC Participant ID/Folio No.	Cell No.	Email address

The webinar link would be emailed to the registered shareholders/proxies who have provided all the requested information.

4. The members are also required to attach the copy of their CNIC and where applicable, copy of CNIC of member(s) of whom he/she/they hold proxy(ies). While sending the information with reference to Note 3 hereof. Without copy of CNIC such member(s) shall not be registered for the video-link facility.
5. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting. A proxy must be a member of the Company.
6. If proxies are granted by shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting.
7. CNIC number of the shareholders is mandatorily required for dividend distribution and in the absence of such information, payment of dividend shall be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their valid CNICs directly to our Shares Registrar. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
8. Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company.

   In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.
9. Securities and Exchange Commission of Pakistan vide its S.R.O.787(I)/2014 has facilitated the Companies to circulate Audited Financial

Statements through email after obtaining prior written consent of its members. The members who intend to receive the Financial Statements through email are therefore, requested to kindly send their written consent alongwith email address to the Share Registrar of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (participant)/CDC Investor account services.

10. In compliance with SECP notification S.R.O. 1196(3)/2019 dated 3rd October, 2019, the audited financial statements and reports of the Company for the year ended June 30, 2020 are being placed on the Company's website: www.gulahmed.com for the information and review of shareholders.
11. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective CDC participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.
12. Shareholders holding shares in physical form, are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.
13. Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

    If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

    The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We,____________________________________of _____________, being a member of Gul Ahmed Textile Mills Limited, holder of _______________ ordinary share(s) as per Register Folio/CDC Account No.__________ hereby opt for video conference facility at ________________.

____

Signature of Member(s)

Statement Under Section 134(3) of the Companies Act, 2017

Pertaining to Special Business

This Statement sets out the material facts pertaining to the Special Resolution described in the Notice of Annual General Meeting ("AGM"), intended to be transacted at the 68th AGM of Gul Ahmed Textile Mills Limited ("the Company") that is scheduled to be held on October 28, 2020.

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

The details of such transactions are as under:

S/No.	Company Name	Basis of Relationship	Transaction Nature
1.	Gul Ahmed Holdings (Private) Limited	Holding Company	Dividend
2.	Gul Ahmed International Limited (FZC) – UAE	Wholly owned subsidiary	Sale of goods
3.	GTM Europe Limited – UK	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
4.	GTM USA – Corp. – USA	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
5.	Sky Home Corporation – USA	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
6.	Vantona Home Limited	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
7.	JCCO 406 Limited	Wholly owned ultimate subsidiary	Sale of goods & Commission Paid
8.	Swisstex Chemicals (Private) Limited	Common directorship & shareholding	Sale of goods, Purchase of goods & Dividend.
9.	Arwen Tech (Private) Limited	Common directorship & shareholding	Purchase of goods & Services
10.	Ghafooria Industries (Private) Limited	Common directorship & shareholding	Rent Payment
11.	Grand Industries (Private) Limited	Major shareholding	Rent Payment
12.	Habib Metropolitan Bank Limited	Common directorship & shareholding	Banking Transactions
13.	Worldwide Developers (Private) Limited	Subsidiary Company	Rent Payment

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

The Shareholders are requested to ratify the transactions with related parties in which the majority of the Directors are interested as disclosed in the Financial Statements for the year ended June 30, 2020 and further to authorize the Company to conduct certain related party transactions in which the majority of Directors are interested for the Financial Year ending June 30, 2021. Shareholders' approval is also sought to authorize and grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee.

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

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

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

7۔ منافع منقسمہ کی تقسیم کے لئے شیئر ہولڈرز کا کمپیوٹرائزڈ قومی شناختی کارڈ لازمی ہے اوران معلومات کی عدم موجودگی میں مورخہ 3 جون 2016 کو جاری کردہ SECP کے احکامات کی روشنی میں منافع منقسمہ کی ادائیگی کو روک لیا جائے گا۔ لہٰذا جن شیئر ہولڈرز نے تاحال اپنا کمپیوٹرائزڈ قومی شناختی کارڈ فراہم نہیں کیا ہے انہیں ایک بار پھر تجویز کیا جاتا ہے اپنے (CNIC) کی مصدقہ نقول شیئر رجسٹرار کو براہِ راست جمع کروادیں۔ شیئر ہولڈرز (CNIC) ارسال کرتے ہوئے اپنا فولیو نمبر اور کمپنی کا نام ضرور درج کریں۔

8۔ کمپنیز ایکٹ 2017 کی دفعہ 242 میں درکار تکمیل کے مطابق نیز کمپنیز ریگولیشن 2017 (منافع منقسمہ کی تقسیم) کے مطابق لسٹڈ کمپنیوں کے لئے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کا نقد منافع منقسمہ صرف برقی طریقہ کار کے مطابق براہِ راست اہلیت کے حامل حصص یافتگان کے نامزد کردہ متعلقہ بینک اکاؤنٹ میں کی جائیں گی۔ ایسے حصص یافتگان جنہوں نے تاحال اپنے بین الاقوامی اکاؤنٹ نمبر (IBAN) نہیں فراہم کئے ہیں، ان سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم مکمل طور پر پُر کرکے اپنے دستخط اور کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی کے ہمراہ کمپنی کے شیئر رجسٹرار کو ارسال کریں۔

اگر شیئرز CDC کے پاس موجود ہیں تو الیکٹرانک کریڈٹ مینڈیٹ فارم کو شیئر ہولڈر کے بروکر/پارٹیسپنٹ/ سی ڈی سی اکاؤنٹ سروسز کو براہِ راست جمع کروائیں۔

9۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ S.R.O.787 (I)/2017 کمپنیوں کو یہ سہولت دی ہے کہ وہ ممبران کی تحریری اجازت سے مالیاتی گوشوارے بذریعہ ای میل ارسال کرسکیں۔ وہ اراکین جو پڑتال شدہ گوشوارے بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ وہ اپنی تحریری اجازت کے ساتھ اپنا ای میل ایڈریس کمپنی شیئر رجسٹرار کو بھیج دیں۔ CDC شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے ای میل ایڈریس اور منظوری براہِ راست اپنے بروکر (participant)/CDC انویسٹر اکاؤنٹ سروسز کو جمع کروائیں۔

10۔ SECP کے نوٹیفیکیشن نمبر S.R.O.1196(3)/2019 بتاریخ 3 اکتوبر 2019 کے مطابق شیئر ہولڈرز کی معلومات اور جائزے کے لئے 30 جون، 2020 کو ختم ہونے والے سال کے لئے کمپنی کے پڑتال شدہ مالیاتی گوشوارے اور بیانات کمپنی کی ویب سائٹ www.gulahmed.com پر اپ لوڈ کی جارہی ہیں۔

11۔ کارپوریٹ شیئر ہولڈرز جو CDC اکاؤنٹس رکھتے ہیں انہیں اپنے سی ڈی سی پارٹیسپنٹس کے ساتھ اپنے نیشنل ٹیکس نمبر کو اپ ڈیٹ رکھنا ہوگا جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کمپنی یا فیمکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو اپنے این ٹی این سرٹیفکیٹ کی کاپی بھیجیں۔ شیئر ہولڈرز اپنے NTN یا این ٹی این سرٹیفکیٹ بھیجتے ہوئے، جیسا کہ یہ ممکن ہوسکتا ہے، اپنا کمپنی کا نام اور اپنا فولیو نمبر ضرور درج کریں۔

12۔ فزیکل حصص کے حامل شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کی بابت کمپنی کے شیئر رجسٹرار کو فوری طور پر مطلع کریں۔ شیئر ہولڈرز جو CDC اکاؤنٹس رکھتے ہیں وہ اپنے متعلقہ پارٹیسپنٹس کے ساتھ اپنا ایڈریس اپ ڈیٹ رکھیں۔

13۔ اراکین لاہور اور اسلام آباد میں ویڈیو کانفرنس کی سہولت حاصل کرسکتے ہیں۔ اس سلسلے میں براہِ مہربانی مندرجہ ذیل فارم کو پُر کریں اور سالانہ اجلاسِ عام کے انعقاد سے کم از کم 10 دن قبل یہ فارم کمپنی کے رجسٹرڈ پتہ پر جمع کروائیں۔ اگر کمپنی اجلاس سے 10 دن قبل ایسے ممبر سے منظوری حاصل کرتی ہے جو کہ 10 فیصد یا زائد کی شیئر ہولڈنگ رکھتے ہیں اور کسی جغرافیائی مقام سے ویڈیو کے ذریعے اجلاس میں شرکت کرنا چاہتے ہیں تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کی فراہمی کو یقینی بنائے گی، جو کہ اس شہر میں اس سہولت کی دستیابی سے مشروط ہے۔

میں/ہم/..............................کے.................................. بحیثیت گل احمد ٹیکسٹائل ملز
کے ممبر،.............................. کے ہولڈر، عام شیئرز رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر
.... کے مطابق..................................مقام پر ویڈیو کانفرنس کی
سہولت حاصل کرنا چاہتے ہیں۔
ممبران کے دستخط ....

14۔ کمپنیز ایکٹ مجریہ 2017 کی دفعہ (3)134 کے تحت خصوصی اُمور سے متعلق بیانیہ

یہ بیانیہ 28 اکتوبر 2020 کو منعقدہ گل احمد ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے اڑسٹھ ویں (68) سالانہ اجلاسِ عام ("AGM") میں خصوصی قرارداد سے متعلق خصوصی کاروائی کے حوالے سے مادی حقائق کا تعین کرتا ہے۔

کمپنی اپنی پالیسیوں اور قابل اطلاق قوانین اور قواعد وضوابط کے مطابق اپنی متعلقہ کمپنیوں اور متعلقہ فریقین کے ساتھ معاملت کرتی ہے۔ بعض متعلقہ پارٹیوں کے ساتھ لین دین کے لئے کمپنیز ایکٹ 2017 کی شق 207 کے تحت شیئر ہولڈرز کی منظوری درکار ہوتی ہے، جیسا کہ گل احمد ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹروں کی اکثریت (شیئر ہولڈر ہونے یا متعلقہ اداروں میں ڈائریکٹر ہونے کی وجہ سے) ان ٹرانزیکشنز میں دلچسپی رکھتے ہیں۔

ان ٹرانزیکشنز کی تفصیلات درجِ ذیل ہیں:

نمبر شمار	کمپنی کا نام	تعلق کی بنیاد	ٹرانزیکشن کی نوعیت
1۔	گل احمد ہولڈنگز (پرائیوٹ) لمیٹڈ	ہولڈنگ کمپنی	ڈیویڈنڈ
2۔	گل احمد انٹرنیشنل لمیٹڈ (FZC)۔ یو اے ای	مکمل ملکیتی ذیلی ادارہ	اشیاء کی فروخت
3۔	GTM یورپ لمیٹڈ۔ یو کے	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
4۔	GTM یو ایس اے۔ کارپوریشن۔ یو ایس اے	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
5۔	اسکائی ہوم کارپوریشن۔ یو ایس اے	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
6۔	وینٹونا ہوم لمیٹڈ	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
7۔	406JCCO لمیٹڈ	مکمل ملکیتی حتمی ذیلی ادارہ	اشیاء کی فروخت اور کمیشن ادائیگی
8۔	سوئس ٹیکس کیمیکلز (پرائیوٹ) لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	اشیاء کی خرید وفروخت اور ڈیویڈنڈ
9۔	آروین ٹیک (پرائیوٹ) لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	اشیاء کی خریداری اور خدمات کی فراہمی
10۔	غفور یہ انڈسٹریز (پرائیوٹ) لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	کرائے کی ادائیگی
11۔	گرینڈ انڈسٹریز (پرائیوٹ) لمیٹڈ	شیئر ہولڈنگ	کرائے کی ادائیگی
12۔	حبیب میٹروپولیٹن بینک لمیٹڈ	عمومی ڈائریکٹرشپ اور شیئر ہولڈنگ	بینکنگ ٹرانزیکشنز
13۔	ورلڈ وائیڈ ڈیولپرز (پرائیوٹ) لمیٹڈ	ذیلی کمپنی	کرائے کی ادائیگی

متعلقہ پارٹیوں کے ساتھ تمام ٹرانزیکشنز کمپنی کی پالیسیوں اور تمام قانونی تقاضوں کی تعمیل کے مطابق ہیں۔ یہ بنیادی طور پر عمومی کاروبار میں کی گئی لین دین ہیں۔ متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز کی کمپنی پالیسی کے مطابق اور کوڈ آف کارپوریٹ گورننس کے تحت، تمام متعلقہ پارٹیوں کی ٹرانزیکشنز کا وقتاً فوقتاً بورڈ آڈٹ کمیٹی جس کی صدارت ایک آزاد ڈائریکٹر کرتا ہے، کی جانب سے جائزہ لیا جاتا ہے۔ بورڈ آڈٹ کمیٹی کی جانب سے مذکورہ جائزے کے بعد بیان کردہ ٹرانزیکشنز کو منظوری کے لئے بورڈ آف ڈائریکٹرز کے سامنے رکھا گیا تھا۔

شیئر ہولڈرز سے درخواست ہے کہ متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز کی توثیق کریں جس میں ڈائریکٹروں کی اکثریت دلچسپی رکھتے ہیں جیسا کہ 30 جون 2020 کو ختم ہونے والے سال کے فنانشل اسٹیٹمنٹ میں ظاہر کیا گیا تھا نیز مزید یہ کہ 30 جون 2021 کو ختم ہونے والے مالی سال میں متعلقہ پارٹیوں کے ساتھ

بعض ٹرانزیکشنز کو منظّم کرنے کے لئے جن میں ڈائریکٹروں کی اکثریت دلچسپی رکھتے ہیں، کمپنی کو اختیار دیا گیا ہے۔ شیئر ہولڈرز کو بھی منظوری حاصل ہے کہ وہ بورڈ آڈٹ کمیٹی کی سفارشات پر مبنی ایسی ٹرانزیکشنز کے وقتاً فوقتاً جائزے اور منظوری کے لئے بورڈ کو اختیارات فراہم کریں اور مجاز قرار دیں۔
بیانیہ کے مطابق شیئر ہولڈرز سے درخواست ہے کہ خصوصی قرارداد کو منظور کیا جائے جیسا کہ نوٹس میں بیان کیا گیا ہے۔
اس معاملے میں دلچسپی رکھنے والے ڈائریکٹر حضرات مندرجہ ذیل ہیں:

- جناب محمد بشیر
- جناب زین بشیر
- جناب محمد ذکی بشیر
- جناب زیاد بشیر

ڈائریکٹران، قرارداد میں محض عام ڈائریکٹرشپ اور متعلقہ پارٹیوں کی شیئر ہولڈنگ ہونے کی حد تک دلچسپی رکھتے ہیں۔

گل احمد ٹیکسٹائل ملز لمیٹڈ

اطلاع برائے سالانہ اجلاسِ عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ گل احمد ٹیکسٹائل ملز لمیٹڈ کا اڑسٹھواں (68) سالانہ اجلاس عام بروز بدھ، مورخہ 28 اکتوبر، 2020 کو بوقت صبح 11:00 بجے ویڈیو لنک کی سہولت کے ذریعے درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا:

عمومی اُمور کار:

1۔ مورخہ 30 جون، 2020 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بشمول ان پر آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، ان پر غور اور ان کی منظوری دینا۔

2۔ 30 جون، 2021 کو ختم ہونے والے مالی سال کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

3۔ سالانہ اجلاسِ عام میں انجام دیئے جانے والے کسی بھی دیگر کاروباری کی چیئرمین سے منظوری لینا۔

خصوصی اُمور کار:

4۔ مندرجہ ذیل قرارداد پر بطور خصوصی قرارداد غور وخوض اور منظوری:

(الف) 'طے پایا ہے کہ 30 جون، 2020 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی کاروباری معاملات اور آزادانہ طور پر کی جانے والی ٹرانزیکشنز جیسا کہ نوٹ نمبر 40 میں بیان کیا گیا ہے یہاں منظور شدہ ہیں اور ان کی منظوری دی جاتی ہے'۔

(ب) 'یہ بھی طے پایا ہے کہ بورڈ آف ڈائریکٹرز کو 30 جون، 2021 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی کاروباری معاملات اور آزادانہ طور پر کی جانے والی ٹرانزیکشنز کی منظوری کا اختیار حاصل ہے'۔

(ج) 'یہ بھی طے پایا ہے کہ بورڈ آف ڈائریکٹرز کی جانب سے کی گئی ان ٹرانزیکشنز کو سمجھا جائے گا کہ شیئر ہولڈرز کی جانب سے اس کی منظوری دی گئی ہے نیز آئندہ سالانہ اجلاسِ عام میں ان کی رسمی منظوری/اجازت کے حصول کے پیشِ نظر ان کے سامنے رکھا جائے گا'۔

کمپنیز ایکٹ 2017 کی دفعہ 134(3) کے تحت تمام ممبران کو اس نوٹس کے ہمراہ خصوصی کاروبار سے متعلق آگاہی فراہم کی جارہی ہے۔

بحکم بورڈ
محمد سلیم غفار
کمپنی سیکریٹری

کراچی: مورخہ 26 ستمبر، 2020

نوٹس:

1۔ کمپنی کی شیئر ٹرانسفر بکس 21 اکتوبر 2020 تا 28 اکتوبر 2020 (بشمول دونوں دن) بند رہیں گی، اس دوران کوئی شیئر ٹرانسفر رجسٹریشن کے لئے قبول نہیں کیا جائے گا۔ جو منتقلیاں باضابطہ طور پر ہمارے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ، F-8، متصل ہوٹل فاران نرسری، بلاک '6'، پی ای سی ایچ ایس، شاہراہِ فیصل، کراچی پر 20 اکتوبر 2020 کو کاروباری اوقات کے اختتام پر موصول ہوں گی انہیں سالانہ اجلاسِ عام میں شرکت کے مقصد کے لئے بروقت تصور کیا جائے گا۔

2۔ COVID-19 کی صورتحال کے پیشِ نظر، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") نے اپنے 2020 کے سرکلر نمبر 5 اور سرکلر نمبر 25 کے تحت کمپنیز کو ہدایات جاری کی ہیں کہ وہ حصص یافتگان اور عوام النّاس کی بادی النظر میں صحت وسلامتی کے تحفظ کو یقینی بنانے کی خاطر کم سے کم جسمانی روابط کے ساتھ سالانہ اجلاسِ عام کے لئے معمول کی منصوبہ بندی میں ترمیم کریں۔ لہٰذا سالانہ اجلاسِ عام کی کاروائی ویڈیو لنک کی سہولت کے ذریعے کی جائے گی۔ اس سہولت کے ذریعے اجلاس میں شرکت کے لئے، ممبران سے درخواست کی جاتی ہے کہ وہ ذیل میں بیان کردہ نوٹ نمبر 3 کے مطابق اپنا اندراج کروائیں۔

3۔ سالانہ اجلاسِ عام میں شرکت کے خواہشمند حصص یافتگان سے درخواست کی جاتی ہے کہ وہ مورخہ 21 اکتوبر، 2020 کو کاروباری اوقات کار کے اختتام سے قبل شام 5:00 بجے تک مندرجہ ذیل جدول کے مطابق اپنی جملہ تفصیلات مقرر کردہ ای میل ایڈریس salim.ghaffar@gulahmed.com پر ارسال کر کے اپنا اندراج کروائیں:

شیئر ہولڈر کا نام	CNIC نمبر / NTN نمبر	CDC پارٹیسپینٹ ID / فولیو نمبر	موبائل فون نمبر	ای میل ایڈریس

ویبینار لنک ایسے رجسٹرڈ شیئر ہولڈرز/ پراکسیز کو ای میل کیا جائے گا جنھوں نے اپنی مطلوبہ معلومات فراہم کردی ہیں۔

4۔ ممبران کے لئے لازمی ہے کہ نوٹ نمبر 3 کے مطابق معلومات ارسال کرنے کے لئے اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی منسلک کریں نیز جہاں قابل اطلاق ہوں پراکسیز کے حامل ممبران کو بھی اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی پیش کرنا ہوگی۔ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی کے بغیر ان ممبران کو ویڈیو لنک کی سہولت کے لئے رجسٹر نہیں کیا جائے گا۔

5۔ ایک ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، وہ دیگر اراکین کو اپنے بجائے شرکت کرنے، بولنے اور ووٹ دینے کے لئے بطور پراکسی مقرر کرسکتا ہے۔ پراکسیز کے مؤثر ہونے کے لئے ضروری ہے کہ وہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر پر موصول ہوجائیں۔ پراکسی کا ممبر ہونا لازمی ہے۔

6۔ سی ڈی سی اکاؤنٹ ہولڈرز/ سب اکاؤنٹ ہولڈرز سے درخواست ہے کہ وہ اپنی شناخت کے لئے سالانہ اجلاس عام میں اپنا اصل کمپیوٹرائزڈ شناختی کارڈ (CNIC) یا اپنا اصل پاسپورٹ معہ آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ نمبر ساتھ لائیں۔ اگر پراکسیز شیئر ہولڈرز کی جانب سے دی گئی ہیں تو بینیفیشل اونرز کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں بھی جمع کروائیں۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نامزد شخص کے نمونہ دستخط اجلاس کے وقت پیش کئے جائیں گے۔ نامزد کو اجلاس میں شرکت کے وقت اپنی شناخت کے لئے اپنا اصل کمپیوٹرائزڈ شناختی کارڈ (CNIC) پیش کرنا ہوگا۔

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

For the year ended June 30, 2020

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

1. The total number of Directors are Seven (7) as per the following:
   a) Male: Six (6)
   b) Female: One (1)
2. The composition of Board is as follows:
   a) Independent Directors*
   Mr. Ehsan A. Malik
   Ms. Zeeba Ansar
   b) Non-Executive Directors
   Mr. Mohomed Bashir
   Mr. Ziad Bashir
   Dr. Amjad Waheed
   c) Executive Directors
   Mr. Zain Bashir
   Mr. Mohammed Zaki Bashir
   d) Female Directors
   Ms. Zeeba Ansar

   *Following the election of Directors, the Board was reconstituted on 1 April, 2020 comprising 7 directors including 2 independent directors. One third of 7 come to 2.33 and the fraction was not rounded upward to one to have 3 independent directors in observance of general mathematic principle.
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors, except chairman and one director, have attended and completed directors' training course conducted by Pakistan Institute of Corporate Governance (PICG). The Chairman has the prescribed education and experience required for exemption under clause 19(2) of CCG Regulations accordingly he is exempted from attending directors' training program pursuant to the clause 19(2) of the CCG Regulations.
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee:

Mr. Ehsan A. Malik	- Chairman
Mr. Mohomed Bashir	- Member
Dr. Amjad Waheed	- Member

b) HR and Remuneration Committee:

Mr. Ehsan A. Malik	- Chairman
Mr. Mohomed Bashir	- Member
Mr. Zain Bashir	- Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

a) Audit Committee

- Four quarterly meetings

b) HR and Remuneration Committee

- One annual meeting

15. The Board has set up an effective internal audit function. This function has been outsourced to Grant Thornton Anjum Rahman Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has also designated a full time employee as Head of Internal Audit.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. Explanation for non-compliance with non-mandatory requirements i.e. other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

i. The requirement of Nomination Committee is optional in regulation no.29.The Board takes care of the responsibilities prescribed for nomination committee so a separate nomination committee in not considered necessary.

ii. The requirement of Risk Management Committee is optional in regulation no 30. The Risk management carried out at the overall Company's level by the executive management of the Company headed by the CEO. The Company's management monitors potential risks and risk management procedures are carried out to identify, assess and mitigate any identified or potential risks. Therefore, it not considered necessary to have a separate committee in this respect.

iii. Since the requirement with respect to disclosure of significant policies on the website is optional in regulation no. 35(1), the Company has uploaded only limited information in this respect on the Company's website. However, significant related information related to policies like risk management etc. is disclosed in the annual reports of the Company which are duly uploaded on the website and are available for everyone accessing the website. The Company will however, review and place key elements of other policies if considered necessary.

Karachi
September 26, 2020

Mohomed Bashir
Chairman

TO THE MEMBERS OF GUL AHMED TEXTILE MILLS LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gul Ahmed Textile Mills Limited (the company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi,
Date: September 26, 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUL AHMED TEXTILE MILLS LIMITED REPORT ON THE AUDIT OF THE UN-CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed un-consolidated financial statements of Gul Ahmed Textile Mills Limited, (''the Company") which comprise the un-consolidated statement of financial position as at June 30, 2020, and the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity, the un-consolidated statement of cash flows for the year then ended, and notes to the un-consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Stock in Trade** The Company has significant levels of stock in trade amounting to Rs. 25,830 million as at the reporting date, being 37.6% of total assets of the Company. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials. The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter. (Refer Notes 22, 2.4(g) and 3.16 to the annexed un-consolidated financial statements)	Our audit procedures included the following: • Attended the year end stock taking on selected locations to gain comfort over the existence and condition of inventories and internal controls designed by the company. • Obtained understanding of internal controls designed by the Company over recording of purchases and valuation & costing of the inventories, and tested their operating effectiveness on sample basis. • Assessed historical costs recorded in the inventory valuation by performing test of details on purchases. Performed re-calculation of weighted average costs on sample basis. • Obtained valuation sheets of the inventories and traced / reconciled quantities from working papers of observation of physical stock taking. • Evaluated whether valuation basis used are appropriate and are being consistently applied and this included analysis of costing of different items on sample basis. • Assessed the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Company before and after year end. • Performed analytical and other relevant audit procedures. • Considered the adequacy of the Company's disclosures in respect of inventories.

S. No.	Key audit matter	How the matter was addressed in our audit
2.	**Borrowings** The Company has significant amounts of borrowings from banks and other financial institutions amounting to Rs. 39,353 million, being 71.9% of total liabilities, as at reporting date. Given the significant level of borrowings, finance cost and gearing impact the disclosure given by the management in financial statements and compliance with various loan covenants is considered to be a key audit matter. (Refer Notes 6, 13 and 3.6 to the annexed un-consolidated financial statements)	Our audit procedures included: • Reviewed loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for verify finance costs and ensured that the borrowings have been approved at appropriate level. • Verified disbursement of loans and utilization on sample basis. Review of charge registration documents. • Verified repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made. • Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtained confirmation from Banks and other lenders of the Company to confirm balances, terms & conditions stated in the terms sheets and compliance thereof and inquired for any breach of covenant, in order to covenant testing. • Performed analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensured that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the un-consolidated financial statements.

S. No.	Key audit matter	How the matter was addressed in our audit
3.	**Contingencies** The Company is under litigation cases in respect of various matters including Gas Infrastructure Developments Cess (GIDC), claims from various Government Institutions / Departments, tax matters and other miscellaneous claims in respect of the assets of the Company. Given the nature of contingencies, the assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payments and analysis of a reliable estimate, requires significant management's judgements to ensure appropriate accounting and disclosures. These judgements can change over time as new facts emerge and the case progresses. Therefore, we have identified this matter as a key audit matter. (Refer Notes 15, 11, 2.4(b) and 3.4 to the annexed un-consolidated financial statements)	Our audit procedures included the following: • Assessed management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Reviewed of the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations. • Obtained confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon. • Examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computed the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. • Assessed the appropriateness of the related disclosures made in the accompanying un-consolidated financial statements in light of IAS-37 "Provisions and Contingencies".

S. No.	Key audit matter	How the matter was addressed in our audit
4.	**IFRS 16 "Leases"** The company adopted IFRS 16 "Leases" with effect from July 01, 2019, which resulted in changes to the accounting policies. The Company has adopted IFRS 16 using modified retrospective as permitted by the transitional provision contained within IFRS 16 so comparative information has not been restated. The adoption of IFRS 16 has resulted in recognition of right of use assets of Rs 2,639 million and corresponding lease liabilities of Rs.2,551 million as at July 01, 2019 adjusted for prepayments. The carrying amounts of right-of-use assets and lease liabilities as at year end was Rs.2,314 million and Rs.2,601 million respectively. This has been considered as key audit matter as the impact of first time application of this new standard is significant and the measurement of 'right-of-use asset' and 'lease liabilities' is based on assumptions such as discount rates and lease terms, including termination and renewal options, which requires management to exercise its judgment. (Refer Notes 7, 17, 2.5(a), 3.8 and 3.12 to the annexed un-consolidated financial statements)	Our audit procedures included the following: • Obtained an understanding of the management's assessment for adoption of IFRS 16 including understanding of the process and controls in place for identification of lease contracts. • Evaluated the management's assessment for appropriateness of discount rates and lease term used in determining lease liabilities. • Verified the accuracy of the underlying lease data by agreeing a sample of leases to original agreements and /or other supporting information. • Evaluated completeness of data by reconciliation of number of leased premises and by reviewing rent expense and payment ledgers for the year. • Performed recalculation of the right-of-use asset and corresponding lease liabilities on sample basis using judgment assumption made by management and compared the results to that of the management • Assessed the appropriateness of accounting policies and related disclosures made in the accompanying un-consolidated financial statements in light of IFRS-16 "Leases"

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

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Company, but does not include the un-consolidated financial statements and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the un-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the un-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the un-consolidated financial statements, including the disclosures, and whether the un-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Karachi

Date: September 26, 2020

Kreston Hyder Bhimji & Co.

Chartered Accountants

UN-CONSOLIDATED FINANCIAL STATEMENTS 2020

UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020	2019
		Rs. 000s	
Equity and Liabilities			
Share Capital and Reserves			
Share capital	4	4,277,946	3,564,955
Reserves	5	9,685,254	11,768,258
		13,963,200	15,333,213
Non-Current Liabilities			
Long term financing	6	13,445,600	8,856,901
Lease liability against right-of-use assets	7	2,191,703	-
Deferred taxation	8	35,167	71,330
Deferred government grant	9	35,220	-
Defined benefit plan- Staff Gratuity	10	136,760	86,717
		207,147	158,047
		15,844,450	9,014,948
Current Liabilities			
Trade and other payables	11	12,111,544	9,637,514
Accrued mark-up/profit	12	405,979	300,010
Short term borrowings	13	25,486,947	18,961,882
Current maturity of long term financing	6	420,113	1,180,302
Current maturity of lease liability against right-of-use asset	7	409,199	-
Current maturity of deferred government grant	9	48,921	-
Unclaimed dividend		9,739	8,263
Unpaid dividend	14	21,103	16,075
		38,913,545	30,104,046
Contingencies and Commitments	15		
		68,721,195	54,452,207

The annexed notes 1 - 48 form an integral part of these un-consolidated financial statements

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

	Note	2020	2019
		Rs. 000s	
Assets			
Non-Current Assets			
Property, plant and equipment	16	23,936,017	18,994,305
Right-of-use assets	17	2,314,161	-
Intangible assets	18	89,568	44,646
Long term investment	19	2,423,450	58,450
Long term loans	20	58,720	63,343
Long term deposits		379,332	369,752
		29,201,248	19,530,496
Current Assets			
Stores and spares	21	2,047,067	1,469,564
Stock-in-trade	22	25,829,952	21,369,532
Trade debts	23	5,701,537	7,071,272
Loans, advances and other receivables	24	1,273,805	1,750,413
Short term prepayments		241,765	303,737
Receivable from Government	25	2,804,316	1,487,248
Taxation-net		1,132,621	977,961
Cash and bank balances	26	488,884	491,984
		39,519,947	34,921,711
		68,721,195	54,452,207

The annexed notes 1 - 48 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended June 30, 2020

	Note	2020	2019
		Rs. 000s	
Sales - net	27	53,941,017	57,287,837
Cost of sales	28	44,871,541	45,305,673
Gross profit		9,069,476	11,982,164
Distribution cost	29	4,528,465	4,710,208
Administrative cost	30	2,712,937	2,615,417
Other operating cost	31	264,192	311,783
		7,505,594	7,637,408
		1,563,882	4,344,356
Other income	32	367,679	1,137,104
Operating profit		1,931,561	5,481,860
Finance cost	33	2,007,673	1,473,407
(Loss)/profit before taxation		(76,112)	4,008,453
Taxation	34	403,253	399,233
(Loss)/profit after taxation		(479,365)	3,609,220
			Re-stated
(Loss)/earnings per share - basic and diluted (Rs.)	35	(1.12)	8.44

The annexed notes 1 - 48 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended June 30, 2020

	Note	2020	2019
		Rs. 000s	
(Loss) /profit after taxation		(479,365)	3,609,220
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss subsequently			
Remeasurement gain/ (loss) on defined benefit plan	10.3	666	(6,189)
Related tax effect		(75)	694
		591	(5,495)
Total comprehensive (loss)/income		(478,774)	3,603,725

The annexed notes 1 - 48 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

	Note	2020	2019
		Rs. 000s	
Cash Flows From Operating Activities			
(Loss) /profit before taxation		**(76,112)**	4,008,453
Adjustments for:			
Depreciation	16.1.1	**2,147,164**	1,945,703
Depreciation on right-of-use assets	17	**648,528**	-
Amortisation	18.1	**24,151**	14,028
Provision for gratuity	10.2	**131,872**	46,707
Finance cost	33	**2,007,673**	1,473,407
Provision for slow moving/obsolete stores and spares	22.1	**22,906**	18,930
Capital work in progress charged to consumption		**400**	5,070
Gain on disposal of property, plant and equipment	16.1.3	**(51,332)**	(23,775)
Loss on disposal of property, plant and equipment	16.1.3	**234,313**	47,587
		5,165,675	3,527,657
Cash flows from operating activities before adjustments of working capital changes		**5,089,563**	7,536,110
Changes in working capital:			
(Increase)/ decrease in current assets			
Stores and spares		**(600,409)**	(527,406)
Stock-in-trade		**(4,460,420)**	(5,225,599)
Trade debts		**1,369,735**	(1,672,707)
Loans, advances and other receivables		**476,608**	(553,037)
Short term prepayments		**61,972**	(64,076)
Receivable from Government		**(1,317,068)**	340,516
		(4,469,582)	(7,702,309)
Increase in current liabilities			
Trade and other payables		**1,574,044**	2,628,566
Net increase in working capital		**(2,895,538)**	(5,073,743)
Cash generated from operations before following:		**2,194,025**	2,462,367
Gratuity paid		**(81,163)**	(29,344)
Finance cost paid		**(1,533,499)**	(1,349,030)
Income tax paid		**(594,151)**	(731,081)
Net Increase in long term loans and advances		**4,623**	(26,029)
Net Increase in long term deposits		**(9,580)**	(166,793)
		(2,213,770)	(2,302,277)
Net cash (used in) / generated from operating activities		**(19,745)**	160,090

	Note	2020	2019
		Rs. 000s	
Cash Flows From Investing Activities			
Addition to property, plant and equipment		**(7,572,003)**	(5,011,090)
Addition to intangible assets		**(69,073)**	(34,689)
Proceeds from sale of property, plant and equipment		**299,746**	146,519
Payments made against long term investments		**(1,465,014)**	-
Net cash used in investing activities		**(8,806,344)**	(4,899,260)
Cash Flows From Financing Activities			
Long term financing obtained		**4,911,949**	3,121,440
Long term financing repaid		**(999,298)**	(1,361,963)
Dividend paid		**(884,735)**	(884,374)
Payments for lease liability against right of use asset		**(732,522)**	-
Net cash generated from financing activities		**2,297,924**	875,103
Net decrease in cash and cash equivalents		**(6,528,165)**	(3,864,067)
Cash and cash equivalents - at the beginning of the year		**(18,469,898)**	(14,605,831)
Cash and cash equivalents - at the end of the year	38	**(24,998,063)**	**(18,469,898)**

The annexed notes 1 - 48 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2020

	Share Capital	Capital reserve - Share Premium	Revenue reserve: General Reserve	Revenue reserve: Unappropriated Profit	Reserves	Total
	Rs. 000s					
Balance as at June 30, 2018	3,564,955	1,405,415	5,380,000	2,270,357	9,055,772	12,620,727
Transaction with owners						
Final dividend for the year ended June 30, 2018	-	-	-	(891,239)	(891,239)	(891,239)
Transfer to unappropriated profit	-	-	(5,380,000)	5,380,000	-	-
Total comprehensive income for the year ended June 30, 2019						
Profit after taxation	-	-	-	3,609,220	3,609,220	3,609,220
Other comprehensive loss	-	-	-	(5,495)	(5,495)	(5,495)
	-	-	-	3,603,725	3,603,725	3,603,725
Balance as at June 30, 2019	3,564,955	1,405,415	-	10,362,843	11,768,258	15,333,213
Final dividend for the year ended June 30, 2019	-	-	-	(891,239)	(891,239)	(891,239)
Issuance of bonus shares	712,991	(712,991)	-	-	(712,991)	-
Total comprehensive loss for the year ended June 30, 2020						
Loss after taxation	-	-	-	(479,365)	(479,365)	(479,365)
Other comprehensive income	-	-	-	591	591	591
	-	-	-	(478,774)	(478,774)	(478,774)
Balance as at June 30, 2020	**4,277,946**	**692,424**	**-**	**8,992,830**	**9,685,254**	**13,963,200**

The annexed notes 1 - 48 form an integral part of these un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1 LEGAL STATUS AND ITS OPERATIONS

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

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

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

The Company has the following subsidiaries:

Details of Subsidiaries

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

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1.2 Addresses of all immoveable properties owned by the Company are as follows;

Unit	Area	Address
Unit 1,2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
Unit 4 & 5	14.9 Acres	Survey No.82, Deh Landhi, Karachi
Unit 6,7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
Lasani unit	4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi
MTF Plot	44.04 acres	P.U. No. 48, 49, 50 & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
Plot	2 Kanal,19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg, Lahore
Plot	4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi

1.2.1 Units signifies different processing units i.e. weaving, spinning,stitching and processing.

1.3 Addresses of all premises obtained on rented basis are as follows;

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

1.4 As at June 30, 2020, the Company has 64 retail outlets, 29 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2019: 65 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises).

1.5 The pandemic of COVID-19 has rapidly spread across the world and has been declared a public health emergency of an international concern by the World Health Organization ("WHO"). This has not only endangered human lives but has also adversely affected the global economy. During the month of March 2020, Provincial Governments of Pakistan announced a temporary lock down as a measure to control the outbreak of the pandemic. In order to comply with the directives issued by Government of Sindh and other provinces of Pakistan and administration authorities falling under their control, the Company in the wider national interest temporarily closed down it's production facilities in Sindh and retail operations throughout Pakistan on March 22, 2020.

Subsequently, the lockdown was relaxed and the Company on April 22, 2020, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of its employees, resumed its operations and took all the necessary steps to ensure safe and smooth continuation of its business activities for the purpose of maintaining business performance despite slackening economic activity.

The lockdown had caused disruptions in supply chain including supply to the customers resulting in a decline in sales as a whole and specifically a decrease in retail sales and in realization of other trade receivables. However, to uplift the economy, the State of Bank Pakistan took measures like significantly reducing the benchmark policy interest rate and introduction of various financing schemes to support the industrial sectors some of which were availed by the Company and which helped in managing the liquidity requirements partly. The Company also directed more efforts in promoting on online sales, which also accomplished in bringing up sales only to an extent.

Furthermore, during the month of June and onward, the Company has managed to secure various export as well as local sales orders, also significant receivables have been realized till the date of issue of these financial statements and sales throughout retail outlets have also resumed from end of May, 2020. The Company is still monitoring the COVID19 situation and development across the globe and has made an assessment of the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- Realization of Receivables and expected credit losses under IFRS 9, 'Financial Instruments';
- Impairment of tangible and intangible assets under IAS 36, 'Impairment of non financial assets';
- Net realizable value of inventory under IAS 2, 'Inventories';
- Provisions and contingent liabilities under IAS 37, including onerous contracts; and
- Going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements. The Management believes that the going concern assumption of the Company remains valid.

2 BASIS OF PREPARATION

2.1 Basis of measurement

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

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

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

2.2 Statement of compliance

These un-consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

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

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

a) Defined benefit plan

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

b) Contingencies

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

c) Useful lives, pattern of economic benefits and impairments

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

d) Intangibles

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

e) Impairment of investment in subsidiary company

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

f) Provision for obsolescence and slow moving stores and spares

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

g) Stock-in-trade

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

h) Impairment of financial assets

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

i) Taxation

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

j) Leases

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

2.5 New and revised standards and interpretations

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2019. However except for IFRS 16 "Leases" as detailed below, these are either not relevant or do not have any significant impact on the Company's financial reporting. Therefore, these have not been detailed in these un-consolidated financial statements.

IFRS 16 "Leases"

IFRS 16 ‘Leases’ replaces the previous lease standard IAS 17 Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts are required to be recognized. The only exceptions are short term and low value leases.

The Company has various lease agreements for immovable properties, acquired for sales outlets, warehouses and administrative offices, which were being accounted for as operating leases under IAS 17, based on assessment of whether the lease transferred substantially all of the risks and rewards of ownership. With effect from July 01, 2019, the Company has applied IFRS 16 for recognition of the property.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

The Company applied IFRS 16 using simplified modified retrospective approach and recognized right-of-use assets and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease' with effect from July 01, 2019 so the comparative information presented for 2019 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. In applying IFRS 16 for the first time, the Company has used the various practical expedients permitted by IFRS 16 including the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On initial application, the Company has also elected to use the recognition exemptions for some lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

Due to adoption of IFRS 16 the company has recognized following amounts of Right of Use Assets and corresponding lease liabilities determined based on present value of future lease rentals discounted at incremental borrowing rate of 13.65% per annum. The accounting policies relating to the Company's right-of-use assets and lease liabilities are disclosed in notes 3.12 and 3.8.

The adoption of IFRS has resulted in recognition of Right-of-Use asset and lease liabilities, as follows;

Effect of adoption of IFRS 16 as at July 01, 2019	**Rs. ('000)**
Lease liability	2,551,373
Add: Lease prepayments	87,237
Right-of-use asset (ROU)	2,638,610

The carrying amounts of the Company's right-of-use-assets, lease liabilities and the movements during the year is as below:

	RoU asset	Lease liability
	Rs. 000s	
Amount initially recognized as at July 01, 2019	2,638,610	2,638,610
Opening prepayments	-	(87,237)
Additions during the year	324,079	324,079
Depreciation	(648,528)	-
Accretion of interest	-	368,205
Payments	-	(642,755)
As at June 30, 2020	2,314,161	2,600,902

Had this standard not been applied, assets and liabilities would have been lowered by Rs. 2,314 million and Rs. 2,601 million respectively. Rent expense would have been higher by Rs. 730 million where as depreciation charge and finance charges would have been lowered by Rs. 649 million and Rs. 368 million respectively. Net loss before tax would have been lower by Rs. 287 million, i.e., there would have been profit before tax of Rs 211 million.

b) Standards, Interpretations and Amendments not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2020 and are not likely to have an material impact on the un-consolidated financial statements of the Company:

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

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

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

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

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and the amendments specify that the conditions which exist at the end of the reporting period will be used to determine if a right to defer settlement of a liability exists, i.e., the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability.

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

The amendment to the standard prohibits to deduct from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

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

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

International Financial Reporting Standards (IFRSs)		IASB effective date annual periods beginning on or after
IFRS 1	- First Time Adoption of IFRS	January 1, 2004
IFRS 17	- Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

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

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

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

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

3.2 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

The Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Company's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2020. The results of valuation are summarized in note no. 10.

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

3.3 Accumulated employee compensated absences

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

3.4 Provisions and contingencies

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

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

3.5 Taxation

Current

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

Deferred

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

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

3.6 Borrowings

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

3.7 Borrowing cost

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

3.8 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

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the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

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

3.9 Government grant

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

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

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

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

3.10 Trade and other payables

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

3.11 Property, plant and equipment

3.11.1 Operating fixed assets

Recognition/Measurement

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

Subsequent Cost

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

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

Depreciation

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

Derecognition

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

3.11.2 Capital work-in-progress

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

3.12 Right-of-use assets

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

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

3.13 Intangible assets

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

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

3.14 Investments in subsidiary

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

3.15 Stores and spares

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

3.16 Stock-in-trade

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

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

3.17 Trade and other receivables

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

3.18 Revenue recognition

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

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

3.19 Financial Instruments

Financial instruments include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument.

3.19.1 Initial Recognition

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

3.19.2 Classification of financial assets

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

The Company classifies its financial instruments in the following categories:
- at amortised cost.
- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or

Financial assets that meet the following conditions are classified as financial assets at amortized cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

3.19.3 Classification of financial liabilities

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

3.19.4 Subsequent measurement

Financial assets and liabilities at amortised cost

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

Financial assets at FVTOCI

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

Financial assets and liabilities at FVTPL

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

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

3.20 Derecognition of Financial Instruments

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

Any gain or loss on derecognition of financial asset or liability is also included to the un-consolidated statement profit or loss.

3.21 Impairment

Financial assets

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

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

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

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

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

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

Non-Financial assets

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

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

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

3.22 Offsetting of financial assets and liabilities

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

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

3.23 Cash and cash equivalents

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

3.24 Dividend and appropriation to reserves

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

3.25 Segment reporting

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

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

4 SHARE CAPITAL

4.1 Authorised capital

2020	2019		2020	2019
Number of Shares			Rs. 000s	
750,000,000	750,000,000	Ordinary shares of Rs.10 each	**7,500,000**	7,500,000

4.2 Issued, subscribed and paid - up capital

2020	2019		2020	2019
Number of Shares			Rs. 000s	
192,161,738	192,161,738	Ordinary shares of Rs.10 each allotted for consideration paid in cash	**1,921,617**	1,921,617
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid shares under scheme of arrangement for amalgamation	**54,473**	54,473
230,185,566	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	**2,301,856**	1,588,865
427,794,630	356,495,525		**4,277,946**	3,564,955

4.2.1 As at June 30, 2020, Gul Ahmed Holdings (Private) Limited, the holding company of Gul Ahmed Textile Mills Ltd, held 287,072,056 (June-2019: 239,226,714) ordinary shares of Rs. 10 each, constituting 67.10% (June-2019: 67.10%) of total paid-up capital of the company. Number of shares held by the associated companies and undertakings, other than holding company, aggregated to 17,516,349 (June-2019: 14,493,774) ordinary shares of Rs. 10 each.

4.2.2 As per the Honorable Sindh High Court's order, the Company has held 2,009,004 out of the total bonus shares issued for the year 2015 and 2019 to Gul Ahmed Holdings (Private) Limited, an associated company and other parties respectively, as these shareholders are the part of the suit filed against the tax on bonus shares imposed through Finance Act, 2014.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

4.3 Reconciliation of the number of shares outstanding

	Note	2020	2019
		Number of Shares	
Number of shares outstanding at the beginning of the year		356,495,525	356,495,525
Add: 20% Bonus shares issued during the year		71,299,105	-
		427,794,630	356,495,525

5 RESERVES

	Note	2020	2019
		Rs. 000s	
Capital Reserve			
- Share premium	5.1	692,424	1,405,415
Revenue Reserve			
- Unappropriated Profit		8,992,830	10,362,843
		9,685,254	11,768,258

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

6 LONG TERM FINANCING

	Note	2020	2019
		Rs. 000s	
From Banking Companies - Secured	6.1	10,062,645	7,078,540
From Non-Banking Financial Institutions - Secured	6.2	3,256,099	2,958,663
Financing for payment of salaries and wages under SBP Re-finance scheme	6.2.1	546,969	-
		13,865,713	10,037,203
Current portion shown under current liabilities		(420,113)	(1,180,302)
		13,445,600	8,856,901

6.1 Banking Companies - Secured

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
Askari Bank Limited Loan 1 Under LTFF scheme	6.4, 6.7	20 quarterly October-2016	8,346	8.50 % p.a. payable quarterly	41,733	75,114
Askari Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	17,558	26,348
Askari Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	7,464	10,663
Askari Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	20 quarterly February-2018	165	3 % p.a. payable quarterly	1,815	2,310
Askari Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	20 quarterly May-2018	4,880	3 % p.a. payable quarterly	58,547	73,184
Askari Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	20 quarterly June-2018	469	3 % p.a. payable quarterly	5,620	7,294
Askari Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	20 quarterly July-2018	3,656	3 % p.a. payable quarterly	43,867	58,490
Askari Bank Limited Loan 8 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	445	3 % p.a. payable quarterly	5,790	7,126
Askari Bank Limited Loan 9 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	252	3 % p.a. payable quarterly	3,269	4,032
Askari Bank Limited Loan 10 Under LTFF scheme	6.3, 6.7	32 quarterly August-2020	6,155	2.75 % p.a. payable quarterly	196,956	196,956
Askari Bank Limited Loan 11 Under LTFF scheme	6.3, 6.7	32 quarterly September-2020	370	2.75 % p.a. payable quarterly	11,843	11,843
Askari Bank Limited Loan 12 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly October-2020	105	2.75 % p.a. payable quarterly	3,355	3,355
Askari Bank Limited Loan 13 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly November-2020	1,443	2.75 % p.a. payable quarterly	46,163	46,163
Askari Bank Limited Loan 14 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly February-2021	736	2.75 % p.a. payable quarterly	23,547	23,547
Askari Bank Limited Loan 15 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly March-2021	283	2.75 % p.a. payable quarterly	9,041	9,041
Askari Bank Limited Loan 16 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly July-2021	284	2.75 % p.a. payable quarterly	9,095	9,095
Askari Bank Limited Loan 17 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly February-2022	12,842	3.5 % p.a. payable quarterly	410,947	-
Askari Bank Limited Loan 18 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly April-2022	2,156	3.5 % p.a. payable quarterly	69,000	-
Askari Bank Limited Loan 19 Under LTFF scheme	6.4, 6.3, 6.7	32 quarterly May-2022	625	3.5 % p.a. payable quarterly	20,000	-

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
Al-Baraka Bank (Pakistan) Limited Loan Islamic Banking	6.4, 6.8	20 quarterly March-2016	7,780	Three months KIBOR Ask rate + 1.10% payable quarterly	**23,340**	46,680
Bank Al-Habib Limited Under LTFF scheme	6.6	16 half yearly October-2019	13,519	2.75 % p.a. payable quarterly	**189,259**	216,296
Bank Al-Falah Limited - Loan 1 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	17,469	3 % p.a. payable quarterly	**279,504**	279,504
Bank Al-Falah Limited - Loan 2 Under LTFF scheme	6.3, 6.7	16 half yearly August-2021	6,667	3 % p.a. payable quarterly	**106,668**	106,668
Bank Al-Falah Limited - Loan 3 Under LTFF scheme	6.3, 6.7	16 half yearly August-2021	5,425	3 % p.a. payable quarterly	**86,807**	-
Bank Al-Falah Limited - Loan 4 Under LTFF scheme	6.3, 6.7	16 half yearly September-2021	1,220	3 % p.a. payable quarterly	**19,521**	19,521
Bank Al-Falah Limited - Loan 5 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	15,440	3 % p.a. payable quarterly	**247,038**	247,038
Bank Al-Falah Limited - Loan 6 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	624	3 % p.a. payable quarterly	**9,985**	-
The Bank of Khyber	6.3	07 half yearly August-2019	17,143	Six months KIBOR Ask rate + 0.50% payable half yearly	**85,714**	120,000
Bank of Punjab - Loan 1 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	1,227	3 % p.a. payable quarterly	**25,768**	30,675
Bank of Punjab - Loan 2 Under LTFF scheme	6.3, 6.7	28 quarterly October-2018	2,144	3 % p.a. payable quarterly	**45,030**	53,607
Bank of Punjab - Loan 3 Under LTFF scheme	6.3, 6.7	28 quarterly November-2018	3,085	3 % p.a. payable quarterly	**67,870**	77,125
Bank of Punjab - Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	6,904	3 % p.a. payable quarterly	**151,898**	172,610
Bank of Punjab - Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,644	3 % p.a. payable quarterly	**36,174**	42,747
Bank of Punjab - Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	7,692	3 % p.a. payable quarterly	**171,404**	199,998
Bank of Punjab - Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	5,467	3 % p.a. payable quarterly	**125,485**	142,141
Bank of Punjab - Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	3,873	3 % p.a. payable quarterly	**89,616**	104,555
Bank of Punjab - Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	195	3 % p.a. payable quarterly	**4,688**	5,274
Bank of Punjab - Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly May-2020	3,483	3 % p.a. payable quarterly	**96,875**	97,512
Bank of Punjab - Loan 11 Under LTFF scheme	6.3, 6.4, 6.7	28 quarterly September-2022	35,714	3 % p.a. payable quarterly	**1,000,000**	-

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
Faysal Bank Limited Loan 1 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly June-2021	13,781	2.75% p.a. payable quarterly	**440,981**	440,981
Faysal Bank Limited Loan 2 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly August-2021	1,844	2.75% p.a. payable quarterly	**59,018**	59,018
Faysal Bank Limited Loan 3 Under ILTFF scheme	6.3, 6.4, 6.8	32 quarterly February-2022	6,745	3% p.a. payable quarterly	**215,828**	-
Habib Bank Limited Loan 1	6.5, 6.8	05 half yearly October-2017	17,618	Three months KIBOR Ask rate + 0.5% payable half yearly	**42,187**	77,174
Habib Bank Limited Loan 2 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly October-2018	14,747	3 % p.a. payable quarterly	**368,672**	427,659
Habib Bank Limited Loan 3 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2018	82	3 % p.a. payable quarterly	**2,123**	2,368
Habib Bank Limited Loan 4 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	316	3 % p.a. payable quarterly	**8,527**	9,476
Habib Bank Limited Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2019	174	3 % p.a. payable quarterly	**4,695**	5,216
Habib Bank Limited Loan 6 Under LTFF scheme	6.4, 6.7	32 quarterly March-2021	8,774	2.8 % p.a. payable quarterly	**280,779**	280,779
MCB Bank Limited Loan 1	6.5	10 half yearly February-2017	1,486	Three months KIBOR Ask rate + 2.25% payable half yearly	**4,458**	7,430
MCB Bank Limited Loan 2 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	15,864	8.25% p.a. payable quarterly	**47,592**	79,320
MCB Bank Limited Loan 3 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	1,541	6.75% p.a. payable quarterly	**4,623**	7,705
MCB Bank Limited Loan 4 Under LTFF scheme	6.5, 6.7	10 half yearly April-2017	2,425	8.25% p.a. payable quarterly	**8,094**	12,126
MCB Bank Limited Loan 5 Under LTFF scheme	6.5, 6.7	10 half yearly June-2017	5,773	8.25% p.a. payable quarterly	**23,092**	28,865
MEEZAN Bank Limited Loan 1 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly October-2021	1,075	4.50% p.a. payable quarterly	**34,385**	-
MEEZAN Bank Limited Loan 2 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly October-2021	533	4.50% p.a. payable quarterly	**17,052**	-
MEEZAN Bank Limited Loan 3 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly October-2021	175	4.50% p.a. payable quarterly	**5,612**	-
MEEZAN Bank Limited Loan 4 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly December-2021	948	4.50% p.a. payable quarterly	**30,339**	-
MEEZAN Bank Limited Loan 5 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly January-2022	3,443	4.50% p.a. payable quarterly	**110,156**	-
MEEZAN Bank Limited Loan 6 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly March-2022	496	4.50% p.a. payable quarterly	**15,865**	-

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
MEEZAN Bank Limited Loan 7 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly April-2022	1,417	4.50% p.a. payable quarterly	**45,368**	-
MEEZAN Bank Limited Loan 8 Under ILTFF scheme	6.5, 6.7, 6.8	32 quarterly May-2022	4,282	4.50% p.a. payable quarterly	**137,022**	-
National Bank of Pakistan Loan 1	6.3	10 half yearly August-2016	49,598	Six months KIBOR Ask rate + 0.75% payable half yearly	**99,198**	198,393
National Bank of Pakistan Loan 2 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly May-2018	5,835	2.80% p.a. payable quarterly	**64,196**	87,535
National Bank of Pakistan Loan 3 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly July-2018	5,451	2.80% p.a. payable quarterly	**65,401**	87,200
National Bank of Pakistan Loan 4 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly August-2018	179	2.80% p.a. payable quarterly	**2,143**	2,856
National Bank of Pakistan Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly September-2018	5,228	2.80% p.a. payable quarterly	**64,198**	83,643
National Bank of Pakistan Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	7,602	2.80% p.a. payable quarterly	**98,816**	129,218
National Bank of Pakistan Loan 7 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly November-2018	708	2.80% p.a. payable quarterly	**9,202**	12,033
National Bank of Pakistan Loan 8 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2020	8,253	2.75% p.a. payable quarterly	**264,082**	264,082
National Bank of Pakistan Loan 9 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly January-2021	2,361	2.75% p.a. payable quarterly	**75,551**	75,551
National Bank of Pakistan Loan 10 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2021	1,794	2.75% p.a. payable quarterly	**57,396**	57,396
National Bank of Pakistan Loan 11 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2021	2,914	2.75% p.a. payable quarterly	**93,254**	93,254
National Bank of Pakistan Loan 12 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly May-2021	3,727	2.75% p.a. payable quarterly	**119,279**	119,279
National Bank of Pakistan Loan 13 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly June-2021	4,981	2.75% p.a. payable quarterly	**159,384**	159,384
National Bank of Pakistan Loan 14 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly August-2021	3,115	2.75% p.a. payable quarterly	**99,671**	99,671

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
National Bank of Pakistan Loan 15 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly September-2021	2,209	2.75% p.a. payable quarterly	**70,672**	70,672
National Bank of Pakistan Loan 16 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly July-2021	3,492	2.75% p.a. payable quarterly	**111,733**	-
National Bank of Pakistan Loan 17 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly September-2021	7,919	2.75% p.a. payable quarterly	**253,420**	-
National Bank of Pakistan Loan 18 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly October-2021	7,768	2.75% p.a. payable quarterly	**248,588**	-
National Bank of Pakistan Loan 19 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2021	513	2.75% p.a. payable quarterly	**16,418**	-
National Bank of Pakistan Loan 20 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly January-2022	24,195	2.75% p.a. payable quarterly	**774,224**	-
National Bank of Pakistan Loan 21 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2022	3,760	2.75% p.a. payable quarterly	**120,307**	-
Soneri Bank Loan 1 Under LTFF scheme	6.3, 6.7	16 half yearly March-2018	14,457	5% p.a. payable quarterly	**159,025**	187,939
United Bank Limited Loan 1	6.3	12 half yearly January-2014	11,913	Six months KIBOR Ask rate + 1.00% payable half yearly	**-**	11,913
United Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	**7,208**	10,812
United Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	10 half yearly August-2017	398	6.50% p.a. payable quarterly	**1,594**	2,391
United Bank Limited Loan 4 Under LTFF scheme	6.4, 6.7	10 half yearly September-2017	215	6.50% p.a. payable quarterly	**860**	1,290
United Bank Limited Loan 5 Under LTFF scheme	6.4, 6.7	10 half yearly October-2017	102	6.50% p.a. payable quarterly	**510**	612
United Bank Limited Loan 6	6.4	10 half yearly March-2018	2,385	5% p.a. payable quarterly	**11,925**	16,695
United Bank Limited Loan 7 Under LTFF scheme	6.4, 6.7	10 half yearly December-2017	89	6.50% p.a. payable quarterly	**445**	623
United Bank Limited Loan 8 Under LTFF scheme	6.4, 6.7	10 half yearly February-2018	318	5% p.a. payable quarterly	**1,597**	2,233
United Bank Limited Loan 9 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	4,314	5% p.a. payable quarterly	**21,562**	30,192
United Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	10 half yearly April-2018	1,827	5% p.a. payable quarterly	**9,135**	12,789

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
United Bank Limited Loan 11 Under LTFF scheme	6.4, 6.7	10 half yearly May-2018	954	4% p.a. payable quarterly	**5,730**	6,684
United Bank Limited Loan 12 Under LTFF scheme	6.4, 6.7	10 half yearly August-2018	11,979	5% p.a. payable quarterly	**71,882**	95,840
United Bank Limited Loan 13 Under LTFF scheme	6.4, 6.7	16 half yearly June-2020	9,384	2.75% p.a. payable quarterly	**150,142**	150,142
United Bank Limited Loan 14 Under LTFF scheme	6.4, 6.7	16 half yearly October-2020	23,826	2.75% p.a. payable quarterly	**381,215**	381,215
United Bank Limited Loan 15 Under LTFF scheme	6.4, 6.7	16 half yearly November-2020	1,495	2.75% p.a. payable quarterly	**23,920**	23,920
United Bank Limited Loan 16 Under LTFF scheme	6.4, 6.7	16 half yearly December-2020	8,335	2.75% p.a. payable quarterly	**133,353**	133,353
United Bank Limited Loan 17 Under LTFF scheme	6.4, 6.7	16 half yearly January-2021	3,016	2.75% p.a. payable quarterly	**48,256**	48,256
United Bank Limited Loan 18 Under LTFF scheme	6.4, 6.7	16 half yearly February-2021	706	2.75% p.a. payable quarterly	**10,589**	11,295
United Bank Limited Loan 19 Under LTFF scheme	6.4, 6.7	16 half yearly April-2021	2,847	2.75% p.a. payable quarterly	**45,550**	45,550
Samba Bank Limited Loan 1 Under LTFF scheme	6.3, 6.7	10 half yearly September-2019	15,710	3% p.a. payable quarterly	**125,679**	157,099
Samba Bank Limited Loan 2 Under LTFF scheme	6.3, 6.7	10 half yearly January-2020	10,809	3% p.a. payable quarterly	**97,275**	108,084
Samba Bank Limited Loan 3 Under LTFF scheme	6.3, 6.7	10 half yearly February-2020	1,339	3% p.a. payable quarterly	**12,052**	13,391
Samba Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	10 half yearly March-2020	140	3% p.a. payable quarterly	**1,262**	1,402
Samba Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	10 half yearly August-2020	2,237	3% p.a. payable quarterly	**22,369**	22,369
Samba Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	10 half yearly November-2020	5,461	3% p.a. payable quarterly	**54,613**	54,613
Samba Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	10 half yearly December-2020	4,304	3% p.a. payable quarterly	**43,042**	43,042
		Total from Banking Companies			**10,062,645**	7,078,540

6.2 Non-Banking Financial Institutions - Secured

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
Pair Investment Company Loan 1 Under LTFF scheme	6.5, 6.7	12 half yearly May-2018	11,417	3.5% p.a. payable half yearly	**91,333**	102,750
Pair Investment Company Loan 2 Under LTFF scheme	6.5, 6.7	12 half yearly June-2018	11,375	3.5% p.a. payable half yearly	**90,650**	102,025
Pair Investment Company Loan 3 Under LTFF scheme	6.5, 6.7	16 half yearly October-2019	13,349	3% p.a. payable half yearly	**200,230**	213,579
Pair Investment Company Loan 4 Under LTFF scheme	6.5, 6.7	12 half yearly December-2019	236	3% p.a. payable half yearly	**2,654**	2,831
Pair Investment Company Loan 5 Under LTFF scheme	6.5, 6.7	12 half yearly February-2020	1,230	3% p.a. payable half yearly	**13,833**	14,756
Pair Investment Company Loan 6 Under LTFF scheme	6.5, 6.7	12 half yearly April-2020	1,508	3% p.a. payable half yearly	**18,101**	18,101
Pair Investment Company Loan 7 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	26,509	3% p.a. payable half yearly	**424,149**	424,149
Pair Investment Company Loan 8 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	512	3% p.a. payable half yearly	**8,191**	8,191
Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2018	10,909	3% p.a. payable quarterly	**250,869**	283,616
Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	4,215	3% p.a. payable quarterly	**96,857**	109,503
Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly April-2018	31	3% p.a. payable quarterly	**737**	830
Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2018	1,289	3% p.a. payable quarterly	**30,937**	34,804
Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2018	6,997	3% p.a. payable quarterly	**167,884**	188,875
Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly January-2022	2,735	3% p.a. payable quarterly	**87,511**	-
Pak Kuwait Investment Pvt. Ltd Loan 7 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly December-2021	567	3% p.a. payable quarterly	**18,136**	-
Pak Kuwait Investment Pvt. Ltd Loan 8 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2022	1,611	3% p.a. payable quarterly	**51,540**	-
Pak Kuwait Investment Pvt. Ltd Loan 9 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2022	3,085	3% p.a. payable quarterly	**98,709**	-

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	
Pak Kuwait Investment Pvt. Ltd Loan 10 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly April-2022	759	3% p.a. payable quarterly	24,274	-
Pak Kuwait Investment Pvt. Ltd Loan 11 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2022	5,172	3% p.a. payable quarterly	165,500	-
Pak Kuwait Investment Pvt. Ltd Loan 12 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2022	609	3% p.a. payable quarterly	19,500	-
Pak Kuwait Investment Pvt. Ltd Loan 13 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2022	2,582	3% p.a. payable quarterly	82,613	-
Pak Brunei Investment Company Loan 1 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly December-2018	28,637	2.5% p.a payable quarterly	372,279	400,915
Pak Brunei Investment Company Loan 2 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly May-2019	2,419	2.5% p.a payable quarterly	33,872	36,291
Pak Brunei Investment Company Loan 3 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly July-2019	5,468	2.5% p.a payable quarterly	76,560	87,496
Pak Oman Investment Company Loan 1 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly January-2019	8,596	2.75% p.a payable quarterly	223,507	257,891
Pak Oman Investment Company Loan 2 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly February-2019	7,410	2.75% p.a payable quarterly	200,071	222,301
Pak Oman Investment Company Loan 3 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly March-2019	6,927	2.75% p.a payable quarterly	187,032	207,813
Pak Oman Investment Company Loan 4 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly May-2019	298	2.75% p.a payable quarterly	8,347	9,238
Pak Oman Investment Company Loan 5 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly June-2019	7,144	2.75% p.a payable quarterly	200,048	221,480
Pak Oman Investment Company Loan 6 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly September-2019	351	2.75% p.a payable quarterly	10,175	11,228
		Total from Non-Banking Financial Institutions			3,256,099	2,958,663

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/profit rate per annum	2020	2019
					------Rs. 000s----	

6.2.1 Financing for payment of salaries and wages under SBP Re-finance scheme

Finance obtained from Faysal Bank Ltd	6.3, 6.8 6.10	8 quarterly March-2021	78,872	1% p.a. payable quarterly	630,972	-
Less: Fair value differential - Government grant					(85,199)	-
Unwinding of interest					1,196	-
					546,969	-

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

6.4 These loans are secured by charge over specified machinery.

6.5 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company and equitable mortgage over land and building.

6.6 These loans are secured by charge over specified machinery of the Company and equitable mortgage over land and building.

6.7 The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of up to five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.

6.8 These loans are obtained under Shariah Compliant Arrangements.

6.9 These loans are secured by ranking charge over present and future property, plant and equipment of the company.

6.10 Company has availed Rs. 962.38 million facility from Faysal Bank Limited under the “Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns” launched by the State Bank of Pakistan. Under the facility, Rs. 630.97 million were disbursed by the Bank till June 30, 2020. The facility carries a markup @1.0% per annum payable quarterly, is to be repaid in eight equal quarterly installments after a grace period of six months and is secured by First Pari Passu Hypothecation Charge over present and future plant and machinery.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

7 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	2020	2019
	Rs. 000s	
Present value of lease payments as at July 01,2019	**2,638,610**	-
Present value of lease payments as at July 01,2019	**(87,237)**	-
	2,551,373	-
Additions	**324,079**	-
Accretion of interest	**368,205**	-
Payments	**(642,755)**	-
As at June 30, 2020	**2,600,902**	-
Current	**409,199**	-
Non -Current	**2,191,703**	-
	2,600,902	-

7.1 Lease liabilities are payable as follows

	Minimum Lease payments	Interest	Present value of minimum lease payments
	Rs. 000s		
Less than one year	770,797	361,598	409,199
Between one and 5 years	2,609,022	814,143	1,794,878
More than five years	598,403	201,578	396,825
	3,978,222	**1,377,319**	**2,600,902**

8 DEFERRED TAXATION

	Note	2020	2019
		Rs. 000s	
Opening balance		**71,330**	23,692
(Credited)/charged to statement of profit or loss		**(36,238)**	48,332
Charged/(credited) to other comprehensive income		**75**	(694)
Closing balance		**35,167**	**71,330**

Deferred tax arises due to:

Taxable temporary difference in respect of			
Accelerated tax depreciation allowance		**460,012**	392,832
Deductible temporary differences in respect of			
Provision for gratuity		**(15,421)**	(9,730)
Expected credit loss against trade debts		**(31,838)**	(35,173)
Provision for slow moving items/obsolete items of stores and spares		**(21,467)**	(18,790)
Excess of lease liability over carrying value of Right-of-use asset		**(83,155)**	-
		(151,881)	(63,693)
Tax credit		**(272,964)**	(257,809)
		35,167	**71,330**

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

9 DEFERRED GOVERNMENT GRANT

	Note	2020	2019
		Rs. 000s	
Fair value differential of loan at subsidized rate as Government grant	6.2.1	85,199	-
Government grant recognized as income	32	(1,058)	-
		84,141	-
Current maturity of deferred government grant		48,921	-
		35,220	-

10 DEFINED BENEFIT PLAN- STAFF GRATUITY

10.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability

	Note	2020	2019
		Rs. 000s	
Opening balance		86,717	63,165
Charge for the year	10.2	131,872	46,707
Remeasurement (gain)/loss charged in other comprehensive income	10.3	(666)	6,189
Benefits paid during the year		(81,163)	(29,344)
Closing balance		136,760	86,717

10.2 Charge for the year recognized in statement of profit or loss

	Note	2020	2019
Current service cost		88,753	36,623
Past service cost	10.2.1	36,545	5,720
Markup cost		6,574	4,364
	30.1	131,872	46,707

10.2.1 Past service cost relates to employees employed in preceding year but become eligible for gratuity during the current year and the employees of a segment which has been made part of gratuity during the year.

10.3 Remeasurement (gain)/loss charged in other comprehensive income

	2020	2019
Actuarial (gains)/losses from changes in financial assumptions	(359)	202
Experience adjustments	(307)	5,987
	(666)	6,189

10.4 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation:	2020	2019
Discount rate used for year end obligation	8.50%	14.25%
Discount rate used for markup cost	14.25% p.a	9.00% p.a
Expected increase in salary	7.50%	13.25%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Set back 1 Year	Set back 1 Year
Withdrawal rates	Age-Based	Age-Based
Retirement assumption	Age 60	Age 60

10.5 Associated Risks

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

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

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

10.6 General Description

The scheme provides retirement benefits to all its eligible employees of the company who are not part of the provident fund scheme and who have completed the minimum qualifying period of service. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2020. The disclosure is based on information included in that actuarial report.

10.7 Sensitivity Analysis

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

	Note	2020	2019
		Rs. 000s	
Discount Rate + 100 bps		130,147	82,793
Discount Rate - 100 bps		144,298	91,162
Salary increase + 100 bps		144,298	91,162
Salary increase - 100 bps		130,030	82,728

10.8 Maturity Profile

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

	Note	2020	2019
		Rs. 000s	
FY 2021		47,955	33,773
FY 2022		49,594	28,789
FY 2023		41,739	26,315
FY 2024		36,234	24,285
FY 2025		32,118	23,046
FY 2026		30,318	23,716
FY 2027		27,995	22,685
FY 2028		29,022	26,188
FY 2029		30,325	29,129
FY 2030		27,435	
FY 2030 onwards		1,298,643	2,336,040

The average duration of the defined benefit obligation is 5 years.

11 TRADE AND OTHER PAYABLES

	Note	2020	2019
		Rs. 000s	
Creditors - Others		4,488,485	3,197,093
- Due to related parties		181,000	133,138
		4,669,485	3,330,231
Accrued expenses	11.1.1, 11.1.2 & 11.1.3	6,057,382	5,636,065
Payable against investment in Worldwide Developers (Private) Limited - Secured	11.2 & 19.2	899,986	-
Advances from customers		294,933	214,634
Security deposit against franchise stock	11.3	93,300	93,250
Workers' profit participation fund	11.4	-	213,632
Workers' welfare fund		46,951	66,725
Taxes withheld		35,940	51,006
Payable to employees' provident fund trust		13,096	22,644
Others		471	9,327
		12,111,544	9,637,514

11.1.1 Accrued expenses include Infrastructure Cess amounting to Rs. 468 million (2019: Rs. 353 million). The Company along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi through petition dated May 28, 2011. Furthermore, the Holding Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. During the year end June 30, 2018 the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was also enacted by the Province of Sindh against which the Company has filed constitutional petition dated October 14, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed interim relief to the Company till final judgment has been allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the un-consolidated financial statements.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

11.1.2 The Company along with several other companies filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated August 31, 2015 regarding increase in the Gas rate tariff, on November 16, 2015 which was decided by the Honorable Sindh High Court in favor of the Company and thereafter the Government filed an appeal in the Divisional Bench of the Honorable Sindh High Court against the decision which has also been decided in favour of the Company. During 2017, the Oil and Gas Regulatory Authority (OGRA) had issued another notification dated December 30, 2016 and SSGC billed @ Rs.600 per MMBTU instead of Rs.488.23 per MMBTU. The Company along with others have filed petition in the Honorable Sindh High Court against the notification and the Honorable Court granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. The OGRA issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to said notification the Company paid the bills accordingly at the prevailing rates. Upto the September 2018 the Company has provided banker's verified various Cheques of aggregate amount of Rs. 250.67 million (June 2019 Rs. 250.67 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision of Rs. 410.60 million (June 2019: Rs. 410.60 million) accrued upto September 2018 in these un-consolidated financial statements.

11.1.3 The Company along with several other companies has filed a suit in the Honorable Sindh High Court on December 18, 2015, challenging the charging of captive power tariff instead of Industry tariff rate to the Company, since the Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Company. The Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Company paid the bills accordingly at the specified rates. Upto September 2018 the Company has provided banker's verified various cheques of Rs. 388.57 million (June 2019 Rs. 388.57 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained provision amounting to Rs. 626.23 million (June 2019: Rs. 626.23 million) accrued upto September, 2018 in the un-consolidated financial statements. The Honorable Sindh High Court vide its judgment dated 27 February, 2020 decided the case in favor of the Company, however considering the Government's right to appeal, the Company being prudent has maintained the provision as stated above.

11.2 As stated in detail in note 19.2, the Company has acquired 55% shares of Worldwide Developers (Private) Limited and this amount represents outstanding balances of Rs. 408 million payable to former shareholders of the WWDL and Rs. 491.9 million payable in respect of liabilities of WWDL assumed by the Company. This is secured against financial guarantee as disclosed in note 15.14(e).

11.3 These security deposit are utilized for the purpose of the business as per written agreements, in compliance with requirements of section 217 of the Companies Act, 2017.

11.4 Workers' profit participation fund

	Note	2020	2019
		Rs. 000s	
Opening balance		**213,632**	124,781
Allocation for the year	31	**-**	213,632
Markup for the year	11.4.1	**4,826**	7,371
		218,458	345,784
Payments made during the year		**(218,458)**	(132,152)
Closing balance		**-**	**213,632**

11.4.1 Markup on Workers' Profit Participation Fund is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Company till the date of payment to the fund.

12 ACCRUED MARK-UP/PROFIT

	Note	2020	2019
		Rs. 000s	
Mark-up/profit on long term financing		**121,457**	70,903
Mark-up/profit on short term borrowings		**284,522**	229,107
	12.1 & 12.2	**405,979**	**300,010**

12.1 This includes profit of Rs. 6.77 million and Rs. 72.33 million (2019: Rs. 10.5 million and Rs. 67.1 million) accrued in long term financing and short term borrowings respectively under Shariah Compliant arrangements.

12.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 2.8 million (2019: Rs. 14.4 million).

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

13 SHORT TERM BORROWINGS

	Note	2020	2019
		Rs. 000s	
Short term bank borrowings			
Foreign currency		1,244,232	-
Local currency		24,242,715	18,961,882
	13.1	25,486,947	18,961,882

13.1 This includes Istisna (Shariah Compliant) amounting to Rs. 4,095 million (2019: Rs. 4,454 million) in local currency and Rs. 25.63 million (2019: Rs. Nil) in foreign currency.

13.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. Unavailed facility at the year end was Rs. 3,079 million (2019: Rs. 3,303 million). The facility for short term finance matures within twelve months. Short term borrowings include amount due to Habib Metropolitan Bank Limited, an associated company, of Rs. 564 million (2019: Rs. 959 million).

13.3 Foreign currency mark-up/profit rates range from 2.09% to 3.06% (2019: Nil) per annum. Local currency mark-up/profit rates range from 2.67% to 14.62% (2019: 2.52% to 12.98%) per annum.

14 UNPAID DIVIDEND

Dividend payable includes the dividend amount Rs.21.1 million (2019: Rs.16.1 million) held by the Company, as referred in Note no. 4.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 16.185 million and Rs. 0.726 million (2019: Rs. 12.3 million and Rs. 0.553 million) of Gul Ahmed Holdings (Private) Limited and an Associated Company respectively.

15 CONTINGENCIES AND COMMITMENTS

15.1 The Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2019: Rs. 84 million). The Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal Rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

15.2 The Company has filed a Petition in the Honorable Sindh High Court, dated March 30, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (2019: Rs. 50.83 million). This demand was raised after lapse of more than two years although the records and books of the Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

15.3 The Company along with several other companies has filed a Consitution Petition No. 2206 of 2016 on April 18, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Honourable Sindh High Court against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honourable Sindh High Court has already restrained EOBI from taking any coercive action against the Company. The matter is now pending before the court for final outcome and the legal counsel of the Company do not forsee any claim/losses that are likely to arise therefrom. Therefore the Company has not made provision to the extent of Rs. 119.6 million out of expected liability of Rs. 329.90 million. (2019: 261.58 million).

15.4 The Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent on October 17, 2011 and against which part payment of Rs. 2.6 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made for difference unpaid amount of Rs. 7.4 million.

15.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made amendements in SRO 1125(I)/2011 dated December 31, 2011 for disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustments on packing material of textile products is not being allowed for adjustment with effect from July 01, 2016. the Company has challenged the disallowance of input tax adjustments on packing material in the Sindh High Court through suit No. 2381/2016 dated November 10, 2016 against Federation of Pakistan and others. The matter is pending before the honourable court for final outcome and the legal counsel of the Company do not forsee any liability that is likely to arise, hence no provision is made for amount of Rs 446.18 million.

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15.6 The Company had successfully challenged the levy of Gas Infrastructure Development Cess (GIDC) under the GIDC Act, 2015 before the Sindh High Court. The Federal Government has filed a time-barred Appeal before the Division Bench of the Honourable Sindh High Court after a delay of three years. The Honorable Supreme Court of Pakistan on August 13, 2020, while disposing off the Appeals filed by gas consumers from industries of Khyber Pakhtunkhwaha, upheld that levy of GIDC for the past but suspended the levy for the future. The court ordered to pay the GIDC dues under the GIDC Act, 2015 with retrospective effect from 15-12-2011, in 24 monthly installments starting August 2020. Total amount of the cess works out to Rs. 3.73 billion on the basis that Company has both Industrial and Captive connections having different GIDC rates. However, Oil and Gas Development Authority has ruled out that the Consumer having supply of natural gas for industrial use and having in-house electricity generation facility for self consumption does not fall under the definition of Captive as well as Sindh High Court has also decided in favour of the Company on the issue of industrial and Captive connections. Therefore, management, based on the legal advice of the Company, believes that maximum liability of the Company in respect of GIDC will be Rs. 2.3 billion. However, the management on prudent basis has maintained provision of Rs. 2.8 billion (June 2019: Rs. 2.3 billion) made in these un-consolidated financial statements. The Company has also filed a review petition against the Judgment of the Honorable Supreme Court of Pakistan on September 14, 2020.

15.7 The Company has filed a suit in the Honorable Sindh High Court on March 28, 2002 for recovery of Rs. 33.4 million (2019: Rs. 33.4 million) against sale of property included in other receivables note 24. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

15.8 The Company along with other petitioners challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008, dated February 04, 2011. The Honorable Sindh High Court decided the matter in favour of the Government. The Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on November 10, 2016 declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. Review petition has been filed by the Federal Government in the Honorable Supreme Court against the judgment. The Company does not expect any liability in this respect.

15.9 Various cases for reinstatement and settlement dues have been filed by the former employees of the Company which are pending for hearing or final outcome before various courts. There may arise financial liability in respect of these matters depending on the orders of the court as and when passed. Since the amount of financial liability is not ascertainable at this point of time and the favourable outcomes are expected in these cases, hence no provision has been made there against.

15.10 Income tax amended order under section 122(1) of the Income Tax Ordinance, 2001, for the tax year 2016 has been issued, wherein certain provisions and expenses aggregating to Rs. 338.2 million (having tax impact of Rs. 108.2 million) have been added back to the income as claimed in the deemed assessment, while super tax of Rs. 42.8 million has been levied. The Company contested the matter in appeal against amended order, and Comissioner Income Tax (Appeal) passed an order in favor of the Company allowing the expenses aggregating to Rs.290 million wherein, the Department has filed appeal to Appellate Tribunal against the order, however, the management believes that the aforementioned matter will ultimately be decided in favour of the Company. Accordingly, no provision is required to be made in the provision for taxation in these un-consolidated financial statements, in excess of the adjustment of Rs. 8 million recorded in these un-consolidated financial statements.

15.11 The Federal Government vide Finance Act, 2019 dated June 30, 2019 made amendments in Section 65(B) of the Income Tax Ordinance, 2001 whereby restricted the percentage of tax credit from 10% to 5% on amount invested in extension, expansion, balancing, modernization and replacement (BMR) of the plant and machinery for the tax year 2019 and the period for investment in plant and machinery for availing tax credit is curtailed from June 30, 2019 to June 30, 2021. The Company along with other petitioners has challenged the amendment in the Honorable Sindh High Court through constitutional petition, the Honorable Sindh High Court has passed an interim order on December 23, 2019 allowing the petitioners to file the income tax return as per un-amended provisions of Section 65(B) of income tax ordinance, 2001, hence the Company has claimed tax credit on BMR @10% in the income tax return for the year ended 30 June, 2019. The amount of credit involved for tax year 2019 and 2020 approximates to Rs. 655 million.

15.12 The Company along with several other petitioners has filed a Constitution Petition against the Karachi Water & Sewerage Board (KWSB) and others in the Honourable Sindh High Court against a notification dated 30.10.2019 issued by the KWSB whereby increased water charges from Rs. 242 to Rs. 313 per 1000 gallons which is 29% more than the existing rates with retrospective effect from 1.07.2019. The Honourable Sindh High Court has issued stay order against the impugned notification on 16.01.2020 and has restrained KWSB from taking any coercive action against the Company. The Company has provided banker's verified various Cheques of aggregate amount of Rs. 33.169 million (June 2019 Rs. Nil) being difference between Rs. 313 and Rs. 242 per 1000 gallons as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision in these un-consolidated financial statements.

15.13 The Company along with several other petitioners has filed a Constitution Petition in the Honourable Sindh High Court against the K-Electric, NEPRA and others for charging Industrial Support Package Adjustment (ISPA), based on corrigendum issued by Federation of Pakistan, in the electricity bill to Industrial consumers for the month of April 2020. The Honourable Sindh High Court has issued stay order against the impugned notification on 30.04.2020 whereby it restrained K-Electric from taking any action against the Company and ordered to pay the Bills without ISPA charges at banks. The Company has provided banker's verified Cheque of aggregate amount of Rs. 1.765 million (June 2019 Rs. Nil) being the amount of ISPA charges as security to Nazir of High Court Sindh for the month of April 2020 bill, as a matter of prudence, maintained full provision in these un-consolidated financial Statements.

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15.14 Guarantees and others

a) Guarantees of Rs.1,119 million (2019: Rs. 1,035 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 938 million (2019: Rs. 893 million).

b) Post dated cheques of Rs. 3,753 million (2019: Rs. 3,125 million) has been issued to Custom Authorities in respect of duties on imported items availed on the basis.

c) Bills discounted amounted to Rs. 3,903 million (2019: Rs. 4,876 million) including Bills discounted from associated company amounting to Rs. 2,746 million (2019: Rs. 2,160 million).

d) Corporate guarantee of Rs. 146 million (2019: Rs. 146 million) Rs. 670 million (2019: Rs. 661 million) and Rs. 152 million (2019: Rs.148 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed Internation FZC- UAE and Sky Home Corporation-USA respectively.

e) Pak China Investment Company Limited has issued financial guarantees, on behalf of the Company, to secure balance payment for purchase of shares of Worldwide Developers (Pvt) Ltd (WWDL) and liabilities of WWDL assumed by the Company as dislcosed in note 19.2 and 11.3. Aggregate amount of financial guarantee is Rs.1,120 million.

15.15 Commitments

The Company is committed for capital expenditure as at June 30, 2020 of Rs. 4,440.5 million (2019: Rs. 2,838.2 million).

16 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		Rs. 000s	
Operating fixed assets	16.1	21,507,415	18,068,449
Capital work in progress (CWIP)	16.2	2,428,602	925,856
		23,936,017	**18,994,305**

16.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture	Office Equipment	Vehicles	Total
		Rs. 000s						
At July 01, 2018								
Cost		222,641	5,918,435	18,629,194	111,129	755,589	748,765	26,385,753
Accumulated depreciation		-	(2,498,757)	(8,087,481)	(64,036)	(455,369)	(371,396)	(11,477,039)
Net book value as at July 01, 2018		**222,641**	**3,419,678**	**10,541,713**	**47,093**	**300,220**	**377,369**	**14,908,714**
Movement during year ended June 30, 2019								
Additions during the year								
Direct additions (at cost)		-	-	-	27,370	149,578	50,387	227,335
Transfer from CWIP		-	314,585	4,733,849	-	-	-	5,048,434
		-	314,585	4,733,849	27,370	149,578	50,387	5,275,769
Disposals during the year								
Cost		-	-	(845,094)	-	-	(115,721)	(960,815)
Depreciation		-	-	732,410	-	-	58,074	790,484
Net book value		-	-	(112,684)	-	-	(57,647)	(170,331)
Depreciation charge for the year		-	(519,644)	(1,264,046)	(6,728)	(80,972)	(74,313)	(1,945,703)
Net book value as at June 30, 2019		**222,641**	**3,214,619**	**13,898,832**	**67,735**	**368,826**	**295,796**	**18,068,449**

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture	Office Equipment	Vehicles	Total
		Rs. 000s						
As at July 01, 2019								
Cost		222,641	6,233,020	22,524,365	138,964	898,711	683,431	30,701,132
Accumulated depreciation		-	(3,018,401)	(8,625,533)	(71,229)	(529,885)	(387,635)	(12,632,683)
Net book value as at July 1, 2019		**222,641**	**3,214,619**	**13,898,832**	**67,735**	**368,826**	**295,796**	**18,068,449**
Movement during year ended June 30, 2020								
Additions during the year								
Direct additions (at cost)		152,251	-	-	23,765	108,419	35,886	320,321
Transfer from CWIP	16.2	-	1,534,154	4,214,382	-	-	-	5,748,536
		152,251	1,534,154	4,214,382	23,765	108,419	35,886	6,068,857
Disposals during the year	16.1.2							
Cost		-	(72,746)	(1,144,345)	-	-	(124,799)	(1,341,890)
Depreciation		-	60,739	712,627	-	-	85,797	859,163
Net book value		-	(12,007)	(431,718)	-	-	(39,002)	(482,727)
Depreciation charge for the year	16.1.1	-	(510,018)	(1,467,601)	(7,652)	(104,575)	(57,318)	(2,147,164)
Net book value as at June 30, 2020		**374,892**	**4,226,748**	**16,213,895**	**83,848**	**372,670**	**235,362**	**21,507,415**
As at June 30, 2020								
Cost		374,892	7,694,428	25,594,402	162,729	1,007,130	594,518	35,428,099
Accumulated depreciation		-	(3,467,680)	(9,380,507)	(78,881)	(634,460)	(359,156)	(13,920,684)
Net book value as at June 30, 2020		**374,892**	**4,226,748**	**16,213,895**	**83,848**	**372,670**	**235,362**	**21,507,415**
Depreciation rate % per annum		**-**	**10 to 20**	**10 to 20**	**10 to 12**	**15 to 33**	**20**	

16.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
		Rs. 000s	
Cost of goods manufactured	28.1	**1,751,135**	1,526,009
Distribution cost	29	**270,284**	292,890
Administrative cost	30	**125,745**	126,804
		2,147,164	**1,945,703**

16.1.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Buildings And Structures On Leasehold Land						
Building Mill 3	72,376	11,813	-	(11,813)	Retired being unusable	
Items with written down value below Rs. 500,000	370	194	239	45	Negotiation	Various
	72,746	12,007	239	(11,768)		
Plant and machinery						
Gas Generator	510,122	220,071	112,255	(107,816)	Negotiation	S.M Jaffer & Co. Jaffer House, 17 Timber Pond, Kemari, Karachi
Weaving looms	46,060	7,915	7,850	(65)	Negotiation	Hasan & Co. B-59/2, Qazafi Town Landhi, National Highway Road, Karachi
Ink-Jet Printing Machine	28,749	19,584	4,125	(15,459)	Negotiation	Choice Wears. Near Rescue 1122 Garden Town, Daska Road, Sialkot
Spindles and frames	160,648	82,974	46,841	(36,133)	Negotiation	Gulf Tex Machine FZCO Jebel Ali Free Zone, Dubai
Auto cones and rings	103,329	30,302	6,288	(24,014)	Negotiation	AMS Enterprise Plot # D-126 .Bawany Challi Site Town, Karachi

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For the Year Ended June 30, 2020

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Winder machine	17,525	7,043	7,500	457	Negotiation	Fashion Knit Industries Plot No. C 30, Mangopir Road Site Town, Karachi
Auto cones	9,191	1,063	7,500	6,437	Negotiation	Al-Karam Textile Mills (Pvt) Ltd 3rd Floor Karachi Dock Labour Board,58 West Wharf Road, Karachi
Carding machine	7,461	1,049	1,390	341	Negotiation	Al Karam Towel Industries (Pvt) Ltd. D-11 Site Super Highway Scheme # 33 Karachi
Industrial rings	4,654	1,367	500	(867)	Negotiation	Abdullah Waleed Textile Mills (Pvt) Ltd. 27-K.M, Sheikhupura Road Khurrianwala, Faisalabad
Industrial rings	4,654	1,417	2,760	1,343	Negotiation	Huzaifa Enterprises.. Plot# C-9-A, S.I.T.E, Kotri, Hyderabad
Spindles	28,331	10,688	5,200	(5,488)	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town,Faisalabad
Embroidery machines	12,784	2,922	684	(2,238)	Negotiation	Sahil & Sons House No. 239 Mohala C-1 Area, Karachi
Industrial washing machines	5,074	3,580	753	(2,827)	Negotiation	M/S Galani Dyeing Plot No B-1 St21/2, Sec 16-A North Karachi, Karachi
Carding machine	2,083	2,083	600	(1,483)	Negotiation	Swabi Textile Mills (Private) Ltd. Plot No. 193/1-2 & 212/1 Road No. R-7, Gadoon Amazai Swabi.
Air compressor	32,122	8,013	-	(8,013)	Retired being unuseable	
Items with written down value below Rs. 500,000	171,558	31,647	13,550	(18,097)	Negotiation	Various
	1,144,345	**431,718**	**217,796**	**(213,922)**		
Vehicles						
Toyota Corolla BCU-381	1,851	557	1,019	462	Negotiation	Zain Ul Abedin House No.A-203, Block-2, 13-D Gulshan E Iqbal, Karachi
Suzuki Swift BEE-189	1,428	579	1,200	621	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11th Floor Executive Tower,Clifton, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Honda City BEL-696	1,528	643	1,103	460	Negotiation	Najam Ul Hassan House No. C-159/2, Block-6, Gulshan-E-Iqbal, Karachi
Corolla BEW-456	2,004	862	1,439	577	Negotiation	Muhammad Altaf Qureshi House No. A-226, A Area, Kala Board Malir City, Karachi
Corolla BEY-610	1,852	811	1,318	507	Negotiation	Faizan Pervaiz House No. A-485, Street No. 44, Block-4, Saadi Town, Karachi
Honda city BFD-349	1,686	765	1,300	535	Negotiation	Shahid Azeem Hassan Pura, Pindi Bhattia, District Hafizabad, Karachi
Suzuki Cultus BFB449	1,174	505	848	343	Negotiation	Aziz Haider Qureshi House No. 585, Sector 51 B,Korangi, Karachi
Honda City BGG-210	1,691	810	1,300	490	Negotiation	Muhammad Wasif House No. A-9, Block-18, Rabia Bunglows,Gulistan-E-Johar, Karachi
Suzuki Cultus BGT-826	1,169	615	979	364	Negotiation	Muhammad Arif House No. B-30, 11-C/1,North Karachi, Karachi
Suzuki Wagon R BGV-810	1,021	519	800	281	Negotiation	Bank Al Falah Islamic I.I Chundrigar Road Branch, Karachi
Suzuki Wagon R BGW-987	1,014	534	740	206	Negotiation	Khalid Ismail House No. D-53, Mehmoodabad No.3, Karachi
Corolla BHA-640	1,887	1,031	1,632	601	Negotiation	Syed Imran Alvi 77-B, Block-6,Pechs Karachi
Honda City BHF-304	1,701	898	1,473	575	Negotiation	Sajjad Hussain Near Gul Ahmed Shop, Multan
Corolla Altis BHF-567	2,051	1,142	1,789	647	Negotiation	Shaikh Muhammad Ali House No. C-24,Sunny View, Block-14, Gulistan-e-Juhar, Karachi
Corolla Altis BHX-124	2,050	1122	1,788	666	Negotiation	Syeda Sidra Khalid House # 111, Block 7/8, Kidni Hill Area, Karachi

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Particulars of assets	Cost	Written down value	Sale proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Toyota Corolla BEH-903	1,851	739	1,224	485	Negotiation	Abdus Sami Flat No. 22/3, Maniya Cooperative Housing Society Shaheed Millat Road, Karachi
Honda Atlas BFT-127	1,686	751	1,214	463	Negotiation	Aurangzeb House No. 413, Block-B, Gulshan-e-Shamim, F.B.Area Karachi
Corolla GLI BEY-611	1,852	782	1,506	724	Negotiation	Samad Ahmed Universal Road House # A-511, Area Gulistan Johar Block #7, Karachi
Honda Atlas BEC-241	1,529	587	1,024	437	Negotiation	Muhammad Arif Plot No. 134/E, 1st Floor, PECHS, Block-2, Karachi
Corolla GLI BEM-730	1,852	671	1,224	553	Negotiation	Mohan Khemjee-employee Flat No.305, Silver Stone Apartments, Plot No. 351-B, Dhoraji Karachi
Honda Atlas BEN-368	1,528	610	1,024	414	Negotiation	Muhammad Javed-employee Flat No 19,Gul Ahmed Textile Mills Ltd Karachi
Corolla GLI BEN-681	1,852	671	1,318	647	Negotiation	Mirza Hamid Baig House No. 2930, Street No.2, Block- Ali, Behria Town Karachi
Toyota Corolla BER-646	2,003	740	1,748	1,008	Negotiation	Siddiqsons Limited 7th Floor, Siddiqsons Tower, J.C.H. Society, 7 & 8, Karachi
Items with written down value below Rs. 500,000	86,539	22,058	52,701	30,643	Negotiation	Various
	124,799	**39,002**	**81,711**	**42,709**		
As of June 2020	**1,341,890**	**482,727**	**299,746**	**(182,981)**		
2019	**960,815**	**170,331**	**146,519**	**(23,812)**		

16.1.3 Details of net gain on disposal of property, plant and equipment

	Note	2020	2019
		Rs. 000s	
Gain on disposal of property, plant and equipment	32	**51,332**	23,775
Loss on disposal of property, plant and equipment	31	**(234,313)**	(47,587)
Net loss on disposal of Property, plant and equipment		**(182,981)**	(23,812)

16.2 Capital work in progress

	Note	2020	2019
		Rs. 000s	
Machinery and store items		**1,044,287**	119,130
Civil works		**1,384,315**	806,726
		2,428,602	925,856
The movement in capital work in progress is as follows:			
Balance at beginning of the year		**925,856**	1,195,605
Capital expenditure incurred during the year			
Machinery and store items		**5,135,228**	3,576,680
Civil works		**2,116,454**	1,207,075
		7,251,682	4,783,755
Transfers to operating fixed assets during the year			
Machinery and store items		**(4,214,382)**	(4,733,849)
Civil works		**(1,534,154)**	(314,585)
		(5,748,536)	(5,048,434)
Reclassification			
Machinery and store items		**4,311**	288,395
Civil works	16.2.1	**(4,311)**	(288,395)
		-	-
Charged to consumption		**(400)**	(5,070)
Balance at end of the year		**2,428,602**	**925,856**

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

16.2.1 There has been a reclassification in capital work in progress from civil works to Machinery and store items, amounting to Rs. 4.3 million (2019: Rs. 288.4 million).This is due to subsequent clarification and bifurcation of capital expenditure.

17 RIGHT OF USE ASSETS

	Note	2020	2019
		Rs. 000s	
Recognition as at July 01,2019		2,638,610	-
Additions		324,079	-
Depreciation expense	29	(648,528)	-
Net book value		2,314,161	-
Gross carrying amount as at June 30, 2020			
Cost		2,962,689	-
Accumulated Depreciation		(648,528)	-
		2,314,161	-

18 INTANGIBLE ASSETS

	Note	Computer Software
		Rs. 000s
At July 1, 2018		
Cost		201,981
Accumulated amortisation		(177,996)
Net book value as at July 1, 2018		**23,985**
Additions (at cost)		34,689
Intangible assets written off		
Cost	18.4	100,977
Accumulated amortisation		(100,977)
		-
Amortisation charge for the year		(14,028)
Net book value as at June 30, 2019		**44,646**
At July 1, 2019		
Cost		135,693
Accumulated amortisation		(91,047)
Net book value as at July 1, 2019		**44,646**
Movement during the year ended June 30, 2020		
Additions (at cost)		**69,073**
Intangible assets written off		
Cost	18.4	95,444
Accumulated amortisation		(95,444)
		-
Amortisation charge for the year	18.1	**(24,151)**
Net book value as at June 30, 2020	18.3	**89,568**
Cost		**305,743**
Accumulated amortisation		**(216,175)**
Net book value as at June 30, 2020		**89,568**

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

	Note	2020	2019
		Rs. 000s	
Distribution costs	29	**2,423**	2,665
Administrative costs	30	**21,728**	11,363
		24,151	**14,028**

18.2 Remaining useful lives of the intangible assets range from one to four years.

18.3 This includes cost of Rs.67.5 million (2019: Rs. 66.5 million) in respect of assets which are fully amortized but are still in use of the Company.

18.4 This represented cost of fully amortised intangibles which are no more in use of the Company.

19 LONG TERM INVESTMENT

	Note	2020	2019
		Rs. 000s	
Investment in subsidiary companies at cost			
- Gul Ahmed International Limited	19.1	**58,450**	58,450
- Worldwide developers (Pvt) Limited	19.2	**2,295,000**	-
		2,353,450	58,450
Investment in Term Finance Certificate- at amortised cost	19.3	**70,000**	**-**
		2,423,450	**58,450**

19.1 Gul Ahmed International Limited - FZC UAE, an unquoted company incorporated in United Arab Emirates (UAE), is a wholly owned subsidiary (the subsidiary) of the Company. The paid-up share capital of the subsidiary is divided into 10,000 (2019:10,000) ordinary shares of USD 100 each. The Company has accounted for the investment in subsidiary at cost as permitted by IAS 27. Aggregate breakup value of the subsidiary as per its financial statements duly consolidated with its five 100% fully owned subsidiary companies i.e. GTM (Europe) limited, GTM USA Corp., Sky Home Corporation, Vantona Home limited and JCCO 406 Limited for the year ended June 30, 2020 is Rs. 496 million (2019: Rs. 637 million).This long term investment has been made in accordance with the requirement of the Companies Act, 2017.

19.2 "The shareholders of the Company in extra ordinary general meeting held on August 30, 2019 approved to invest amount of Rs. 2,295 million in an associate company Worldwide Developers (Private) Limited (WWDL) for acquiring 54.84% shareholding of the WWDL. Accordingly, the Company has acquired 30,359 (54.84% shareholding) of WWDL at total cost of Rs. 2,295 including Rs. 492 million on account of liability owed by WWDL to its certain lenders which has been taken over by the Company as part share purchase and liability acquisition agreement. The payment against the shares purchased and liability taken over by the Company is required to be made in installments as per agreed payment schedule and is secured by way of financial guarantee established by the Company through Pak China Investment Company Limited in favor of the former shareholders and the lenders of WWDL. Net break-up value of shares of WWDL held by the Company as per its audited financial statements as at June 30, 2020 is Rs.2,181 million.This long term investment has been made in accordance with the requirement of the Companies Act, 2017.

19.3 This represent Rs. 70 million invested in Term Finance Certificate issued by Habib Bank Limited which carries profit at the rate of KIBOR+1.6% bps receivable on quarterly basis. This is of perpetual nature.

20 LONG TERM LOANS

	Note	2020	2019
		Rs. 000s	
Considered good			
- Due from executives (other than CEO and Directors)	20.2 & 20.3	**81,517**	85,644
- Due from non-executive employees		**9,798**	14,486
		91,315	100,130
Current portion being receivable within twelve months			
- Due from executives		**(26,620)**	(27,494)
- Due from non-executive employees		**(5,975)**	(9,293)
	24	**(32,595)**	(36,787)
		58,720	**63,343**

20.1 Loans and advances have been given for the purchase of cars, motorcycles and household equipment and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured against cars, outstanding balance of retirement benefits and/or guarantees of two employees.

Included in these are loans of Rs. 3.553 million (2019 : Rs. 4.9 million) to executives and Rs. 2.269 million (2019 : Rs. 4.05 million) to non-executive which carry no interest. The balance amount carries mark-up at rates ranging from 6.5% to 14.25% (2019: 6.5% to 10.52%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortized cost would not be material.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

20.2 Reconciliation of carrying amount of loans to executives

	Note	2020	2019
		Rs. 000s	
Opening balance		85,644	54,594
Disbursement during the year		26,807	67,462
Transfer from non-executive to executive employees		3,215	-
Recovered during the year		(34,149)	(36,412)
Closing balance		81,517	85,644

20.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 87.67 (2019: Rs. 91.8 million).

21 STORES AND SPARES

	Note	2020	2019
		Rs. 000s	
Stores and spares		1,640,522	1,190,597
Dyes and chemicals		596,920	446,436
		2,237,442	1,637,033
Provision for slow moving/obsolete items	21.1	(190,375)	(167,469)
		2,047,067	1,469,564

21.1 Movement in provision for slow moving/obsolete items

	Note	2020	2019
		Rs. 000s	
Opening balance		167,469	148,539
Charge for the year - Administrative cost	30	10,444	8,631
- Cost of goods manufactured	28.1	12,462	10,299
		22,906	18,930
Closing balance		190,375	167,469

22 STOCK-IN-TRADE

	Note	2020	2019
		Rs. 000s	
Finished goods	22.1 & 28	16,644,919	12,498,885
Raw material	28.2	8,441,959	8,503,455
Work-in-process	28.1	566,325	346,491
Stock-in-transit		176,749	20,701
		25,829,952	21,369,532

22.1 Finished goods include stock of waste valuing Rs. 73.8 million (2019: Rs. 54 million) determined at net realizable value.

22.2 Stock-in-trade include stock of Rs. 2,872 million (2019: Rs.2,600 million) lying with third parties for processing.

22.3 The aggregate amount of write-down of inventories to net realisable value recognised as an expense during the year is Rs. 94 million.

23 TRADE DEBTS

	Note	2019	2018
		Rs. 000s	
Export debtors			
Considered good			
Secured - Irrevocable letter of credit		1,126,009	1,955,705
Unsecured - Contract and others		1,200,795	1,353,430
		2,326,804	3,309,135
Local debtors			
Considered good			
Secured - Irrevocable letter of credit		294,166	583,144
Unsecured - Contract and other		3,080,567	3,178,993
		3,374,733	3,762,137
Considered doubtful		282,344	313,480
	23.1	5,983,881	7,384,752
Expecped credit loss	23.3	(282,344)	(313,480)
		5,701,537	7,071,272

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

23.1 Details and ageing analysis of the gross amounts due from related parties is as follows:

2020

	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2020
	Rs. 000s			
Gul Ahmed International Ltd.(FZC)	11,058	-	-	11,058
GTM (Europe) Limited - indirect wholly owned subsidiary	1,229,835	4,260	94	1,234,189
Vantona Home Ltd - indirect wholly owned subsidiary	66,401	4,079	1,371	71,851
Sky Home Corporation-USA - indirect wholly owned subsidiary	119,799	-	450	120,249
Swisstex Chemicals (Private) Limited- Associated company	-	2,786	957	3,743
	1,427,093	11,125	2,872	1,441,090

2019

	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2019
	Rs. 000s			
GTM (Europe) Limited - indirect wholly owned subsidiary	1,030,440	7,010	-	1,037,450
Vantona Home Ltd - indirect wholly owned subsidiary	195,277	-	-	195,277
Sky Home Corporation-USA - indirect wholly owned subsidiary	83,398	-	-	83,398
Swisstex Chemicals (Private) Limited- Associated company	-	187	658	845
	1,309,115	7,197	658	1,316,970

23.2 The maximum aggregate month end balance during the year due from related parties was Rs.1,501.8 million (2019: Rs. 1,216.1 million).

23.3 Movement in expected credit loss against doubtful trade debts

	Note	2020	2019
		Rs. 000s	
Opening balance		313,480	313,480
Debts written off		(31,136)	-
Closing balance		282,344	313,480

24 LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2020	2019
		Rs. 000s	
Loans and advances			
Considered Good			
Advances to suppliers		966,259	1,338,946
Current portion of loans to employees;			
- Executives		32,595	27,494
- Other employees		-	9,293
	20	32,595	36,787
Others	24.1	2,171	79,048
		34,766	115,835
Other Receivables			
Receivable against sale of property	15.7	33,409	33,409
Bank guarantee margin		48,980	81,572
Others		190,391	180,651
		272,780	295,632
		1,273,805	1,750,413

24.1 This includes Rs. Nil (2019: Rs. 70 million) paid as advance to Habib Bank limited (HBL) against issuance of its Term Finance Certificate, which has been classified as long term investment upon successful allotment during the year.

25 RECEIVABLE FROM GOVERNMENT

	Note	2020	2019
		Rs. 000s	
Sales tax refund		1,919,850	450,445
Income tax refund		25,187	25,187
Duty drawback, markup subsidy and rebate		859,279	1,011,616
		2,804,316	1,487,248

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

26 CASH AND BANK BALANCES

	Note	2020	2019
		Rs. 000s	
Cash in hand		100,233	228,896
Balances with banks in current accounts			
- Local currency		387,931	263,026
- Foreign currency		720	62
	26.1 & 26.2	388,651	263,088
		488,884	491,984

26.1 Bank balances include balances held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 44.5 million (2019: Rs. 60.7 million).

26.2 This includes an amount of Rs. 39.64 million (2019: Rs. 64.7 million) placed under Shariah compliant arrangement.

27 SALES-NET

	Note	2020	2019
		Rs. 000s	
Export sales			
Direct export		30,102,776	30,521,530
Indirect export		4,603,886	2,184,582
		34,706,662	32,706,112
Duty drawback		663,621	707,293
Trade and other discount		(395,537)	(364,493)
Commission		(743,556)	(787,202)
		34,231,190	32,261,710
Local sales		23,703,372	26,192,404
Brokerage		(212,540)	(237,955)
Sales tax		(3,781,005)	(928,322)
		19,709,827	25,026,127
		53,941,017	57,287,837

27.1 Local sales include revenue from services of Rs. 259.6 million (2019: Rs. 322.6 million).

27.2 Information with respect to disaggregration of revenue by geographical location and internal segment is disclosed in note 36 and 37 respectively.

28 COST OF SALES

	Note	2020	2019
		Rs. 000s	
Opening stock of finished goods		12,498,885	9,727,333
Cost of goods manufactured	28.1	49,017,575	48,077,225
		61,516,460	57,804,558
Closing stock of finished goods	22	(16,644,919)	(12,498,885)
		44,871,541	45,305,673

28.1 Cost of goods manufactured

	Note	2020	2019
Raw materials consumed	28.2	19,947,835	20,393,527
Other material and conversion cost		11,962,241	10,500,644
Stores and spares consumed		4,592,788	5,198,776
Salaries, wages and benefits	30.1	6,889,487	6,674,823
Fuel, power and water		3,082,013	2,833,704
Insurance		80,433	70,609
Repair and maintenance		718,737	805,055
Depreciation	16.1.1	1,751,135	1,526,009
Provision for slow moving/obsolete items	21.1	12,462	10,299
Other manufacturing expenses		337,834	231,098
Cost of samples shown under distribution costs		(137,556)	(147,631)
		49,237,409	48,096,913
Work-in-process			
Opening		346,491	326,803
Closing	22	(566,325)	(346,491)
		(219,834)	(19,688)
		49,017,575	48,077,225

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

	Note	2020 Rs. 000s	2019 Rs. 000s
28.2 Raw materials consumed			
Opening stock		8,503,455	6,089,797
Purchases during the year		19,886,339	22,807,185
Closing stock	19	(8,441,959)	(8,503,455)
		19,947,835	20,393,527

29 DISTRIBUTION COST

	Note	2020 Rs. 000s	2019 Rs. 000s
Salaries and benefits	30.1	1,434,754	1,477,005
Freight and shipment expenses		721,565	592,242
Advertisement and publicity		843,360	983,856
Cost of samples transferred from cost of goods manufactured		137,556	147,631
Rent and ancillary charges	30.2	219,401	967,926
Depreciation & amortisation	16.1.1 & 18.1	272,707	295,555
Depreciation on right-of-use assets	17	648,528	-
Export development surcharge		76,109	76,034
Other expenses		174,485	169,959
		4,528,465	4,710,208

30 ADMINISTRATIVE COST

	Note	2020 Rs. 000s	2019 Rs. 000s
Salaries, wages and benefits	27.1	1,033,704	963,142
Rent and ancillary charges		170,289	210,269
Repairs and maintenance		61,690	89,897
Vehicle up keep and maintenance		216,946	197,905
Utilities		230,522	208,560
Conveyance and traveling		208,088	249,196
Printing and stationery		32,110	34,947
Postage and telecommunication		134,863	153,471
Legal and consultancy fees		125,027	113,443
Depreciation & amortisation	14.1.2 &15.1	147,473	138,167
Auditors' remuneration	27.2	6,208	3,332
Donations	27.3	21,184	10,501
Insurance		46,217	30,813
Provision for slow moving/obsolete items	18.1	10,444	8,631
Other expenses		268,172	203,143
		2,712,937	2,615,417

30.1 Salaries, Wages & Benefits

	Cost of sales 2020	Cost of sales 2019	Distribution costs 2020	Distribution costs 2019	Administrative costs 2020	Administrative costs 2019	Total 2020	Total 2019
	Rs. 000s							
- Salaries, wages and benefits	6,600,847	6,485,748	1,398,062	1,452,062	995,942	921,156	8,994,851	8,858,966
Retirement benefits								
- Gratuity	131,872	46,707	-	-	-	-	131,872	46,707
- Contribution to provident fund	129,650	111,368	36,573	24,817	37,762	41,986	203,985	178,171
	261,522	158,075	36,573	24,817	37,762	41,986	335,857	224,878
- Staff compensated absences	27,118	31,000	119	125	-	-	27,237	31,125
	6,889,487	6,674,823	1,434,754	1,477,004	1,033,704	963,142	9,357,945	9,114,969

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

30.2 This represents rent expense which comprises of both fixed rent of short term leases and variable rents, ancillary and maintenance charges incurred in respect of leased premises.

30.3 Auditor's remuneration

	Note	2020	2019
		Rs. 000s	
Audit fee		3,000	2,151
Fee for review of condensed interim financial statements		500	202
Fee for audit of consolidated financial statements		500	278
Review fee of statement of compliance with code of corporate governance		100	83
Other certification fee		1,350	83
Sindh sales tax on services		347	224
Out of pocket expenses		411	311
		6,208	3,332

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

Name of Donee	Interest in Donee	Name of Director	2020	2019
			Rs. 000s	
Habib University Foundation	Director	Mr. Mohomed Bashir	12,000	-
Landhi Association of Trade & Industry	Director	Mr. Zain Bashir	-	500
			12,000	500

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

Name of Donee	2020	2019
Karwan-e-Hayat	4,050	5,400
Habib University Foundation	12,000	-
Sindh Institute of Urology and Transplantation	-	1,480
	16,050	6,880

31 OTHER OPERATING COST

	Note	2020	2019
		Rs. 000s	
Workers' profit participation fund	11.4	-	213,632
Workers' welfare fund		29,879	50,564
Loss on sale of property, plant and equipment	16.1.3	234,313	47,587
		264,192	311,783

32 OTHER INCOME

	Note	2020	2019
		Rs. 000s	
Income from non-financial assets and others			
Gain on sale of property, plant and equipment	16.1.3	51,332	23,775
Scrap sales		4,228	1,361
Government grant	9	1,058	-
Unclaimed liabilities written back		112,185	112,516
Others		1,371	16,032
		170,174	153,684
Income from financial assets			
Mark-up income on Term Finance Certificate		10,230	-
Other markup income		7,290	5,904
Foreign currency exchange gain - Net	32.1	179,985	977,516
		197,505	983,420
		367,679	1,137,104

32.1 This includes Rs. 155.8 million (2019: Rs. 935.9 million) in respect of export receivables.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

33 FINANCE COST

	Note	2020	2019
		Rs. 000s	
Mark-up/profit on short term borrowings		**954,604**	826,610
Mark-up/profit on long term financing		**347,449**	355,254
Bank and other charges		**172,767**	284,172
Exchange loss on foreign currency loans		**159,822**	-
Markup on workers' profit participation fund		**4,826**	7,371
Interest on liability against Right-of-use assets	7	**368,205**	-
		2,007,673	1,473,407

33.1 Finance cost includes Rs. 30.01 million and Rs. 289.13 million (2019: Rs. 44.4 million and Rs. 209.9 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

33.2 Finance cost includes Rs. 135.4 million (2019: Rs. 224.8 million) on financing from an associated company.

34 TAXATION

	Note	2020	2019
Taxation			
- Current		**635,153**	713,913
- Prior		**40,114**	64,424
		675,267	778,337
Less: Tax credit		**(235,776)**	(427,436)
Deferred tax		**(36,238)**	48,332
	31.1	**403,253**	399,233

34.1 Reconciliation between accounting (loss)/profit and tax expense

	Note	2020	2019
		Rs. 000s	
Net (loss)/profit for the year before taxation		**(76,112)**	4,008,453
Tax rate (%)		**29%**	29%
Tax on accounting profit		**-**	1,162,451
Tax effect of			
Tax credits/ Rebates		**(235,776)**	(428,782)
Minimum tax		**297,677**	-
Prior year		**40,114**	64,424
Final tax regime		**337,476**	(395,180)
Super tax		**-**	47,092
Others		**(36,238)**	(50,772)
		403,253	(763,218)
Tax Expense		**403,253**	399,233

34.2 The provision for current year tax represent minimum tax under section 113 and tax on export sales under final tax regime. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision before adjustment of tax credit with tax assessed is presented below:

Year	As per Accounts	As per Assessment orders
	Rs. 000s	
2019	713,913	728,765
2018	614,292	637,974
2017	430,468	424,041

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

35 (LOSS)/EARNINGS PER SHARE - basic and diluted

	Note	2020	2019
		Rs. 000s	
(Loss)/profit after taxation		(479,365)	3,609,220
			Re-stated
Weighted average number of shares	35.1	427,794,630	427,794,630
(Loss)/earnings per share - basic and diluted (Rs.)	35.2	(1.12)	8.44

35.1 Weighted average number of shares in issue during last year have been restated to take the effect of bonus shares issued during the current year.

35.2 There is no dilutive effect on the (loss)/earnings per share of the Company, as the Company has no potential ordinary shares.

36 SEGMENT INFORMATION

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

a) Spinning : Production of different qualities of yarn using both natural and artificial fibers.

b) Weaving: Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.

c) Retail and Distribution: On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.

d) Processing, Home Textile and Apparel: Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

36.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. 000s											
Sales	13,896,265	14,464,549	3,079,476	2,339,189	19,184,812	21,725,457	37,293,790	36,803,145	(19,513,326)	(18,044,503)	53,941,017	57,287,837
Cost of sales	12,649,327	12,787,221	2,600,463	2,268,192	14,377,533	15,300,338	34,757,544	32,994,425	(19,513,326)	(18,044,503)	44,871,541	45,305,673
Gross profit/(loss)	1,246,938	1,677,328	479,013	70,997	4,807,279	6,425,119	2,536,246	3,808,720	-	-	9,069,476	11,982,164
Distribution and administrative costs	172,682	153,380	104,448	68,973	4,230,705	4,642,583	2,733,567	2,460,689	-	-	7,241,402	7,325,625
Profit/(loss) before tax and before charging following	1,074,256	1,523,948	374,565	2,024	576,574	1,782,536	(197,321)	1,348,031	-	-	1,828,074	4,656,539
Finance Cost											2,007,673	1,473,407
Other operating cost											264,192	311,783
Other income											(367,679)	(1,137,104)
											1,904,186	648,086
(Loss)/profit before taxation											(76,112)	4,008,453
Taxation											403,253	399,233
(Loss)/profit after taxation											(479,365)	3,609,220
Depreciation & Amortisation Expense	612,784	524,577	326,706	326,164	981,819	356,469	898,534	752,521	-	-	2,819,843	1,959,731

36.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. 000s											
Assets	17,967,254	13,998,440	4,270,692	3,698,216	12,284,442	9,177,713	31,107,650	25,982,446	3,091,157	1,595,392	68,721,195	54,452,207
Liabilities	8,264,759	5,383,577	2,758,394	2,093,069	4,815,246	1,401,000	14,273,075	13,281,795	24,646,521	16,959,553	54,757,995	39,118,994
Segment Capital & Intangible Expenditure	4,664,705	1,972,503	618,138	844,451	466,436	367,046	1,377,839	1,580,830	513,958	280,949	7,641,076	5,045,779

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

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

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

36.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.10,569 million (2019: Rs. 10,375 million).

37 Information by geographical area

	Revenue		Non-current assets	
	2020	2019	2020	2019
	Rs. 000s			
Pakistan	**24,313,713**	27,210,709	**29,142,798**	19,472,046
Germany	**9,767,982**	10,026,295	**-**	-
United States	**5,200,808**	4,242,942	**-**	-
Italy	**1,946,436**	2,376,765	**-**	-
Netherlands	**2,850,371**	2,672,423	**-**	-
United Kingdom	**1,679,278**	1,981,805	**-**	-
France	**1,979,381**	2,236,508	**-**	-
Spain	**667,914**	745,360	**-**	-
China	**737,752**	1,275,493	**-**	-
Sweden	**945,338**	896,918	**-**	-
United Arab Emirates	**353,615**	64,283	**58,450**	58,450
Other Countries	**3,498,429**	3,558,336	**-**	-
Total	**53,941,017**	57,287,837	**29,201,248**	19,530,496

38 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		Rs. 000s	
Cash and bank balances	26	**488,884**	491,984
Short term borrowings	11	**(25,486,947)**	(18,961,882)
		(24,998,063)	(18,469,898)

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020				2019			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rs. 000s							
Managerial remuneration	**14,013**	**10,510**	**657,096**	**681,619**	9,680	7,260	579,900	596,840
Bonus	**806**	**605**	**29,436**	**30,847**	806	605	19,003	20,414
House rent allowance	**5,605**	**4,204**	**262,838**	**272,647**	3,872	2,904	231,960	238,736
Other allowances	**1,401**	**1,051**	**240,513**	**242,965**	968	726	172,853	174,547
Contribution to provident fund	**1,167**	**876**	**51,040**	**53,083**	806	605	43,868	45,279
	22,992	**17,246**	**1,240,923**	**1,281,161**	16,132	12,100	1,047,584	1,075,816
Number of persons	**1**	**1**	**264**	**266**	1	1	225	227

39.1 The Chief Executive, Directors and certain Executives are provided with free use of Company maintained cars and are also covered under Company's Health Insurance Plan along with their dependents. The Chief Executive is also provided with free residential telephones.

39.2 Aggregate amount charged during the year in respect of meeting fee to five Non Executive Directors and the Chairman was Rs. 4.4 million (2019: four Non Executive Directors and Chairman Rs. 2.16 million).

39.3 Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

40 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of Transactions	2020	2019
		Rs. 000s	
Parent Company	Dividend Paid	**598,067**	598,066
	Bonus Shares issued	**478,453**	-
Subsidiaries and Indirect companies	Investment made	**2,295,000**	-
	Sale of goods	**1,710,830**	330,508
	Sales through subsidiaries acting as agents	**490,614**	1,692,622
	Purchase of goods	**-**	1,640
	Commission paid	**359,137**	455,224
	Advertisement and publicity	**11,909**	-
Associated companies and other related parties	Purchase of goods	**68,544**	70,305
	Sale of goods	**8,608**	1,645
	Rent paid	**62,898**	90,562
	Proceeds against sale of vehicle	**-**	600
	Gain on disposal of vehicle	**-**	47
	Fees paid	**2,500**	2,917
	Donation paid	**12,000**	500
	Bills discounted	**9,680,350**	10,138,618
	Markup and other bank charges	**135,431**	324,770
	Company's contribution to provident fund	**203,985**	178,171
	Dividend paid	**36,491**	26,979

Relationship with the Company	Nature of Outstanding Balances	2020	2019
Subsidiary companies	Long term investment	**2,353,450**	58,450
	Corporate guarantee issued in favour of subsidiary company	**969,530**	954,161
	Trade and other payables	**155,227**	125,357
	Trade debts	**1,437,347**	1,316,125
	Advances from Customer	**-**	1,678
Associated companies and others related parties	Deposit with banks	**44,564**	46,495
	Borrowings from Banks	**564,694**	959,025
	Bank guarantee	**938,326**	893,326
	Trade and other payables	**25,773**	7,781
	Advance to supplier	**-**	2,882
	Trade debts	**3,743**	845
	Accrued mark-up	**2,810**	14,348
	Advance to supplier	**-**	2,882
	Loans to key management personnel & executive	**81,517**	100,130
	Payable to employee's provident fund	**13,096**	22,644
	Prepaid Rent	**2,863**	40,054
	Prepaid fees	**250**	-

40.1 There are no transactions with directors of the Company and key management personnel other than under the terms of employment. Loans and remuneration of the directors, key management personnel and executives are disclosed in notes 20 and 39 respectively.

40.2 Related parties status of outstanding receivables and payables as at June 30, 2020 are also included in respective notes to the unconsolidated financial statements.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

40.3 "Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

S.No	Company Name	Basis of Relationship	% of shareholding in the Company
1	Gul Ahmed International Limited FZC	Wholly owned subsidiary	100%
2	GTM (Europe) Limited	Wholly owned ultimate subsidiary	100%
3	GTM USA Corp.	Wholly owned ultimate subsidiary	100%
4	Sky Home Corp.	Wholly owned ultimate subsidiary	100%
5	Vantona Home Limited	Wholly owned ultimate subsidiary	100%
6	JCCO 406 Limited	Wholly owned ultimate subsidiary	100%
7	Worldwide Developers (Private) Limited	Partially owned ultimate subsidiary	54.84%
8	Habib Metropolitan Bank Limited (HMBL)	Common Directorship	-
9	Swisstex Chemicals (Private) Limited	Group Company & Common Directorship	-
10	Arwen Tech. (Private) Limited	Group Company & Common Directorship	-
11	Win Star (Private) Limited	Group Company & Common Directorship	-
12	TPL Properties Limited	Common Directorship	-
13	Habib University Foundation	Common Directorship	-
14	The Pakistan Business Council	Common Directorship	-
15	Ghafooria Industries (Private) Limited	Group Company & Common Directorship	-
16	LITE Development and management company	Common Directorship	-
17	Grand Industries (Private) Limited	Group Company & Major Shareholders	-
18	Haji Ali Mohammad Foundation	Member of Foundation	-
19	Gul Ahmed Holdings (Private) Limited	Holding Company	-
20	Gul Ahmed Textile Mills Limited		
	Employees Provident Fund Trust	Employees Fund	-

41 CAPACITY AND PRODUCTION

	Unit	2020 Capacity	2020 Production	2020 Working	2019 Capacity	2019 Production	2019 Working
		Rs. 000s					
Spinning	Kgs. (20 Counts converted)	**47,021**	**38,438**	**3 shifts**	47,643	44,871	3 shifts
Weaving	Sq. meters (50 Picks converted)	**156,925**	**138,780**	**3 shifts**	167,891	148,564	3 shifts

Production is lower as compared to capacity due to variation in production mix and various technical and market factors.

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

42 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 13,480 (2019: 14,862) and average number of employees during the year were 14,951 (2019: 14,587).

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

43 PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2020 Un-audited	2019 Audited
Size of the fund - Total assets (Rs. 000s)		**1,268,566**	1,162,355
Cost of investments made (Rs. 000s)		**1,142,459**	1,074,056
Percentage of investments made		**90.06%**	92.40%
Fair value of investments (Rs. 000s)	43.1	**1,135,194**	1,079,373

43.1 The break-up of fair value of investment is:

	2020 Un-audited		2019 Audited	
	Rs. 000s	---%---	Rs. 000s	---%---
Shares in listed companies	**69,562**	**6%**	79,837	7%
Government securities	**492,209**	**43%**	167,048	15%
Debt securities	**264,469**	**23%**	243,140	23%
Mutual funds	**286,498**	**25%**	205,490	19%
Balance in saving accounts	**22,456**	**2%**	383,858	36%
	1,135,194	**100%**	1,079,373	100%

43.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

44 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Company as at June 30, 2020 are as follows;

	2020						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Cost/Amortized cost							
Long term investment	-	70,000	70,000	-	-	-	70,000
Loans,advances and other receivables	26,973	58,720	85,693	280,573	-	280,573	366,266
Long term deposits	-	-	-	-	379,332	379,332	379,332
Trade debts	-	-	-	5,701,537	-	5,701,537	5,701,537
Cash and bank balances	-	-	-	488,884	-	488,884	488,884
	26,973	128,720	155,693	6,470,994	379,332	6,850,326	7,006,019
Financial liabilities							
At Amortized cost							
Long term financing	420,113	13,445,600	13,865,713	-	-	-	13,865,713
Lease liability against right of use asset	409,199	2,191,703	2,600,902	-	-	-	2,600,902
Trade and other payables	-	-	-	11,733,720	-	11,733,720	11,733,720
Accrued mark-up / profit	-	-	-	405,979	-	405,979	405,979
Short term borrowings	25,486,947	-	25,486,947	-	-	-	25,486,947
Unclaimed dividend	-	-	-	9,739	-	9,739	9,739
Unpaid Dividend	-	-	-	21,103	-	21,103	21,103
	26,316,259	15,637,303	41,953,562	12,170,541	-	12,170,541	54,124,103
Off balance sheet items							
Guarantees	-	-	-	3,208,530	-	3,208,530	3,208,530
Bills discounted	-	-	-	3,903,082	-	3,903,082	3,903,082
Commitments	-	-	-	4,440,500	3,606,290	8,046,790	8,046,790
	-	-	-	11,552,112	3,606,290	15,158,402	15,158,402

NOTES TO THE UN-CONSOLIDATED
FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

Financial assets and liabilities of the Company as at June 30, 2019 were as follows;

	2019						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Cost/Amortized cost							
Loans,advances and other receivables	36,787	54,393	91,180	383,630	-	383,630	474,810
Long term deposits	-	-	-	-	369,752	369,752	369,752
Trade debts	-	-	-	7,071,272	-	7,071,272	7,071,272
Cash and bank balances	-	-	-	491,984	-	491,984	491,984
	36,787	54,393	91,180	7,946,886	369,752	8,316,638	8,407,818
Financial liabilities							
At Cost/Amortized cost							
Long term financing	1,180,302	8,856,901	10,037,203	-	-	-	10,037,203
Trade and other payables	213,632	-	213,632	9,091,517	-	9,091,517	9,305,149
Accrued mark-up/profit	-	-	-	300,010	-	300,010	300,010
Short term borrowings	18,961,882	-	18,961,882	-	-	-	18,961,882
Unclaimed dividend	-	-	-	8,263	-	8,263	8,263
Unpaid dividend	-	-	-	16,075	-	16,075	16,075
	20,355,816	8,856,901	29,212,717	9,415,865	-	9,415,865	38,628,582
Off balance sheet items							
Guarantees	-	-	-	2,134,431	-	2,134,431	2,134,431
Bills discounted	-	-	-	4,875,953	-	4,875,953	4,875,953
Commitments	-	-	-	3,537,905	2,653,143	6,191,048	6,191,048
	-	-	-	10,548,289	2,653,143	13,201,432	13,201,432

45 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

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

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

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

45.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest / markups rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: currency risk, markup risk and other price risk. The Company is exposed to currency risk and markup risk only.

a) Currency risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign exchange.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	2020	2019
	USD 000s	
Trade debts	**13,829**	20,178
Cash and bank balances	**4**	-
Short term borrowing	**(7,395)**	-
Trade and other payables	**(4,740)**	(1,384)
Net exposure	**1,698**	**18,794**

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

Foreign currency commitments and guarantees outstanding at year end are as follows:

	2020	2019
	000s	
USD	**3,520**	14,108
EURO	**5,938**	10,655
JPY	**1,008,216**	37
CHF	**957**	6,859
CNY	**36,484**	2,817

The following significant exchange rates were applied during the year:

Rupee per USD		
Average rate (Selling/Buying)	**158.2/158.69**	137.67/137.29
Reporting date rate (Selling/Buying)	**168.75/168.25**	164.5/164

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2020 would have increased/ decreased the equity and profit/ loss after tax by Rs. 10.1 million (2019: Rs.109.4 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for June 30, 2019.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Company has long term finance and short term borrowings at fixed and variable rates. During the year the Company has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

The Company is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 155.7 million (2019: Rs. 91.2 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs.41,954 million (2019: Rs. 29,218 million) which are subject to interest/mark-up rate risk. Applicable interest/mark-up rates for financial assets and liabilities are given in respective notes.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2020, if markups on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 83.98 million (June 2019: Rs 65.93 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2020, if markups on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 172.33 million (June 2019: Rs. 99.78 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. Effect of change in 1% interest rate on financial assets is Rs.0.5 million.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in markup at the reporting date would not effect un-consolidated statement of profit or loss of the Company.

c) Other Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk.

45.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation without considering the fair value of the collateral available there against. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Exposure to credit risk

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

	Note	2020	2019
		Rs. 000s	
Long term investment	19.3	**70,000**	-
Loans, advances and other receivables	24	**366,266**	474,810
Long term deposit		**379,332**	369,752
Trade debts	23	**5,701,537**	7,071,272
Bank balances	26	**388,651**	263,088
		6,905,786	8,178,922

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

The Company manages credit risk as follows:

Loans, advances and other receivables

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

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

Long Term Deposits

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

Trade debts

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

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

The Company has established an allowance for expected credit losses against trade debts that represent its estimate of expected losses based on actual credit loss experience in respect of trade debts. Ageing of the trade debts of the Company outstanding as at year end is as follows:

	Note	2020	2019
		Rs. 000s	
1 to 6 months		5,485,443	7,037,084
6 months to 1 year		237,943	32,977
1 year to 3 years		260,495	314,691
		5,983,881	7,384,752
Less: Expected credit losses		(282,344)	(313,480)
		5,701,537	7,071,272

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

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

Bank balances and long term investment

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

The bank balances along with credit ratings are tabulated below:

	Note	2020	2019
		Rs. 000s	
Long term investment			
AAA	19.3	70,000	-
Bank balances			
AAA		228,545	75,089
AA+		111,781	116,806
AA		32,223	49,967
A+		13,845	6,692
A1		-	100
A		1,848	823
AA-		-	3,812
BBB-		409	9,799
		388,651	263,088
		458,651	263,088

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which adequate impairment allowance has been made as a matter of prudence. The ageing of the past due and impaired trade debts is more than 3 months and less than 3 years.

45.3 Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and Note no 44.

The Company manages liquidity risk by maintaining sufficient cash in hand and at banks and ensuring the fund availability through adequate credit facilities. At June 30, 2020, the Company has Rs. 28,566 million (2019: Rs. 22,265 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs.3,079 million (2019: Rs. 3,303 million) and also has Rs. 488 million (2019: Rs.492 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

45.4 Capital risk management

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company's strategy is to maintain leveraged gearing. The gearing ratios as at December 31, 2019 and June 30, 2019 were as follows;

	2020	2019
	Rs. 000s	
Total borrowings	39,352,660	28,999,085
Cash and bank	(488,884)	(491,984)
Net debt	38,863,776	28,507,101
Total equity	13,963,200	15,333,213
Total equity and debt	52,826,976	43,840,314
Gearing ratio (%)	74	65

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

46 FAIR VALUES

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

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

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

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

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

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Company does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

47 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 26, 2020.

48 GENERAL

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

ATTENDANCE AT BOARD MEETINGS

	Board		Audit Committee		Human Resource & Remuneration Committee	
Name of Directors	Required *	Attended	Required	Attended	Required	Attended
Mohomed Bashir	4	4	4	4	1	1
Zain Bashir	4	4	--	--	1	1
Mohammed Zaki Bashir	4	4	--	--	--	--
Ziad Bashir	4	3	--	--	--	--
S.M. Nadim Shafiqullah	3	2	3	2	--	--
Dr. Amjad Waheed	4	4	4	4	--	--
Ehsan A. Malik	4	4	1	1	1	1
Zeeba Ansar	1	1	--	--	--	--

* held during the period the concerned director was on the board.

PATTERN OF SHAREHOLDING

As at June 30, 2020

Additional Information

Categories of Shareholders	Number	Shares held
Associated Companies, Undertaking and Related Parties		
Gul Ahmed Holdings (Private) Limited	1	287,072,056
Swisstex Chemicals (Private) Limited	1	15,359,390
Trustee - Gul Ahmed Textile Mills Limited Employees Provident Fund Trust	1	2,156,959
NIT and ICP		
IDBP (ICP Unit)	1	2,476
IDBP (ICP Unit)	1	3,386
CDC - Trust National Investment (Unit) Trust	1	21,482
CDC - Trustee National Investment (Unit) Trust	1	8,606,115
CDC - Trustee NIT Asset Allocation Fund	1	15,500
CDC - Trustee NIT-Equity Market Opportunity Fund	1	180,000
Mutual Funds		
CDC - Trustee MCB Pakistan Stock Market Fund	1	4,894,880
CDC - Trustee PICIC Investment Fund	1	588,500
CDC - Trustee PICIC Growth Fund	1	765,000
CDC - Trustee Atlas Stock Market Fund	1	1,850,000
CDC - Trustee Alfalah GHP Value Fund	1	401,560
CDC - Trustee AKD Index Tracker Fund	1	28,800
CDC - Trustee AKD Opportunity Fund	1	33,500
CDC - Trustee UBL Stock Advantage Fund	1	1,774,845
CDC - Trustee NBP Stock Fund	1	8,388,800
CDC - Trustee NBP Balanced Fund	1	491,800
CDC - Trustee MCB Dcf Income Fund	1	46,500
CDC - Trustee Askari Asset Allocation Fund	1	400
CDC - Trustee HBL - Stock Fund	1	913,500
CDC - Trustee HBL Multi - Asset Fund	1	70,000
CDC - Trustee Alfalah GHP Stock Fund	1	562,189
CDC - Trustee Alfalah GHP Alpha Fund	1	384,772
CDC - Trustee ABL Stock Fund	1	1,363,000
CDC - Trustee First Habib Stock Fund	1	75,600
CDC - Trustee Lakson Equity Fund	1	1,842,000
CDC - Trustee NBP Sarmaya Izafa Fund	1	438,560
CDC - Trustee HBL Equity Fund	1	591,000
CDC - Trustee HBL Pf Equity Sub Fund	1	104,500
CDC - Trustee UBL Asset Allocation Fund	1	175,700
CDC - Trustee First Capital Mutual Fund	1	5,000
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	580,900
CDC - Trustee ABL Pension Fund - Equity Sub Fund	1	13,000
CDC - Trustee AWT Stock Fund	1	140,500
CDC - Trustee Faysal MTS Fund - MT	1	352,500
CDC - Trustee Lakson Tactical Fund	1	229,000
CDC - Trustee First Habib Asset Allocation Fund	1	25,000
CDC - Trustee UBL Dedicated Equity Fund	1	11,854
CDC - Trustee Golden Arrow Stock Fund	1	324,000
Banks, NBFI, DFI and Investment Companies	93	6,208,246
Insurance Companies	9	14,463,301
Joint Stock Companies	39	3,418,310
Modaraba Companies	1	90
Financial Institutions	6	2,563,417
Foreign Investors	-	-
Charitable Institutions	7	606,756
Government Departments	3	227,287
Directors		
Mohomed Bashir (Chairman)	1	3,397,575
Zain Bashir (Vice Chairman)	1	5,806
Mohammed Zaki Bashir (Chief Executive)	1	5,806
Ziad Bashir	1	5,806
Dr. Amjad Waheed	1	16,678
Ehsan A. Malik	1	3,600
Ms. Zeeba Ansar	1	2,500
Directors'/CEO's Spouse		
Tania Zain Bashir	1	5,806
Shareholders holding 5% or more Voting Interest		
Gul Ahmed Holdings (Private) Limited	1	287,072,056

Details of trading in the shares by:

No trading was carried out by Directors, CEO, CFO, Company Secretary, their spouses and minor children during the year under review.

Gul Ahmed Since 1953

PATTERN OF SHAREHOLDING

As at June 30, 2020

No. of Shareholders	Shareholdings		Shares held
	From	To	
725	1	100	25,581
1,014	101	500	346,851
1,078	501	1,000	841,485
1,655	1,001	5,000	4,134,649
385	5,001	10,000	2,827,764
154	10,001	15,000	1,945,082
105	15,001	20,000	1,904,283
84	20,001	25,000	1,963,378
40	25,001	30,000	1,137,077
20	30,001	35,000	650,981
24	35,001	40,000	905,204
14	40,001	45,000	599,650
17	45,001	50,000	826,995
15	50,001	55,000	809,297
9	55,001	60,000	528,061
11	60,001	65,000	688,322
5	65,001	70,000	343,974
8	70,001	75,000	582,994
5	75,001	80,000	393,578
3	80,001	85,000	252,500
4	85,001	90,000	355,300
3	90,001	95,000	280,434
12	95,001	100,000	1,200,000
3	100,001	105,000	310,500
2	110,001	115,000	225,276

No. of Shareholders	Shareholdings		Shares held
	From	To	
5	115,001	120,000	599,500
1	120,001	125,000	122,780
2	125,001	130,000	254,400
5	140,001	145,000	709,473
2	145,001	150,000	298,500
2	150,001	155,000	305,500
1	155,001	160,000	156,000
1	160,001	165,000	163,100
1	165,001	170,000	169,566
2	170,001	175,000	344,500
2	175,001	180,000	355,700
1	180,001	185,000	185,000
3	185,001	190,000	563,200
4	195,001	200,000	797,500
1	200,001	205,000	202,700
1	210,001	215,000	212,194
1	220,001	225,000	225,000
2	225,001	230,000	456,055
2	230,001	235,000	465,657
2	235,001	240,000	480,000
1	245,001	250,000	250,000
1	255,001	260,000	258,000
1	260,001	265,000	264,500
1	265,001	270,000	269,400
2	275,001	280,000	556,800
1	280,001	285,000	282,500

PATTERN OF SHAREHOLDING

As at June 30, 2020

No. of Shareholders	Shareholdings		Shares held
	From	To	
1	285,001	290,000	288,000
1	300,001	305,000	303,600
1	305,001	310,000	310,000
2	310,001	315,000	625,680
1	320,001	325,000	324,000
1	330,001	335,000	331,726
1	335,001	340,000	339,000
1	345,001	350,000	346,320
1	350,001	355,000	352,500
1	365,001	370,000	365,280
2	380,001	385,000	767,972
1	385,001	390,000	390,000
1	400,001	405,000	401,560
2	410,001	415,000	826,500
1	415,001	420,000	415,100
1	420,001	425,000	423,700
1	435,001	440,000	438,560
1	445,001	450,000	446,100
1	475,001	480,000	480,000
1	480,001	485,000	480,898
1	490,001	495,000	491,800
1	495,001	500,000	500,000
1	525,001	530,000	529,000
1	530,001	535,000	530,500
1	535,001	540,000	540,000

No. of Shareholders	Shareholdings		Shares held
	From	To	
1	560,001	565,000	562,189
1	580,001	585,000	580,900
1	585,001	590,000	588,500
2	590,001	595,000	1,181,500
1	665,001	670,000	667,021
1	715,001	720,000	715,500
1	730,001	735,000	730,200
2	760,001	765,000	1,529,500
1	830,001	835,000	832,900
1	835,001	840,000	837,600
1	910,001	915,000	913,500
1	995,001	1,000,000	1,000,000
1	1,150,001	1,155,000	1,152,000
1	1,360,001	1,365,000	1,363,000
1	1,455,001	1,460,000	1,457,400
1	1,770,001	1,775,000	1,774,845
1	1,840,001	1,845,000	1,842,000
1	1,845,001	1,850,000	1,850,000
1	2,155,001	2,160,000	2,156,959
1	2,410,001	2,415,000	2,410,804
1	2,545,001	2,550,000	2,550,000
1	2,805,001	2,810,000	2,807,200
1	3,395,001	3,400,000	3,397,575
1	4,890,001	4,895,000	4,894,880
1	8,385,001	8,390,000	8,388,800
1	8,605,001	8,610,000	8,606,115

PATTERN OF SHAREHOLDING

No. of Shareholders	Shareholdings		Shares held
	From	To	
1	11,325,001	11,330,000	11,325,439
1	14,970,001	14,975,000	14,972,320
1	15,355,001	15,360,000	15,359,390
1	287,070,001	287,075,000	287,072,056
5,503			**427,794,630**

S.No	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Individuals	5,304	59,422,699	13.89
2	Investment Companies & Mutual Funds	133	331,733,380	77.55
3	Insurance Companies	9	14,463,301	3.38
4	Joint Stock Companies	40	18,777,700	4.39
5	Modaraba Companies	1	90	-
6	Financial Institutions	6	2,563,417	0.60
7	Charitable Institutions	7	606,756	0.14
8	Government Departments	3	227,287	0.05
		5,503	**427,794,630**	**100.00**

CONSOLIDATED FINANCIAL STATEMENTS 2020

GROUP
DIRECTORS REPORT

The directors are leased to present their report together with the audited Consolidated Financial Statements of the Group for the year ended June 30, 2020.

The Group

The Group companies of Gul Ahmed International Limited (FZC)-UAE GTM comprising of (Europe) Limited-UK, GTM USA Corp.-USA, Sky Home Corp.-USA, Vantona Home Limited and JCCO 406 Limited are wholly owned subsidiaries of Gul Ahmed Textile Mills Limited. Worldwide developers (Pvt) limited has been partially acquired by Parent Company during the year. All these subsidiaries are engaged in trading of textile and related products. Further, during the year Gul Ahmed acquired 54.5% stake in Worldwide Developers (Private) Limited (WWD) which owns industrial properties comprises of land and buildings which were during the year leased to Gul Ahmed and others.

Group Results

The Consolidated financial results of the group are given below:

	Rupees (000s)
Loss before tax	(222,938)
Taxation	402,824
Loss after tax	(625,762)
Un-appropriated profit brought forward	10,791,958
Amount available for appropriation	**10,166,196**
Appropriation	
Amount carried to other comprehensive income	591
Exchange difference on translation of foreign subsidiaries	77,186
Cash dividend	(891,239)
Issuance of bonus shares	(712,991)
Amount carried forward	11,692,649
	10,166,196
Loss Per Share (Rs.)	Rs. (1.46)

Pattern of Shareholding

Gul Ahmed International Limited (FZC) - UAE is wholly owned subsidiary of Gul Ahmed Textile Mills Limited (Parent Company). GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC)- UAE whereas GTM USA Corp.-USA, Sky Home Corp.-USA, Vantona Home Limited and JCCO 406 Limited are wholly owned subsidiaries of GTM (Europe) Limited. Worldwide developers (Pvt) limited has been partially acquired by Parent Company during the year. Gul Ahmed owns 54.5% shares of WWD, whereas remaining 50,000 shares are held equally by Mr. Zain Bashir and Mr. Muhammad Zaki Bashir who are also directors in both Gul Ahmed Textile and WWD.

Karachi
September 26, 2020

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

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

Opinion

We have audited the annexed consolidated financial statements of Gul Ahmed Textile Mills Limited and its subsidiaries (''the Group") which comprise the consolidated statement of financial position as at June 30, 2020, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Material Uncertainty relating to Going Concern of Subsidiary Company

We draw attention to note 1.2 to the annexed consolidated financial statements, wherein it is stated that the only major customer of an indirect subsidiary company, GTM USA Corporation (GTM USA), has officially filed bankruptcy and now has closed its business by selling its assets to ESL Investments. Resultantly, GTM USA has ceased it operations from October, 2018 and it has no other source of revenue. Since GTM USA is registered as foreign corporation in New York, USA therefore it cannot trade outside the state of New York, USA, whereas other group entities in similar industry are operating in New York as well in other states of USA. Therefore, in case of GTM USA, future revenue from normal trade in same industry is less probable and solely depends upon the discretion of the management of the Group. In such circumstances financial assistance from related parties are inevitable for future sustainability of GTM USA. As stated in the above referred note 1.2, these events and conditions, along with other matters as set forth, in the note indicate that a material uncertainty exists that may cast significant doubt about the GTM USA's ability to continue as going concern. The underlying going concern assumption is contingent upon the mitigating factors as mentioned in the note 1.2 to these consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Stock in Trade** The Group has significant levels of stock in trade amounting to Rs. 26,654 million as at the reporting date, being 37.11% of total assets of the Group. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials. The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter. (Refer Notes 23 and 2.4 (f) and 3.16 to the annexed consolidated financial statement)	Our audit procedures included the following: • Attended the year end stock taking at selected locations to gain comfort over the existence and condition of inventories and internal controls designed by the Group. • Obtained understanding of internal controls designed by the Group over recording of purchases and valuation & costing of the inventories, and testing their operating effectiveness on sample basis. • Assessed historical costs recorded in the inventory valuation by performing test of details on purchases. Performing re-calculation of weighted average costs on sample basis. • Obtained the valuation sheets of the inventories and traced / reconciled quantities from working papers of observation of physical stock taking. • Evaluated weather valuation basis used are appropriate and consistently applied and this include analysis of costing of different items on sample basis. • Assessed the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Group before and after year end. • Performed analytical and other relevant audit procedures. • Considered the adequacy of the Group's disclosures in respect of inventories.

S. No.	Key audit matter	How the matter was addressed in our audit
2	**Borrowings** The Group has significant amounts of borrowings from banks and other financial institutions amounting to Rs. 39,861 million, being 71.83% of total liabilities, as at reporting date. Given the significant level of borrowings, finance costs and gearing impact, the disclosure given by the management in the consolidated financial statements and compliance with various loan covenants is considered to be a key audit matter. (Refer Notes 6, 13 & 3.6 to the annexed consolidated financial statements)	Our audit procedures included: • Reviewed of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. • Verified disbursement of loans and utilization on sample basis. Review of charge registration documents. • Verified repayments made by the Group during the year on sample basis to confirm that repayments are being made on time and no default has been made. • Understanting and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtained confirmation from banks and other lenders of the Group to confirm balances, terms & conditions stated in the terms sheets and compliance thereof. • Performed analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensured that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the consolidated financial statements.

S. No.	Key audit matter	How the matter was addressed in our audit
3	**Contingencies** The Group is under litigation cases in respect of various matters including Gas Infrastructure Developments Cess (GIDC), claims from various Government Institutions / Departments, tax matters and other miscellaneous claims in respect of the assets of the Group. Given the nature of contingencies, the assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payments and analysis of a reliable estimate requires significant management's judgment to ensure appropriate accounting and disclosures. These judgments can change over time as new facts emerge and the case progresses. Therefore, we have identified this matter as a key audit matter. (Refer Notes 15, 11, 2.4 (b) and 3.4 to the annexed consolidated financial statements)	Our audit procedures included the following: • Assessed management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Reviewed the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations. • Obtained confirmation from the legal counsel of the Group to evaluate the status of the pending litigations and view point of the legal counsel thereon. • Examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computed the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. • Assessed the appropriateness of the related disclosures made in the accompanying consolidated financial statements in light of IAS-37 "Provisions and Contingencies".

S. No.	Key audit matter	How the matter was addressed in our audit
4	**IFRS 16 "Leases"** The Group adopted IFRS 16 "Lease" with effect from July 01, 2019, which resulted in changes to the accounting policies. The Group has adopted IFRS 16 using modified retrospective as permitted by the transitional provision contained within IFRS 16 so comparative information has not been restated. The adoption of IFRS 16 has resulted in recognition of right-of-use assets of Rs 2,650 million and corresponding lease liabilities of Rs.2,562 million as at July 01, 2019 adjusted for prepayments. The carrying amounts of right-of-use assets and lease liabilities as at year end was Rs.2,324 million and Rs.2,610 million respectively. This has been considered as key audit matter as the impact of first time application of this new standard is significant and the measurement of 'right-of-use asset' and 'lease liabilities' is based on assumptions such as discount rates and lease terms, including termination and renewal options, which requires management to exercise its judgment. (Refer Notes 7, 17, 2.5 (a),3.8 and 3.12 to the annexed consolidated financial statements)	Our audit procedures included the following: • Obtained an understanding of the management's assessment for adoption of IFRS 16 including understanding of the process and controls in place for identification of lease contracts. • Evaluated the management's assessment for appropriateness of discount rates and lease term used in determining lease liabilities. • Verified the accuracy of the underlying lease data by agreeing a sample of leases to original agreements and /or other supporting information. • Evaluated completeness of data by reconciliation of number of leased premises and by reviewing rent expense and payment ledgers for the year. • Performed recalculation of the right-of-use asset and corresponding lease liabilities on sample basis using judgment assumption made by management and compared the results to that of the management • Assessed the appropriateness of accounting policies and related disclosures made in the accompanying consolidated financial statements in light of IFRS-16 "Leases"

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Group, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Kreston Hyder Bhimji & Co.

Chartered Accountants

Karachi:

Dated: September 26, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020	2019
		Rs. 000s	
Equity and Liabilities			
Share Capital and Reserves			
Share Capital	4	4,277,946	3,564,955
Reserves	5	10,166,196	12,318,411
Equity attributable to the owners of the Holding Company		14,444,142	15,883,366
Non-controlling interest		1,883,317	-
Total equity		16,327,459	15,883,366
Non-Current Liabilities			
Long term financing	6	13,445,600	8,856,901
Lease liability against right-of-use assets	7	2,198,535	-
Deferred Liabilities			
Deferred taxation	8	49,532	88,342
Deferred government grant	9	35,220	
Defined benefit plan- Staff Gratuity	10	140,219	92,431
		224,971	180,773
		15,869,106	9,037,674
Current Liabilities			
Trade and other payables	11	12,310,931	9,911,216
Accrued mark-up / profit	12	405,979	300,010
Short term borrowings	13	25,995,109	19,036,992
Current maturity of long term financing	6	420,113	1,180,302
Current maturity of lease liability against right-of-use asset	7	411,526	-
Current maturity of deferred government grant	9	48,921	
Unclaimed dividend		9,739	8,263
Unpaid dividend	14	21,103	16,075
Provision for taxation		3,792	7,463
		39,627,213	30,460,321
Contingencies and Commitments	15		
		71,823,778	55,381,361

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

	Note	2020	2019
		Rs. 000s	
Assets			
Non-Current Assets			
Property, plant and equipment	16	23,951,846	19,009,542
Right of use assets	17	2,323,849	-
Investment Property	18	4,599,000	-
Intangible assets	19	232,449	171,880
Long term investment	20	70,000	-
Long term loans and advances	21	59,830	64,781
Long term deposits		388,669	373,852
Deferred taxation	8	3,801	4,204
		31,629,444	19,624,259
Current Assets			
Stores and spares	22	2,047,067	1,469,564
Stock-in-trade	23	26,653,635	22,183,853
Trade debts	24	5,150,748	6,866,069
Loans, advances and other receivables	25	1,362,721	1,855,410
Short term prepayments		270,346	320,591
Receivable from Government	26	2,804,316	1,487,248
Taxation-net		1,132,621	977,961
Cash and bank balances	27	772,880	596,406
		40,194,334	35,757,102
		71,823,778	55,381,361

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

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rs. 000s	
Sales - net	28	**55,932,658**	59,189,652
Cost of sales	29	**46,262,397**	46,431,611
Gross profit		**9,670,261**	12,758,041
Distribution cost	30	**4,680,482**	4,889,571
Administrative cost	31	**3,261,931**	3,191,519
Other operating cost	32	**264,192**	311,783
		8,206,605	8,392,873
		1,463,656	4,365,168
Other income	33	**367,679**	1,167,995
Operating profit		**1,831,335**	5,533,163
Finance cost	34	**2,054,273**	1,502,649
(Loss) /profit before taxation		**(222,938)**	4,030,514
Taxation	35	**402,824**	400,282
(Loss) /profit after taxation		**(625,762)**	3,630,232
			Re-stated
(Loss) /earnings per share - basic and diluted (Rs.)	36	**(1.46)**	8.49

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rs. 000s	
(Loss) /profit after taxation		**(625,762)**	3,630,232
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss subsequently			
Remeasurement gain/ (loss) on defined benefit plan	10.3	**666**	(6,189)
Related tax effect		**(75)**	694
		591	(5,495)
Items that may be reclassified to statement of profit or loss subsequently			
Exchange difference on translation of foreign subsidiaries		**77,186**	126,537
		77,777	121,042
Total comprehensive (loss) /income		**(547,985)**	3,751,274

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rs. 000s	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) /profit before taxation		(222,938)	4,030,514
Adjustments for:			
Depreciation on property, plant and equipment	16.1.1	2,149,679	1,948,699
Depreciation on right-of-use assets	17	650,814	-
Amortisation	19.1	33,379	16,123
Provision for gratuity	10.2	133,653	49,054
Finance cost	34	2,054,273	1,502,649
Provision for slow moving/obsolete stores and spares	22.1	22,906	18,930
Expected credit loss against trade debts	24.3	-	6,083
Capital work in progress charged to consumption		400	5,070
Gain on disposal of property plant and equipment	16.2.1	(51,332)	(23,775)
Loss on disposal of property plant and equipment	16.2.1	234,313	47,587
		5,228,085	3,570,420
Cash flows from operating activities before adjustments of working capital changes		5,005,147	7,600,934
Changes in working capital:			
(Increase)/ decrease in current assets			
Stores and spares		(600,409)	(527,406)
Stock-in-trade		(4,469,782)	(5,640,665)
Trade debts		1,724,204	(889,104)
Loans, advances and other receivables		492,689	(567,305)
Short term prepayments		50,260	(70,658)
Receivable from Government		(1,317,068)	340,516
		(4,120,106)	(7,354,622)
Increase in current liabilities			
Trade and other payables		1,498,000	2,198,296
		(2,622,106)	(5,156,326)
Cash generated from operations before following:		2,383,041	2,444,608
Gratuity paid		(86,133)	(34,329)
Finance cost paid		(1,579,839)	(1,378,272)
Income tax paid		(602,014)	(735,097)
Increase in long term loans and advances		4,951	(26,174)
Increase in long term deposits		(9,686)	(167,853)
		(2,272,721)	(2,341,725)
Net cash generated from operating activities		110,320	102,883

	Note	2020	2019
		Rs. 000s	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(7,575,110)	(5,014,926)
Addition to intangible assets		(76,091)	(37,671)
Proceeds from sale of property, plant and equipment		299,746	149,679
Payments for acquistion of subsidiary -net	3.26	(1,843,088)	-
Payments made against long term investments		(70,000)	(14,534)
Net cash used in investing activities		(9,264,543)	(4,917,452)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		4,911,949	3,121,440
Long term financing repaid		(999,298)	(1,361,963)
Payments for lease liability against right of use asset		(732,522)	-
Dividend paid		(884,735)	(884,374)
Net cash generated from financing activities		2,295,394	875,103
Exchange difference on translation of foreign subsidiaries		77,186	126,537
Net decrease in cash and cash equivalents		(6,781,643)	(3,812,929)
Cash and cash equivalents - at the beginning of the year		(18,440,586)	(14,627,657)
Cash and cash equivalents - at the end of the year	39	(25,222,229)	(18,440,586)

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

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Reserves					Total equity attributable to the owners of Holding Company	Non-Controlling Interest	Total Equity
		Capital reserve - Share Premium	Revenue reserve						
			General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary (Note 5.4)	Unappropri-ated profit			
	Rs. 000s								
Balance as at June 30, 2018	3,564,955	1,405,415	5,380,000	159,005	19,648	2,494,308	9,458,376	-	13,023,331
Transfer to:									
General reserve	-	-	(5,380,000)	-	-	5,380,000	-	-	-
Statutory reserve	-	-	-	-	179	(179)	-	-	-
			(5,380,000)		179	5,379,821			
Transaction with owners									
Final dividend for the year ended June 30, 2018	-	-	-	-	-	(891,239)	(891,239)	-	(891,239)
Total comprehensive income for the year ended June 30, 2019									
Profit after taxation	-	-	-	-	-	3,630,232	3,630,232	-	3,630,232
Other comprehensive income / (loss)	-	-	-	126,537	-	(5,495)	121,042	-	121,042
				126,537		3,624,737	3,751,274		3,751,274
Balance as at June 30, 2019	**3,564,955**	**1,405,415**	-	**285,542**	**19,827**	**10,607,627**	**12,318,411**	**-**	**15,883,366**
Transactions with owners									
Final dividend for the year ended June 30, 2019	-	-	-	-	-	(891,239)	(891,239)	-	(891,239)
Issuance of bonus shares	**712,991**	**(712,991)**	**-**	-	**-**	**-**	**(712,991)**	**-**	**-**
	712,991	(712,991)	-			(891,239)	(1,604,230)	-	(891,239)
Non-Controlling Interest on business combination	-	-	-	-	-		-	1,883,317	1,883,317
Total comprehensive (loss) / income for the year ended June 30, 2020									
Loss after taxation	-	-	-	-	-	(625,762)	(625,762)	-	(625,762)
Other comprehensive income	-	-	-	77,186	-	591	77,777	-	77,777
	-	-	-	77,186	-	(625,171)	(547,985)	-	(547,985)
Balance as at June 30, 2020	**4,277,946**	**692,424**	-	**362,728**	**19,827**	**9,091,217**	**10,166,196**	**1,883,317**	**16,327,459**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND ITS OPERATIONS

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

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

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

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

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

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

Details of Subsidiaries

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1.2 Sears Holdings (the only major customer of the subsidiary company GTM USA Corporation (GTM USA)) officially filed for bankruptcy during the year ended June 30, 2019 and during the current year it has sold its assets to ESL Investments and has officially closed. Presently GTM USA has no new customer which can revitalize its operations therefore GTM USA has seized its operations from October 2018. Till GTM USA does not find any significant customer, its trading prospects are very low.

The Group has continued the trend of transferring all major operations from GTM USA Corp. to SKY Home Corporation including trading and commission income and this trend is expected to continue in the future. However, the Holding Company intends to support GTM USA in all respect and the management of GTM USA is also striving for acquiring new business and customers. Therefore GTM USA has prepared its financials statements on a going concern basis. However, these events and conditions indicate existence of material uncertainty to continue as going concern.

1.3 Addresses of all immoveable properties owned by The Holding Company is as follows;

Unit	Area	Address
Unit 1,2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
Unit 4 & 5	14.9 Acres	Survey No.82, Deh Landhi ,Karachi
Unit 6,7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
Lasani Unit	4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi
MTF Plot	44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
Plot	2 Kanal,19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg, Lahore
Plot	4023.16 Sq.Yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi

1.3.1 Units signifies different processing units i.e. weaving, spinning and processing.

1.4 Addresses of all premises obtained on rented basis are as follows;

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

1.5 As at June 30, 2020, The Group has 64 retail outlets, 29 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2019:65 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises).

1.6 "The pandemic of COVID-19 has rapidly spread across the world and has been declared a public health emergency of an international concern by the World Health Organization ("WHO"). This has not only endangered human lives but has also adversely affected the global economy. During the month of March 2020, Provincial Governments of Pakistan announced a temporary lock down as a measure to control the outbreak of the pandemic. In order to comply with the directives issued by Government of Sindh and other provinces of Pakistan and administration authorities falling under their control, the Group in the wider national interest temporarily closed down it's production facilities in Sindh and retail operations throughout Pakistan on March 22, 2020.

Subsequently, the lockdown was relaxed and the Holding Company on April 22, 2020, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of its employees, resumed its operations and took all the necessary steps to ensure safe and smooth continuation of its business activities for the purpose of maintaining business performance despite slackening economic activity.

The lockdown had caused disruptions in supply chain including supply to the customers resulting in a decline in sales as a whole and specifically a decrease in retail sales and in realization of other trade receivables. However, to uplift the economy, the State of Bank Pakistan took measures like significantly reducing the benchmark policy interest rate and introduction of various financing schemes to support the industrial sectors some of which were availed by the Group and which helped in managing the liquidity requirements partly. The Group also directed more efforts in promoting on online sales, which also accomplished in bringing up sales only to an extent.

Furthermore, during the month of June and onward, the Group has managed to secure various export as well as local sales orders, also significant receivables have been realized till the date of issue of these financial statements and sales throughout retail outlets have also resumed from end of May, 2020. The Group is still monitoring the COVID19 situation and development across the globe and has made an assessment of the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- Realization of Receivables and expected credit losses under IFRS 9, 'Financial Instruments';
- Impairment of tangible and intangible assets under IAS 36, 'Impairment of non financial assets';
- Net realisable value of inventory under IAS 2, 'Inventories';
- Provisions and contingent liabilities under IAS 37, including onerous contracts; and
- Going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements. The Management believes that the going concern assumption of the Group remains valid.

1.7 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries, here-in-after collectively referred to as the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

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

The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital. All intra-group balances, transactions and unrealised gains/losses resulting from intra-group transactions and dividends are eliminated in full.

2 BASIS OF PREPARATION

2.1 Basis of measurement

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

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

2.2 Statement of compliance

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

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

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

a) Defined benefit plan

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

b) Contingencies

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

c) Useful lives, pattern of economic benefits and impairments

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

d) Intangibles

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

e) Provision for obsolescence and slow moving spare parts and loose tools

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

f) Stock-in-trade

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

g) Impairment of Financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

h) **Taxation**

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

i) **Leases**

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

2.5 New and revised standards and interpretations

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2019. However except for IFRS 16 "Leases" as detailed below, these are either not relevant or do not have any significant impact on the Group's financial reporting. Therefore, these have not been detailed in these consolidated financial statements.

IFRS 16 "Leases"

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard IAS 17 Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts are required to be recognized. The only exceptions are short term and low value leases.

The Group has various lease agreements for immovable properties, acquired for sales outlets, warehouses and administrative offices, which were being accounted for as operating leases under IAS 17, based on assessment of whether the lease transferred substantially all of the risks and rewards of ownership. With effect from July 01, 2019, the Company has applied IFRS 16 for recognition of the property.

The Group applied IFRS 16 using simplified modified retrospective approach and recognized right-of-use assets and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease' with effect from July 01, 2019 so the comparative information presented for 2019 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. In applying IFRS 16 for the first time, the Group has used the various practical expedients permitted by IFRS 16 including the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On initial application, the Group has also elected to use the recognition exemptions for some lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Holding Company are extendable through mutual agreement between the Group and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that such contracts are short-term in nature. The Group recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

Due to adoption of IFRS 16 the Group has recognized following amounts of Right-of-use Assets and corresponding lease liabilities determined based on present value of future lease rentals discounted at incremental borrowing rate of 13.65% per annum and incase of a foreign subsidiary 3.37% per annum. The accounting policies relating to the Group's right-of-use assets and lease liabilities are disclosed in notes 3.8 and 3.12.

The adoption of IFRS has resulted in recognition of Right-of-use asset and lease liabilities, as follows;

Effect of adoption of IFRS 16 as at July 01, 2019

	Rs. 000s
Liabilities against right-of-use assets	2,562,085
Add: Lease prepayments	87,954
Right-of-Use asset (ROU)	2,650,039

The carrying amounts of the Group's right-of-use-assets, lease liabilities and the movements during the year is as below:

	RoU asset	Lease liability
	Rs. 000s	
Amount initially recognised as at July 01, 2019	**2,650,039**	2,650,039
Opening prepayments	-	(87,954)
Additions during the year	**324,079**	324,079
Depreciation	**(650,814)**	-
Accretion of interest	-	368,465
Payments	-	(644,568)
Foreign currency retranslation difference	**545**	-
As at June 30, 2020	2,323,849	**2,610,061**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Had this standard not been applied, assets and liabilities would have been lowered by Rs.2,323 million and Rs. 2,610 million respectively. Rent expense would have been higher by Rs. 776 million where as depreciation charge and finance charges would have been lowered by Rs. 651 million and Rs. 368 million respectively. Net loss before tax would have been lower by Rs. 244 million, i.e., there would have been profit before tax of Rs. 63.82 million.

b) Standards, Interpretations and Amendments not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 01, 2020 and are not likely to have an material impact on the consolidated financial statements of the Group:

i) IAS 1 Presentation of Financial Statements & Accounting Policies, IAS 8 Changes in Accounting Estimates and Error - Amendments regarding the definition of material (Effective for annual periods beginning on or after January 01, 2020)

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

ii) IAS 1 Presentation of Financial Statements & Accounting Policies - Amendments regarding the classification of liabilities (Effective for annual periods beginning on or after January 01, 2023)

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

iii) IAS 16 Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (Effective for annual periods beginning on or after January 01, 2022)

The amendment to the standard prohibits to deduct from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

iv) IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the cost of fulfilling a contract when assessing whether a contract is onerous (Effective for annual periods beginning on or after January 01, 2022)

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

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

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

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

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

vii) Amendments to Conceptual Framework for Financial Reporting (Effective for annual periods beginning on or after January 01, 2020)

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

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

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

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

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

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

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

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

	International Financial Reporting Standards (IFRSs)	IASB effective date annual periods beginning on or after
IFRS 1	- First Time Adoption of IFRS	January 1, 2004
IFRS 17	- Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

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

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

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

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

For the purposes of consolidation, income and expense items of the foreign subsidiaries are translated at annual average exchange rate. All monetary and non monetary assets and liabilities are translated at the exchange rate prevailing at the statement of financial position date. Exchange differences arising on the translation of foreign subsidiaries are recognized under translation reserve in consolidated reserves until the disposal of interest in such subsidiaries.

3.2 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

The Holding Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Holding Company obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2020. The results of valuation are summarized in

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note No.10. The Subsidiary Company also accounts for gratuity for its employees in accordance with prevailing laws in the country of the subsidiary company, and provision made is accordingly based on management's estimates.

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

3.3 Accumulated employee compensated absences

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

3.4 Provisions and contingencies

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

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

3.5 Taxation

Current

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

Deferred

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

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

3.6 Borrowings

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

3.7 Borrowing cost

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

3.8 Lease liabilities

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

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

3.9 Government grant

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

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

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

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

3.10 Trade and other payables

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

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3.11 Property, plant and equipment

3.11.1 Operating fixed assets

Recognition / Measurement

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

Subsequent Cost

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

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

Depreciation

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) and turbines in plant and machinery, which are depreciated at straight line method. These assets are depreciated at rates specified in the note No. 16.1.1 Depreciation is charged on additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Derecognition

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

3.11.2 Capital work-in-progress

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

3.11.3 Investment Property

Investment property represents leasehold land owned by the Company and which are rented out to related and other parties in order to earn rental income. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria is met.

The Company has adopted the cost model for subsequent measurement and accordingly the investment property is carried at cost. No amortization / depreciation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and its realizable values is expected to be higher than carrying values.

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on de-recognition of investment property are recognised in the statement of profit or loss in the year of retirement or disposal. Gain or loss on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made to or from the investment property only when there is a change in use. Maintenance and normal repairs are charged to income, as and when incurred. Major renewals and improvements, if any, are capitalized, if recognition criteria is met.

3.12 Right-of-use assets

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

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

3.13 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any, Amortization is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 19.1.

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

Goodwill is stated at cost less accumuluated impairment losses, if any, as their useful life is indefinite and are tested for impairmnet annuallly.

3.14 Business combination and Goodwill

The Group uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as

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incurred and included in administrative expenses.

Goodwill is initially measured at the acquisition date, being the excess of:

(a) the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and

(b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the consolidated statement of profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured subsequent to initial recognition, at cost less accumulated impairment losses, if any, and is tested annually or whenever, there is an indication of impairment. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss.

3.15 Stores and spares

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

3.16 Stock-in-trade

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

3.17 Trade and Other Receivables

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

Any gain or loss on derecognition of financial asset or liability is also included to the consolidated statement of profit or loss .

3.18 Revenue recognition

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

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are despatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.

- Profit on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and rates applicable thereon.

- Duty draw back on export sales is recognized on an accrual basis at the time of export sale.

- Processing charges are recorded when processed goods are delivered to customers.

- Dividend income is recognized when the Group's right to receive the payment is established.

- Interest on loans and advances to employees is recognized on the effective interest method.

3.19 Financial instruments

Financial instruments include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when The Group becomes a party to the contractual provisions of instrument.

3.19.1 Initial Recognition

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

3.19.2 Classification of financial assets

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

The Group classifies its financial instruments in the following categories:

- at amortised cost.

- at fair value through profit or loss ("FVTPL"),

- at fair value through other comprehensive income ("FVTOCI"), or

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are classified as financial assets at FVTOCI:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely

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payments of principal and interest on the principal amount outstanding.

3.19.3 Classification of financial liabilities

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

3.19.4 Subsequent measurement

Financial assets and liabilities at amortised cost

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

Financial assets at FVTOCI

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

Financial assets and liabilities at FVTPL

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

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

3.20 Derecognition of Financial Instruments

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

Any gain or loss on derecognition of financial asset or liability is also included to the consolidated statement of profit or loss .

3.21 Impairment

Financial assets

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

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.

- employee receivables.

- other short term receivables that have not demonstrated any increase in credit risk since inception.

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

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

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

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

Non-Financial assets

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

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

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

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3.22 Offsetting of financial assets and liabilities

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

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

3.23 Cash and cash equivalents

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

3.24 Dividend and appropriation to reserves

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

3.25 Segment reporting

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

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

3.26 Business combination during the year

The shareholders of the Holding Company in extra ordinary general meeting held on August 30, 2019 approved to invest amount of Rs. 2,295 million in worldwide Developers (Private) Limited (WWDL) for acquiring its 54.84% shareholding of the WWDL. Accordingly, the Holding Company has acquired 30,359 (54.84% shareholding) of WWDL at total cost of Rs. 2,295 including Rs. 492 million on account of liability owed by WWDL to its certain lenders which has been taken over by the Holding Company as part share purchase and liability acquisition agreement (the agreement). The payment against the shares purchased and liability taken over by the Holding Company is required to be made in installments as per agreed payment schedule and is secured by way of financial guarantee established by the Holding Company through Pak China Investment Company Limited in favor of the former shareholders and the said lenders of WWDL.

The fair values of the identifiable assets and liabilities assumed as on the acquisition date, as incorporated in these consolidated financial statements, are as follows;

	Carrying value as on year end in PKR	Fair value recognised on acquitions in PKR
	Rs. 000s	
Assets:		
Investment Property	4,405,441	4,599,000
Long Term Deposit	5,131	5,131
Loans, advances and other receivables	19,326	19,326
Cash and bank balances	639	639
Total Assets	4,430,537	4,624,096
Liabilities		
Deffered Liability	934	934
Trade and other payables	1,729	1,729
Provision for taxation-net	2,377	2,377
Short term loans	448,713	448,713
Total identifiable net assets on acquisition date	3,976,784	4,170,343
Attributable to non-controling interest		1,883,318
Total consideration		2,295,000
		4,178,318
Goodwill on business combination		7,975

Impact on statement of cash flows

Total consideration	2,295,000
Less: Amount payable against consideration (note 11.2)	(899,986)
Cash and bank balance acquired on business combination	(639)
Short term loanacquired under business combination	448,713
	1,843,088

For determining the fair value of assets and liabilities at the time of acquisition as required by IFRS - 3 'Business Combination', the management has assessed that the fair value of assets and liabilities acquired approximates to their carrying values on the date of acquisition except for the value of investment property of WWDL whose fair value is taken at Rs.4.599,000,000 as agreed between the parties in the agreement for determination of share purchase price. The shares were transferred in name of the Holding Company in steps and final transfer of shares occurred on 20th March 2020 however, legal formalities with respect to transfer of shares in the name of Holding Company were completed on 30th June 2020. Therefore, the assets and liabilities of WWDL based on its latest available financial statements for the year ended June 30, 2020 have been considered for the acquisition accounting and effect of any income and expenses for proportionate period, being nominal, has not been considered.

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4 SHARE CAPITAL

4.1 Authorised capital

2020	2019		2020	2019
Number of Shares			Rs. 000s	
750,000,000	750,000,000	Ordinary shares of Rs.10 each	7,500,000	7,500,000

4.2 Issued, subscribed and paid - up capital

2020	2019		2020	2019
Number of Shares			Rs. 000s	
192,161,738	192,161,738	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	1,921,617	1,921,617
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid shares under scheme of arrangement for amalgamation	54,473	54,473
230,185,566	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	2,301,856	1,588,865
427,794,630	356,495,525		4,277,946	3,564,955

4.2.1 As at June 30, 2020, Gul Ahmed Holdings (Private) Limited (GAHPL) , the ultimate Holding Company of the Group, held 287,072,056 (2019: 239,226,714) ordinary shares of Rs. 10 each, constituting 67.10% (2019: 67.10%) of total paid-up capital of the Holding Company. Number of shares held by the associated companies and undertakings, other than GAHPL, aggregated to 17,516,349 (2019: 14,493,774) ordinary shares of Rs. 10 each.

4.2.2 As per the Honorable Sindh High Court's order, the Company has held 2,009,004 out of the total bonus shares issued for the year 2015 and 2019 to Gul Ahmed Holdings (Private) Limited, an associated company and other parties respectively, as these shareholders are the part of the suit filed against the tax on bonus shares imposed through Finance Act, 2014.

4.3 Reconciliation of the number of shares outstanding

	2020	2019
	Rs. 000s	
Number of shares outstanding at the beginning of the year	356,495,525	356,495,525
Add: 20% Bonus shares issued during the year	71,299,105	-
	427,794,630	356,495,525

5 RESERVES

	Note	2020	2019
		Rs. 000s	
Capital Reserve			
- Share premium	5.1	692,424	1,405,415
Revenue Reserve			
- General Reserve		-	-
- Unappropriated Profit		9,091,217	10,607,627
		9,091,217	10,607,627
Exchange difference on translation of foreign subsidiaries		362,728	285,542
Statutory reserve	5.2	19,827	19,827
		10,166,196	12,318,411

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

5.2 This represent reserve created by Gul Ahmed International Limited FZC, in accordance with Emiri decree No. 2 of 1995, issued by the ruler of Sharjah, U.A.E.

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6 LONG TERM FINANCING

	Note	2020	2019
		Rs. 000s	
From Banking Companies - Secured	6.1	10,062,645	7,078,540
From Non-Banking Financial Institutions - Secured	6.2	3,256,099	2,958,663
Financing for payment of salaries and wages under SBP Re-finance scheme	6.2.1	546,969	-
		13,865,713	10,037,203
Current portion shown under current liabilities		(420,113)	(1,180,302)
		13,445,600	8,856,901

6.1 Banking Companies - Secured

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
Askari Bank Limited Loan 1 Under LTFF scheme	6.4, 6.7	20 quarterly October-2016	8,346	8.50 % p.a. payable quarterly	41,733	75,114
Askari Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	17,558	26,348
Askari Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	7,464	10,663
Askari Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	20 quarterly February-2018	165	3 % p.a. payable quarterly	1,815	2,310
Askari Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	20 quarterly May-2018	4,880	3 % p.a. payable quarterly	58,547	73,184
Askari Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	20 quarterly June-2018	469	3 % p.a. payable quarterly	5,620	7,294
Askari Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	20 quarterly July-2018	3,656	3 % p.a. payable quarterly	43,867	58,490
Askari Bank Limited Loan 8 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	445	3 % p.a. payable quarterly	5,790	7,126
Askari Bank Limited Loan 9 Under LTFF scheme	6.3, 6.7	20 quarterly September-2018	252	3 % p.a. payable quarterly	3,269	4,032
Askari Bank Limited Loan 10 Under LTFF scheme	6.3, 6.7	20 quarterly August-2020	6,155	2.75 % p.a. payable quarterly	196,956	196,956
Askari Bank Limited Loan 11 Under LTFF scheme	6.3, 6.7	32 quarterly September-2018	370	2.75 % p.a. payable quarterly	11,843	11,843
Askari Bank Limited Loan 12 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly October-2020	105	2.75 % p.a. payable quarterly	3,355	3,355
Askari Bank Limited Loan 13 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly November-2020	1,443	2.75 % p.a. payable quarterly	46,163	46,163
Askari Bank Limited Loan 14 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2021	736	2.75 % p.a. payable quarterly	23,547	23,547
Askari Bank Limited Loan 15 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2021	283	2.75 % p.a. payable quarterly	9,041	9,041
Askari Bank Limited Loan 16 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly July-2021	284	2.75 % p.a. payable quarterly	9,095	9,095
Askari Bank Limited Loan 17 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2022	12,842	3.50 % p.a. payable quarterly	410,947	-
Askari Bank Limited Loan 18 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly April-2022	2,156	3.50 % p.a. payable quarterly	69,000	-
Askari Bank Limited Loan 19 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly May-2022	625	3.50 % p.a. payable quarterly	20,000	-
AlBaraka Bank (Pakistan) Limited Loan Islamic Banking	6.4, 6.8	20 quarterly March-2016	7,780	Three months KIBOR Ask rate + 1.10% payable quarterly	23,340	46,680
Bank Al-Habib Limited Under LTFF scheme	6.6	16 half yearly October-2019	13,519	2.75 % p.a. payable quarterly	189,259	216,296
Bank Al-Falah Limited - Loan 1 Islamic Banking	6.3, 6.7	16 half yearly July-2021	17,469	3 % p.a. payable quarterly	279,504	279,504
Bank Al-Falah Limited - Loan 2 Under LTFF scheme	6.3, 6.7	16 half yearly August-2021	6,667	3 % p.a. payable quarterly	106,668	106,668
Bank Al-Falah Limited - Loan 3 Under LTFF scheme	6.3, 6.7	16 half yearly August-2021	5,425	3 % p.a. payable quarterly	86,807	-
Bank Al-Falah Limited - Loan 4 Under LTFF scheme	6.3, 6.7	16 half yearly September-2021	1,220	3 % p.a. payable quarterly	19,521	19,521
Bank Al-Falah Limited - Loan 5 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	15,440	3 % p.a. payable quarterly	247,038	247,038
Bank Al-Falah Limited - Loan 6 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	624	3 % p.a. payable quarterly	9,985	-
The Bank of Khyber	6.3	07 half yearly August-2019	17,143	Six months KIBOR Ask rate + 0.50% payable half yearly	85,714	120,000
Bank of Punjab - Loan 1 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	1,227	3 % p.a. payable quarterly	25,768	30,675
Bank of Punjab - Loan 2 Under LTFF scheme	6.3, 6.7	28 quarterly October-2018	2,144	3 % p.a. payable quarterly	45,030	53,607
Bank of Punjab - Loan 3 Under LTFF scheme	6.3, 6.7	28 quarterly November-2018	3,085	3 % p.a. payable quarterly	67,870	77,125

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
Bank of Punjab - Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	6,904	3 % p.a. payable quarterly	**151,898**	172,610
Bank of Punjab - Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,644	3 % p.a. payable quarterly	**36,174**	42,747
Bank of Punjab - Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	7,692	3 % p.a. payable quarterly	**171,404**	199,998
Bank of Punjab - Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	5,467	3 % p.a. payable quarterly	**125,485**	142,141
Bank of Punjab - Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	3,873	3 % p.a. payable quarterly	**89,616**	104,555
Bank of Punjab - Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	195	3 % p.a. payable quarterly	**4,688**	5,274
Bank of Punjab - Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly May-2020	3,483	3 % p.a. payable quarterly	**96,875**	97,512
Bank of Punjab - Loan 11 Under LTFF scheme	6.3, 6.4, 6.7	28 quarterly September-2022	35,781	3 % p.a. payable quarterly	**1,000,000**	-
Faysal Bank Limited Loan 1 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly June-2021	13,781	2.75% p.a. payable quarterly	**440,981**	440,981
Faysal Bank Limited Loan 2 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly August-2021	1,844	2.75% p.a. payable quarterly	**59,018**	59,018
Faysal Bank Limited Loan 3 Under ILTFF scheme	6.4, 6.8, 6.9	32 quarterly February-2022	6,745	3% p.a. payable quarterly	**215,828**	-
Habib Bank Limited Loan 1	6.5, 6.8	05 half yearly October-2017	17,618	Three months KIBOR Ask rate + 0.5% payable half yearly	**-**	20,781
Habib Bank Limited Loan 2 Under LTFF scheme	6.4, 6.5, 6.7	32 half yearly October-2018	14,747	3 % p.a. payable quarterly	**249**	747
Habib Bank Limited Loan 3 Under LTFF scheme	6.4, 6.5, 6.7	32 half yearly October-2018	82	3 % p.a. payable quarterly	**6,612**	13,221
Habib Bank Limited Loan 4 Under LTFF scheme	6.4, 6.5, 6.7	32 half yearly February-2018	316	3 % p.a. payable quarterly	**70,313**	98,438
Habib Bank Limited Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2019	174	3 % p.a. payable quarterly	**427,659**	471,900
Habib Bank Limited Loan 6 Under LTFF scheme	6.4, 6.7	32 quarterly March-2021	8,774	2.8 % p.a. payable quarterly	**280,779**	280,779
MCB Bank Limited Loan 1	6.5	10 half yearly February-2017	1,486	Three months KIBOR Ask rate + 2.25% payable half yearly	**4,458**	7,430
MCB Bank Limited Loan 2 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	15,864	8.25% p.a. payable quarterly	**47,458**	7,430
MCB Bank Limited Loan 3 Under LTFF scheme	6.5, 6.7	10 half yearly March-2017	1,541	6.75% p.a. payable quarterly	**4,623**	7,705

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
MCB Bank Limited Loan 4 Under LTFF scheme	6.5, 6.7	10 half yearly April-2017	2,425	8.25% p.a. payable quarterly	**8,094**	12,126
MCB Bank Limited Loan 5 Under LTFF scheme	6.5, 6.7	10 half yearly June-2017	5,773	8.25% p.a. payable quarterly	**23,092**	28,865
MEEZAN Bank Limited Loan 1 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly October-2021	1,075	4.50% p.a. payable quarterly	**34,385**	-
MEEZAN Bank Limited Loan 2 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly October-2021	533	4.5% p.a. payable quarterly	**17,052**	-
MEEZAN Bank Limited Loan 3 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly October-2021	175	4.5% p.a. payable quarterly	**5,612**	-
MEEZAN Bank Limited Loan 4 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly December-2021	948	4.5% p.a. payable quarterly	**30,339**	-
MEEZAN Bank Limited Loan 5 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly January-2022	3,443	4.5% p.a. payable quarterly	**110,156**	-
MEEZAN Bank Limited Loan 6 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly March-2022	496	4.5% p.a. payable quarterly	**15,865**	-
MEEZAN Bank Limited Loan 7 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly April-2022	1,417	4.5% p.a. payable quarterly	**45,368**	-
MEEZAN Bank Limited Loan 8 Under LTFF scheme	6.5, 6.7, 6.8	32 quarterly May-2022	4,282	4.5% p.a. payable quarterly	**137,022**	-
National Bank of Pakistan Loan 1	6.4, 6.5, 6.7	10 half yearly August-2016	49,598	Six months KIBOR Ask rate + 0.75% payable half yearly	**99,198**	198,393
National Bank of Pakistan Loan 2 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly May-2018	5,835	2.80% p.a. payable quarterly	**64,196**	87,535
National Bank of Pakistan Loan 3 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly July-2018	5,451	2.80% p.a. payable quarterly	**65,401**	87,200
National Bank of Pakistan Loan 4 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly August-2018	179	2.80% p.a. payable quarterly	**2,143**	2,856
National Bank of Pakistan Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly September-2018	5,228	2.80% p.a. payable quarterly	**64,198**	83,643
National Bank of Pakistan Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	7,602	2.80% p.a. payable quarterly	**98,816**	129,218
National Bank of Pakistan Loan 7 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly November-2018	708	2.80% p.a. payable quarterly	**9,202**	12,033
National Bank of Pakistan Loan 8 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly November-2018	8,253	2.75% p.a. payable quarterly	**264,082**	264,082

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
National Bank of Pakistan Loan 9 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly January-2021	2,361	2.75% p.a. payable quarterly	**75,551**	75,551
National Bank of Pakistan Loan 10 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2021	1,794	2.75% p.a. payable quarterly	**57,396**	57,396
National Bank of Pakistan Loan 11 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2021	2,914	2.75% p.a. payable quarterly	**93,254**	93,254
National Bank of Pakistan Loan 12 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly May-2021	3,727	2.75% p.a. payable quarterly	**119,279**	119,279
National Bank of Pakistan Loan 13 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly June-2021	4,981	2.75% p.a. payable quarterly	**159,384**	159,384
National Bank of Pakistan Loan 14 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly August-2021	3,115	2.75% p.a. payable quarterly	**99,671**	99,671
National Bank of Pakistan Loan 15 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly September-2021	2,209	2.75% p.a. payable quarterly	**70,672**	70,672
National Bank of Pakistan Loan 16 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly July-2021	3,492	2.75% p.a. payable quarterly	**111,733**	-
National Bank of Pakistan Loan 17 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly September-2021	7,919	2.75% p.a. payable quarterly	**253,420**	-
National Bank of Pakistan Loan 18 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly October-2021	7,768	2.75% p.a. payable quarterly	**248,588**	-
National Bank of Pakistan Loan 19 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2021	513	2.75% p.a. payable quarterly	**16,418**	-
National Bank of Pakistan Loan 20 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly January-2022	24,195	2.75% p.a. payable quarterly	**774,224**	-
National Bank of Pakistan Loan 21 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2022	3,760	2.75% p.a. payable quarterly	**120,307**	-
SONERI Bank Loan 1 Under LTFF scheme	6.3, 6.7	16 half yearly March-2018	14,457	5% p.a. payable quarterly	**159,025**	187,939
United Bank Limited Loan 1 Under LTFF scheme	6.3	12 half yearly January-2014	11,913	Six months KIBOR Ask rate + 1.00% payable half yearly	**-**	11,913
United Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	10 half yearly July-2017	1,802	8% p.a. payable quarterly	**7,208**	10,812

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
United Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	10 half yearly August-2017	398	6.50% p.a. payable quarterly	**1,594**	2,391
United Bank Limited Loan 4 Under LTFF scheme	6.4, 6.7	10 half yearly September-2017	215	6.50% p.a. payable quarterly	**860**	1,290
United Bank Limited Loan 5 Under LTFF scheme	6.4, 6.7	10 half yearly October-2017	102	6.50% p.a. payable quarterly	**510**	612
United Bank Limited Loan 6 Under LTFF scheme	6.4	10 half yearly March-2018	2,385	5% p.a. payable quarterly	**11,925**	16,695
United Bank Limited Loan 7 Under LTFF scheme	6.4, 6.7	10 half yearly December-2017	89	6.50% p.a. payable quarterly	**445**	623
United Bank Limited Loan 8 Under LTFF scheme	6.4, 6.7	10 half yearly February-2018	318	5% p.a. payable quarterly	**1,597**	2,233
United Bank Limited Loan 9	6.4, 6.7	10 half yearly March-2018	4,314	5% p.a. payable quarterly	**21,562**	30,192
United Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	10 half yearly April-2018	1,827	5% p.a. payable quarterly	**9,135**	12,789
United Bank Limited Loan 11 Under LTFF scheme	6.4, 6.7	10 half yearly May-2018	954	4% p.a. payable quarterly	**5,730**	6,684
United Bank Limited Loan 12 Under LTFF scheme	6.4, 6.7	10 half yearly August-2018	11,979	5% p.a. payable quarterly	**71,882**	95,840
United Bank Limited Loan 13 Under LTFF scheme	6.4, 6.7	16 half yearly June-2020	9,384	2.75% p.a. payable quarterly	**150,142**	150,142
United Bank Limited Loan 14 Under LTFF scheme	6.4, 6.7	16 half yearly October-2020	23,826	2.75% p.a. payable quarterly	**381,215**	381,215
United Bank Limited Loan 15 Under LTFF scheme	6.4, 6.7	16 half yearly November-2020	1,495	2.75% p.a. payable quarterly	**23,920**	23,920
United Bank Limited Loan 16 Under LTFF scheme	6.4, 6.7	16 half yearly December-2020	8,335	2.75% p.a. payable quarterly	**133,353**	133,353
United Bank Limited Loan 17 Under LTFF scheme	6.4, 6.7	16 half yearly January-2021	3,016	2.75% p.a. payable quarterly	**48,256**	48,256
United Bank Limited Loan 18 Under LTFF scheme	6.4, 6.7	16 half yearly February-2021	706	2.75% p.a. payable quarterly	**10,589**	11,295
United Bank Limited Loan 19 Under LTFF scheme	6.4, 6.7	16 half yearly April-2021	2,847	2.75% p.a. payable quarterly	**45,550**	45,550
Samba Bank Limited Loan 1 Under LTFF scheme	6.3, 6.7	10 half yearly September-2019	15,710	3% p.a. payable quarterly	**125,679**	157,099
Samba Bank Limited Loan 2 Under LTFF scheme	6.3, 6.7	10 half yearly January-2020	10,809	3% p.a. payable quarterly	**97,275**	108,084
Samba Bank Limited Loan 3 Under LTFF scheme	6.3, 6.7	10 half yearly February-2020	1,339	3% p.a. payable quarterly	**12,052**	13,391
Samba Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	10 half yearly March-2020	140	3% p.a. payable quarterly	**1,262**	1,402
Samba Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	10 half yearly August-2020	2,237	3% p.a. payable quarterly	**22,369**	22,369

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
Samba Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	10 half yearly November-2020	5,461	3% p.a. payable quarterly	**54,613**	54,613
Samba Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	10 half yearly December-2020	4,304	3% p.a. payable quarterly	**43,042**	43,042
		Total from Banking Companies			**10,062,645**	7,078,540

6.2 Non-Banking Financial Institutions - Secured

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
Pair Investment Company Loan 1 Under LTFF scheme	6.5, 6.7	12 half yearly May-2018	11,417	3.5% p.a. payable half yearly	**91,333**	102,750
Pair Investment Company Loan 2 Under LTFF scheme	6.5, 6.7	12 half yearly June-2018	11,375	3.5% p.a. payable half yearly	**90,650**	102,025
Pair Investment Company Loan 3 Under LTFF scheme	6.5, 6.7	16 half yearly October-2019	13,349	3% p.a. payable half yearly	**200,230**	213,579
Pair Investment Company Loan 4 Under LTFF scheme	6.5, 6.7	12 half yearly December-2019	236	3% p.a. payable half yearly	**2,654**	2,831
Pair Investment Company Loan 5 Under LTFF scheme	6.5, 6.7	12 half yearly February-2020	1,230	3% p.a. payable half yearly	**13,833**	14,756
Pair Investment Company Loan 6 Under LTFF scheme	6.5, 6.7	12 half yearly April-2020	1,508	3% p.a. payable half yearly	**18,101**	18,101
Pair Investment Company Loan 7 Under LTFF scheme	6.3, 6.7	16 half yearly July-2021	26,509	3% p.a. payable half yearly	**424,149**	424,149
Pair Investment Company Loan 8 Under LTFF scheme	6.3, 6.7	16 half yearly October-2021	512	3% p.a. payable half yearly	**8,191**	8,191
Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2018	10,909	3% p.a. payable quarterly	**250,869**	283,616
Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2018	4,215	3% p.a. payable quarterly	**96,857**	109,503
Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly April-2018	31	3% p.a. payable quarterly	**737**	830
Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2018	1,289	3% p.a. payable quarterly	**30,937**	34,804

Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2018	6,997	3% p.a. payable quarterly	**167,884**	188,875
Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly January-2022	2,735	3% p.a. payable quarterly	**87,511**	-
Pak Kuwait Investment Pvt. Ltd Loan 7 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly December-2021	567	3% p.a. payable quarterly	**18,136**	-
Pak Kuwait Investment Pvt. Ltd Loan 8 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly February-2022	1,611	3% p.a. payable quarterly	**51,540**	-
Pak Kuwait Investment Pvt. Ltd Loan 9 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly March-2022	3,085	3% p.a. payable quarterly	**98,709**	-
Pak Kuwait Investment Pvt. Ltd Loan 10 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly April-2022	759	3% p.a. payable quarterly	**24,274**	-
Pak Kuwait Investment Pvt. Ltd Loan 11 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly May-2022	5,172	3% p.a. payable quarterly	**165,500**	-
Pak Kuwait Investment Pvt. Ltd Loan 12 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2022	609	3% p.a. payable quarterly	**19,500**	-
Pak Kuwait Investment Pvt. Ltd Loan 13 Under LTFF scheme	6.3, 6.4 6.7	32 quarterly June-2022	2,582	3% p.a. payable quarterly	**82,613**	-
Pak Brunei Investment Company Loan 1 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly December-2018	28,637	2.5% p.a payable quarterly	**372,279**	400,915
Pak Brunei Investment Company Loan 2 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly May-2019	2,419	2.5% p.a payable quarterly	**33,872**	36,291
Pak Brunei Investment Company Loan 3 Under LTFF scheme	6.3, 6.4 6.7	16 half yearly July-2019	5,468	2.5% p.a payable quarterly	**76,560**	87,496
Pak Oman Investment Company Loan 1 Under LTFF scheme	6.4 6.7, 6.9	32 quarterly January-2019	8,596	2.75% p.a payable quarterly	**223,507**	257,891
Pak Oman Investment Company Loan 2 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly February-2019	7,410	2.75% p.a payable quarterly	**200,071**	222,301
Pak Oman Investment Company Loan 3 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly March-2019	6,927	2.75% p.a payable quarterly	**187,032**	207,813

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up/ Profit rate per annum	2020	2019
					------Rs. 000s----	
Pak Oman Investment Company Loan 4 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly May-2019	298	2.75% p.a payable quarterly	8,347	9,238
Pak Oman Investment Company Loan 5 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly June-2019	7,144	2.75% p.a payable quarterly	200,048	221,480
Pak Oman Investment Company Loan 6 Under LTFF scheme	6.4, 6.7 6.9	32 quarterly September-2019	351	2.75% p.a payable quarterly	10,175	11,228
		Total from Non-Banking Financial Institutions			3,256,099	2,958,663

6.2.1 Financing for payment of salaries and wages under SBP Re-finance scheme

Finance obtained from Faysal Bank Ltd	6.3, 6.8,6.10	8 quarterly March-2021	78,872	1% p.a. payable quarterly	630,972	-
Less: Fair value differential - Government grant					(85,199)	-
Unwinding of interest					1,196	-
					546,969	-

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

6.4 These loans are secured by charge over specified machinery.

6.5 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company and equitable mortgage over land and building.

6.6 These loans are secured by charge over specified machinery of the Company and equitable mortgage over land and building.

6.7 The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of up to five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.

6.8 These loans are obtained under Shariah Compliant Arrangements.

6.9 These loans are secured by ranking charge over present and future property, plant and equipment of the company.

6.10 The Holding Company has availed Rs. 962.38 million facility from Faysal Bank Limited under the "Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns" launched by the State Bank of Pakistan. Under the facility, Rs. 630.97 million were disbursed by the Bank till June 30, 2020. The facility carries a markup @1.0% per annum payable quarterly, is to be repaid in eight equal quarterly installments after a grace period of six months and is secured by First Pari Passu Hypothecation Charge over present and future plant and machinery.

7 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	Note	2020	2019
		Rs. 000s	
Present value value of lease payments as at July 01,2019		2,650,039	-
Less: Prepayments as at July 01, 2019		(87,954)	-
		2,562,085	-
Additions		324,079	-
Accretion of Interest		368,465	-
Payments		(644,568)	-
As at June 30, 2020		2,610,061	-
Current		411,526	-
Non -Current	7.1	2,198,535	-
		2,610,061	-

7.1 Lease liabilities are payable as follows

	Minimum Lease payments	Interest	Present value of minimum lease payments
		Rs. 000s	
Less than one year	773,425	361,881	411,544
Between one and 5 years	2,616,226	814,534	1,801,692
More than five years	598,403	201,578	396,825
	3,988,054	1,377,993	2,610,061

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FOR THE YEAR ENDED JUNE 30, 2020

8 DEFERRED TAXATION

	Note	2020	2019
		Rs. 000s	
Deffered tax liability	8.1	49,532	88,342
Deferred tax asset of indirect subsidiaries	8.2	(3,801)	(4,204)
		45,731	84,138

8.1 Deferred tax arises due to:

	2020	2019
Taxable temporary differences in respect of		
Accelerated tax depreciation allowance	460,012	392,832
Provision for income of subsidiaries	14,365	17,012
	474,377	409,844
Deductible temporary differences in respect of		
Provision for gratuity	(15,421)	(9,730)
Expected credit loss against trade debts	(31,838)	(35,173)
Provision for slow moving items/obsolete items of stores and spares	(21,467)	(18,790)
Excess of Lease liability over carrying value of Right of use asset	(83,155)	-
	(151,881)	(63,693)
Tax credit	(272,964)	(257,809)
	49,532	88,342

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

8.2 Deferred tax asset of indirect subsidiary companies

	2020	2019
	Rs. 000s	
Deductible temporary differences in respect of		
Accelerated tax depreciation allowance	(3,795)	(3,966)
Short term timing differences	(6)	(238)
	(3,801)	(4,204)

8.3 Movement in deferred taxation

	Note	Liability	Asset	2020	2019
				Rs. 000s	
Opening balance		88,342	(4,204)	84,138	37,400
(Credited) / charged to consolidated statement of profit or loss		(38,885)	403	(38,482)	51,058
Charged / (credited) to other comprehensive income		75	-	75	(694)
Acquired under business combination		-	-	-	(3,626)
Closing balance		49,532	(3,801)	45,731	84,138

9 Deferred Government Grant

	Note	2020	2019
		Rs. 000s	
Fair value differential of loan at subsidised rate treated as government grant	6.2.1	85,199	-
Government grant recognised as income	33	(1,058)	-
		84,141	-
Current maturity of deferred government grant		48,921	-
		35,220	-

10 DEFINED BENEFIT PLAN- STAFF GRATUITY

10.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability

	Note	2020	2019
		Rs. 000s	
Opening balance		92,431	71,517
Charge for the year	10.2	133,653	49,054
Remeasurement loss charged in other comprehensive income	10.3	(666)	6,189
Benefits paid during the year		(86,133)	(34,329)
Liability acquired on business combination		934	-
Closing balance		140,219	92,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

10.2 Charge for the year recognized in statement of profit or loss

	Note	2020	2019
		Rs. 000s	
Current service cost		**88,753**	36,623
Past Service Cost	10.2.1	**36,545**	5,720
Markup cost		**6,574**	4,364
	31.1	**131,872**	46,707
Charge in respect of obligation of the subsidiary company	10.6	**1,781**	2,347
	31.1	**133,653**	**49,054**

10.2.1 Past service cost relates to employees employed in preceding year but become eligible for gratuity during the current year and the employees of a segment which has been made part of gratuity during the year.

10.3 Remeasurement loss charged in other comprehensive income

	2020	2019
Actuarial losses from changes in financial assumptions	**(359)**	202
Experience adjustments	**(307)**	5,987
	(666)	**6,189**

10.4 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation of the Holding Company's obligations:

	2020	2019
Discount rate used for year end obligation	**8.50%**	14.25% p.a
Discount rate used for markup cost	**14.25% p.a**	9.00% p.a
Expected increase in salary	**7.50%**	13.25%
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Set back 1 Year	Set back 1 Year
Withdrawal rates	**Age-Based**	Age-Based
Retirement assumption	**Age 60**	Age 60

10.5 Associated Risks

a) Final Salary Risk (Linked to inflation risk)

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

b) Demographic Risk

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

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

10.6 Provision in respect of the obligation of subsidiary company is made in accordance with applicable labour laws in UAE. Since the obligation is insignificant so no actuarial valuation is carried out by the subsidiary and provision is made using actual liability method.

10.7 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have completed the minimum qualifying period. Liability is determined using actuarial valuation in case of Holding Company where as in case of subsidiary company the liability is estimated by the management as the quantum of the same is not significant. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2020. The disclosure is based on information included in that actuarial report.

10.8 Sensitivity Analysis

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

	Note	2020	2019
		Rs. 000s	
Discount Rate + 100 bps		**130,147**	82,793
Discount Rate - 100 bps		**144,298**	91,162
Salary increase + 100 bps		**144,298**	91,162
Salary increase - 100 bps		**130,030**	82,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

10.9 Maturity Profile

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

	2020	2019
	Rs. 000s	
FY 2021	47,955	33,773
FY 2022	49,594	28,789
FY 2023	41,739	26,315
FY 2024	36,234	24,285
FY 2025	32,118	23,046
FY 2026	30,318	23,716
FY 2027	27,995	22,685
FY 2028	29,022	26,188
FY 2029	30,325	29,129
FY 2030	27,435	
FY 2030 onwards	1,298,643	2,336,040

The average duration of the defined benefit obligation is 5 years.

11 TRADE AND OTHER PAYABLES

	Note	2020	2019
		Rs. 000s	
Creditors - Others		4,788,083	3,572,623
- Due to related parties		41,034	7,781
		4,829,117	3,580,404
Accrued expenses	11.1.1, 11.1.2 & 11.1.3	6,092,822	5,660,310
Payable against investment in worldwide Developers (Private) Limited - Secured	11.2	899,986	-
Advance from customers		295,359	213,918
Security deposit against franchise stock	11.3	93,300	93,250
Workers' profit participation fund	11.4	-	213,632
Workers' welfare fund		46,951	66,725
Taxes withheld		35,940	51,006
Payable to employees' provident fund trust		13,096	22,644
Others		4,360	9,327
		12,310,931	9,911,216

11.1.1 Accrued expenses include Infrastructure Cess amounting to Rs. 468 million (2019: Rs. 353 million). The Holding Company along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi through petition dated May 28, 2011. Furthermore, the Holding Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. During the year ended June 30, 2018 the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was also enacted by the Province of Sindh against which the Holding Company has filed constitutional petition dated October 14, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed for interim relief to the Holding Company till final judgment as allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

11.1.2 The Holding Company along with several other companies filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated August 31, 2015 regarding increase in the Gas rate tariff, on November 16, 2015 which was decided by the Honorable Sindh High Court in favor of the Holding Company and thereafter the Government filed an appeal in the Divisional Bench of the Honorable Sindh High Court against the decision which has also been decided in favour of the Company. During 2017, the Oil and Gas Regulatory Authority (OGRA) had issued another notification dated December 30, 2016 and SSGC billed @ Rs.600 per MMBTU instead of Rs.488.23 per MMBTU. The Holding Company along with others have filed petition in the Honorable Sindh High Court against the notification and the Honorable Court granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. The OGRA issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to said notification the Holding Company paid the bills accordingly at the prevailing rates. Upto the September 2018 the Holding Company has provided banker's verified various Cheques of aggregate amount of Rs. 250.67 million (June 2019 Rs. 250.67 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision of Rs. 410.60 million (June 2019: Rs. 410.60 million) accrued upto September 2018 in these consolidated financial statements.

11.1.3 The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court on December 18, 2015, challenging the charging of captive power tariff instead of Industry tariff rate to the Holding Company, since the Holding Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Holding Company. The Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Holding Company paid the bills accordingly at the specified rates. Upto the September 2018 the Holding Company has provided banker's verified various cheques of Rs. 388.57 million (June 2019: Rs. 388.57 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained provision made up to September, 2018 amounting to aggregate Rs. 626.23 million (2019: Rs. 626.23 million) in the consolidated financial statements. The Honorable Sindh High Court vide its judgment dated 27 February, 2020 decided the case in favor of the Holding Company, however, the Holding Company being prudent maintained the provision as stated above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

11.2 As stated in note 3.26 The Holding Company has acquired 54.84% shares of worldwide Develoeprs (Private) Limited and this amount represents outstanding balances of Rs. 408 million payable to former shareholders of the WWDL and Rs. 491.9 million payable in respect of liabilities of WWDL assumed by the Holding Company under share purchase and liability acquisition aggrement. This is secured against financial guarantee as disclosed in note 15.14(e).

11.3 These security deposits are utilised for the purpose of the business as per written agreements, in compliance with requirement of section 217 of Companies Act 2017.

11.4 Workers' profit participation fund

	Note	2020	2019
		Rs. 000s	
Opening balance		213,632	124,781
Allocation for the year	32	-	213,632
Markup for the year	11.4.1	4,826	7,371
		218,458	345,784
Payments made during the year		(218,458)	(132,152)
Closing balance		-	213,632

11.4.1 Markup on Workers' Profit Participation Fund is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilised by the Company till the date of payment to the fund.

12 ACCRUED MARK-UP/PROFIT

	Note	2020	2019
		Rs. 000s	
Mark-up/ Profit on long term financing		121,457	70,903
Mark-up/profit on short term borrowings		284,522	229,107
	12.1	405,979	300,010

12.1 This includes profit of Rs. 6.77 million and Rs. 72.33 million (2019: Rs.10.5 million and Rs.67.1 million) accrued on long term financing and short term borrowings respectively under Shariah Compliant arrangements.

12.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 2.8 million (2019: Rs.14.4 million).

13 SHORT TERM BORROWINGS

	2020	2019
	Rs. 000s	
Short term bank borrowings		
Foreign currency	1,244,232	-
Local currency	24,302,164	19,036,992
Short term loan from directors	448,713	-
	25,995,109	19,036,992

13.1 This includes Istisna (Shariah Compliant) amounting to Rs. 4,095 million (2019: Rs. 4,454 million) in local currency and Rs. 25.63 million (2019: Rs. Nil) in foreign currency.

13.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. Unavailed facility at the year end was Rs. 3,079 million (2019: Rs. 3,303 million). The facility for short term finance matures within twelve months. Short term borrowings include amount due to Habib Metropolitan Bank Limited, an associated company, of Rs. 564 million (2019: Rs. 959 million).

13.3 Foreign currency mark-up/profit rates range from 2.09% to 3.06% (2019: Nil) per annum. Local currency mark-up/profit rates range from 2.67% to 14.62% (2019: 2.52% to 12.98%) per annum.

13.4 This Includes Short term borrowing amounting Rs.59.4 million @ 6.25% (June 2019: Rs.75.1 million) by SKY HOME Corporation. This is secured against corporate guarantee of the Holding Company, personal guarantee of a Director, promissory note of USD 900,000 in favour of the Bank and charge over current assets of respective subsidiary. The aggregate limit of the facility is Rs. 151.9 million out of which Rs.92.4 is unutilized.

13.5 This represent unsecure interest free loan obtained by a subsidiary company Worldwide Developers (Private) Limited from Directors.

14 UNPAID DIVIDEND

Dividend payable includes the dividend amount of Rs. 21.1 million (2019: Rs.16.1 million) held by the Holding Company, as referred in note No. 4.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 16.185 million and Rs. 0.726 million (2019: Rs. 12.3 million and Rs. 0.553 million) of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively.

15 CONTINGENCIES AND COMMITMENTS

15.1 The Holding Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (June 2019: Rs. 84 million). The Holding Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal Rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Holding Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15.2 The Holding Company has filed a Petition in the Honorable Sindh High Court, dated March 30, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (June 2019: Rs. 50.83 million). This demand has been raised after lapse of more than two years although the records and books of the Holding Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

15.3 The Holding Company along with several other companies has filed a Consitution Petition No. 2206 of 2016 on April 18, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Honourable Sindh High Court against a notice issued by the EOBI to the Holding Company to pay contribution at the revised rate of wages with retrospective effect. The Honourable Sindh High Court has already restrained EOBI from taking any coercive action against the Holding Company. The matter is now pending before the court for final outcome and the legal counsel of the Holding Company do not forsee any claim/losses that are likely to arise therefrom. Therefore the Holding Company has not made provision to the extent of Rs. 119.6 million out of expected liability of Rs. 329.90 million.(2019: Rs. 261.58 million).

15.4 The Holding Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent on October 17, 2011. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made for difference unpaid amount of Rs. 7.4 million.

15.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made amendements in SRO 1125(I)/2011 dated December 31, 2011 for disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustments on packing material of textile products is not being allowed for adjustment with effect from July 01, 2016. The Holding Company has challenged the disallowance of input tax adjustments on packing material in the Sindh High Court through suit No. 2381/2016 dated November 10, 2016 against Federation of Pakistan and others. The matter is pending before the Honourable Court for final outcome and the legal counsel of the Holding Company do not forsee any liability that is likely to arise, hence no provision is made for amount of Rs. 446.18 million.

15.6 The Holding Company had successfully challenged the levy of Gas Infrastructure Development Cess (GIDC) under the GIDC Act, 2015 before the Sindh High Court. The Federal Government has filed a time-barred Appeal before the Division Bench of the Honourable Sindh High Court after a delay of three years. The Honorable Supreme Court of Pakistan on August 13, 2020, while disposing off the Appeals filed by gas consumers from industries of Khyber Pakhtunkhwaha, upheld that levy of GIDC for the past but suspended the levy for the future. The court ordered to pay the GIDC dues under the GIDC Act, 2015 with retrospective effect from Dec 15, 2011, in 24 monthly installments starting August 2020. Total amount of the cess works out to Rs. 3.73 billion on the basis that Holding Company has both Industrial and Captive connections having different GIDC rates. However, Oil and Gas Development Authority has ruled out that the Consumer having supply of natural gas for industrial use and having in-house electricity generation facility for self consumption does not fall under the definition of Captive as well as Sindh High Court has also decided in favour of the Holding Company on the issue of industrial and Captive connections. Therefore, management, based on the legal advice of the Holding Company, believes that maximum liability of the Company in respect of GIDC will be Rs. 2.3 billion. However, the management on prudent basis has maintained provision of Rs. 2.8 billion (June 2019: Rs. 2.3 billion) made in these consolidated financial statements. The Holding Company has also filed a review petition against the Judgment of the Honorable Supreme Court of Pakistan on September 14, 2020.

15.7 The Holding Company has filed a suit in the Honorable Sindh High Court on March 28, 2002 for recovery of Rs. 33.4 million (2019: Rs. 33.4 million) against sale of property included in other receivables note No.25. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

15.8 The Holding Company along with other petitioners challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008 dated February 4, 2011. The Honorable Sindh High Court decided the matter in favor of the Government. The Holding Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on November 10, 2016 declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. Review petition has been filed by the Federal Government in the Honorable Supreme Court against the judgment. Therefore the Holding Company as a matter of prudence has maintained the provisions made in the consolidated financial statements. Review petition has been filed in the Honorable Supreme Court against the judgment. The Holding Company does not expect any liability in this respect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15.9 Various cases for reinstatement and settlement dues have been filed by the former employees of the Holding Company which are pending for hearing or final outcome before various courts. There may arise financial liability in respect of these matters depending on the orders of the court as and when passed. Since the amount of financial liability is not ascertainable at this point of time and the favourable outcomes are expected in these cases, hence no provision has been made there against.

15.10 Income tax amended order under section 122(1) of the Income Tax Ordinance, 2001, for the tax year 2016 has been issued, wherein certain provisions and expenses aggregating to Rs. 338.2 million (having tax impact of Rs. 108.2 million) have been added back to the income as claimed in the deemed assessment, while super tax of Rs. 42.8 million has been levied. The Holding Company contested the matter in appeal against amended order, and Comissioner Income Tax (Appeal) passed an order in favor of the Holding Company allowing the expenses aggregating to Rs. 290 million wherein, the Department has filed appeal to Appellate Tribunal against the order, however, the management believes that the aforementioned matter will ultimately be decided in favour of the Holding Company. Accordingly, no provision is required to be made in the provsion for taxation in these consolidated financial statements, in excess of the adjustment of Rs. 8 million recorded in these consolidated financial statements.

15.11 The Federal Government vide Finance Act, 2019 dated June 30, 2019 made amendments in Section 65(B) of the Income Tax Ordinance, 2001 whereby restricted the percentage of tax credit from 10% to 5% on amount invested in extension, expansion, balancing, modernization and replacement (BMR) of the plant and machinery for the tax year 2019 and the period for investment in plant and machinery for availing tax credit is curtailed from June 30, 2019 to June 30, 2021. The Holding Company along with other petitioners has challenged the amendment in the Honorable Sindh High Court through constitutional petition, the Honorable Sindh High Court has passed an interim order on December 23, 2019 allowing the petitioners to file the income tax return as per un-amended provisions of Section 65(B) of income tax ordinance, 2001, hence the Holding Company has claimed tax credit on BMR @10% in the income tax return for the year ended June 30, 2019. The amount of credit involved for tax year 2019 and 2020 approximates to Rs. 655 million.

15.12 The Holding Company along with several other petitioners has filed a Consitution Petition against the Karachi Water & Sewerage Board (KWSB) and others in the Honourable Sindh High Court against a notification dated October 30, 2019 issued by the KWSB whereby increased water charges from Rs. 242 to Rs. 313 per 1000 gallons which is 29% more than the existing rates with retrospective effect from July 01, 2019. The Honourable Sindh High Court has issued stay order against the impugned notification on January 16, 2020 already restrained KWSB from taking any coercive action against the Holding Company. The Holding Company has provided banker's verified various Cheques of aggregate amount of Rs. 33.169 million (2019 Rs. Nil) being difference between Rs. 313 and Rs. 242 per 1000 gallons as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision in these consolidated financial statements.

15.13 The Holding Company along with several other petitioners has filed a Consitution Petition in the Honourable Sindh High Court against the K-Electric, NEPRA and others for charging Industrial Support Package Adjustment (ISPA), based on corrigendum issued by Federation of Pakistan, in the electricity bill to Industrial consumers for the month of April 2020. The Honourable Sindh High Court has issued stay order against the impugned notification on April 30, 2020 already restrained K-Electric from taking any action against the Holding Company and ordered to pay the Bills without ISPA charges at banks. The Holding Company has provided banker's verified Cheque of aggregate amount of Rs. 1.765 million (2019 Rs. Nil) being the amount of ISPA charges as security to Nazir of High Court Sindh for the month of April 2020 bill, as a matter of prudence, maintained full provision in these consolidated financial Statements.

15.14 Guarantees and others

(a) Guarantees of Rs. 1,119 million (2019: Rs. 1,035 million) has been issued by banks on behalf of the Holding Company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 938 million (2019: Rs. 893 million).

(b) Post dated cheques of Rs. 3,753 million (2019: Rs. 3,125 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis

(c) Bills discounted amounted to Rs.4,218 million (2019: Rs. 4,960 million) including Bills discounted from associated company amounting to Rs 2,746 million (2019: Rs.2,160 million)

(d) Corporate guarantee of Rs. 146 million (2019: Rs. 146 million) Rs. 670 million (2019: Rs. 661 million) and Rs. 152 million (2019: Rs. 148 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed Internation FZC- UAE and Sky Home Corporation-USA respectively.

(e) Pak China Investment Company Limited has issued financial guarantees, on behalf of the Company, to secure balance payment for purchase of Worldwide Developers (Pvt) Ltd (WWDL) shares and liabilities of (WWDL) assumed by the Company as dislcosed in note 11.2 .Aggregrate amount of financial guarantee is Rs.1,120 million.

15.15 Commitments

(a) The Group is committed for capital expenditure as at June 30, 2020 of Rs. 4,440.5 million (2019: Rs. 2,838.2 million)

(b) Pension Commitments

GTM (Europe) Ltd operates a defined contributions pension scheme. The assets of the scheme are held separately from those of GTM (Europe) Ltd in an independently administered fund. The pension cost charge represents contributions payable by GTM (Europe) Ltd to the fund and amounted to Rs. 4.14 million (2019: Rs.7.43 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		Rs. 000s	
Operating fixed assets	16.1	**21,523,244**	18,083,686
Capital work in progress (CWIP)	16.3	**2,428,602**	925,856
		23,951,846	**19,009,542**

16.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture	Office Equipment	Vehicles	Total
		Rs. 000s						
At July 1, 2018								
Cost		222,641	5,921,637	18,877,640	129,488	793,046	880,062	26,824,514
Accumulated depreciation		-	(2,503,205)	(8,335,889)	(78,485)	(488,919)	(496,983)	(11,903,481)
Foreign currency retranslation		-	1,246	-	1,842	(598)	2,748	5,238
Net book value as at July 1, 2018		**222,641**	**3,419,678**	**10,541,751**	**52,845**	**303,529**	**385,827**	**14,926,271**
Movement during year ended as at June 30, 2019								
Direct additions (at cost)		-	-	-	27,468	149,578	50,387	227,433
Transfer from CWIP		-	314,585	4,733,849	-	-	-	5,048,434
Disposals								
Cost		-	-	(845,094)	-	-	(122,581)	(967,675)
Depreciation		-	-	732,410	-	-	61,774	794,184
Net book value		-	-	(112,684)	-	-	(60,807)	(173,491)
Depreciation charge for the year		-	(519,644)	(1,264,046)	(7,524)	(81,728)	(75,757)	(1,948,699)
Foreign currency retranslation			-		1,878	489	1,371	3,738
Net book value as at June 30, 2019		**222,641**	**3,214,619**	**13,898,870**	**74,667**	**371,868**	**301,021**	**18,083,686**

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture	Office Equipment	Vehicles	Total
		Rs. 000s						
Direct additions (at cost)		152,251	-	-	25,473	109,497	35,886	323,107
Transfer from CWIP	16.3	-	1,534,154	4,214,382	-	-	-	5,748,536
		152,251	1,534,154	4,214,382	25,473	109,497	35,886	6,071,643
Disposals during the year	16.2							
Cost		-	(72,746)	(1,144,345)	-	-	(124,799)	(1,341,890)
Depreciation		-	60,739	712,627	-	-	85,797	859,163
Net book value		-	(12,007)	(431,718)	-	-	(39,002)	(482,727)
Depreciation charge for the year	16.1.1	-	(510,018)	(1,467,601)	(8,530)	(105,201)	(58,329)	(2,149,679)
Foreign currency retranslation		-	-	-	230	16	75	321
Net book value as at June 30, 2020		**374,892**	**4,226,748**	**16,213,933**	**91,840**	**376,180**	**239,651**	**21,523,244**
Cost		374,892	7,697,630	25,836,432	182,429	1,052,121	718,955	35,862,459
Accumulated depreciation		-	(3,472,128)	(9,622,499)	(94,539)	(675,848)	(483,498)	(14,348,512)
Foreign currency retranslation		-	1,246	-	3,950	(93)	4,194	9,297
Net book value as at June 30, 2020		**374,892**	**4,226,748**	**16,213,933**	**91,840**	**376,180**	**239,651**	**21,523,244**
Depreciation rate % per annum		**-**	**10 to 20**	**10 to 20**	**10 to 12**	**15 to 33**	**20 to 25**	

16.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
		Rs. 000s	
Cost of goods manufactured	29.2	**1,751,135**	1,526,009
Distribution cost	30	**270,284**	292,890
Administrative cost	31	**128,260**	129,800
		2,149,679	**1,948,699**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

16.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Buildings And Structures On Leasehold Land						
Building Mill 3	72,376	11,813	-	(11,813)	Retired being unusable	
Items with written down value below Rs. 500,000	370	194	239	45	Negotiation	Various
	72,746	**12,007**	**239**	**(11,768)**		
Plant and machinery						
Gas generator	510,122	220,071	112,255	(107,816)	Negotiation	S.M Jaffer & Co. Jaffer House, 17 Timber Pond, Kemari Karachi
Weaving looms	46,060	7,915	7,850	(65)	Negotiation	Hasan & Co. B-59/2, Qazafi Town Landhi, National Highway Road, Karachi
Ink-Jet Printing Machine	28,749	19,584	4,125	(15,459)	Negotiation	Choice Wears. Near Rescue 1122 Garden Town, Daska Road, Sialkot
Spindles and frames	160,648	82,974	46,841	(36,133)	Negotiation	Gulf Tex Machine FZCO Jebel Ali Free Zone , Dubai
Auto cones and rings	103,329	30,302	6,288	(24,014)	Negotiation	AMS Enterprise Plot # D-126 .Bawany Challi Site Town, Karachi
Winder machine	17,525	7,043	7,500	457	Negotiation	Fashion Knit Industries Plot No. C 30, Mangopir Road Site Town, Karachi
Auto cones	9,191	1,063	7,500	6,437	Negotiation	Al-Karam Textile Mills (Pvt) Ltd 3rd Floor Karachi Dock Labour Board, 58 West Wharf Road, Karachi
Carding machine	7,461	1,049	1,390	341	Negotiation	Al Karam Towel Industries (Pvt) Ltd. D-11 Site Super Highway Scheme # 33 Karachi
Industrial rings	4,654	1,367	500	(867)	Negotiation	Abdullah Waleed Textile Mills 27 K.M. Sheikhupura Road Khurrianwala, Faisalabad

Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Industrial rings	4,654	1,417	2,760	1,343	Negotiation	Huzaifa Enterprises.. Plot# C-9-A, S.I.T.E, Kotri Hyderabad
Spindles	28,331	10,688	5,200	(5,488)	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town, Faisalabad,
Embroidery machines	12,784	2,922	684	(2,238)	Negotiation	Sahil & Sons House No. 239 Mohala C-1 Area Karachi
Industrial washing machines	5,074	3,580	753	(2,827)	Negotiation	M/S Galani Dyeing Plot No B-1 St21/2, Sec 16-A North Karachi, Karachi
Carding machine	2,083	2,083	600	(1,483)	Negotiation	Swabi Textile Mills (Private) Limited Plot No. 193/1-2 & 212/1, Road No. R-7, Gadoon Amazai, Swabi
Air compressor	32,122	8,013	-	(8,013)	Retired being unuseable	
Items with written down value below Rs. 500,000	171,558	31,647	13,550	(18,097)	Negotiation	Various
	1,144,345	**431,718**	**217,796**	**(213,922)**		
Vehicles						
Toyota Corolla BCU-381	1,851	557	1,019	462	Negotiation	Zain Ul Abedin House No.A-203, Block-2, 13-D Gulshan E Iqbal Karachi
Suzuki Swift BEE-189	1,428	579	1,200	621	Negotiation	Bank Islami Pakistan Limited Dolman Mall,11th Floor Executive Tower,Clifton Karachi
Honda City BEL-696	1,528	643	1,103	460	Negotiation	Najam Ul Hassan House No. C-159/2, Block-6, Gulshan-E-Iqbal, Karachi
Corolla BEW-456	2,004	862	1,439	577	Negotiation	Muhammad Altaf Qureshi House No. A-226, A Area, Kala Board Malir City, Karachi
Corolla BEY-610	1,852	811	1,318	507	Negotiation	Faizan Pervaiz House No. A-485, Street No. 44, Block-4, Saadi Town, Karachi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Particulars of assets	Cost	Written down value	Sale proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
	Rs. 000s					
Honda city BFD-349	1,686	765	1,300	535	Negotiation	Shahid Azeem Hassan Pura, Pindi Bhattia, District Hafizabad. Karachi
Suzuki Cultus BFB449	1,174	505	848	343	Negotiation	Aziz Haider Qureshi House No. 585, Sector 51 B,Korangi, Karachi
Honda City BGG-210	1,691	810	1,300	490	Negotiation	Muhammad Wasif House No. A-9, Block-18, Rabia Bunglows, Gulistan-E-Johar, Karachi
Suzuki Cultus BGT-826	1,169	615	979	364	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Wagon R BGV-810	1,021	519	800	281	Negotiation	Bank Al Falah Islamic I.I Chundrigar Road Branch, Karachi
Suzuki Wagon R BGW-987	1,014	534	740	206	Negotiation	Khalid Ismail House No. D-53, Mehmoodabad No.3, Karachi
Corolla BHA-640	1,887	1,031	1,632	601	Negotiation	Syed Imran Alvi 77-B, Block-6,Pechs Karachi
Honda City BHF-304	1,701	898	1,473	575	Negotiation	Sajjad Hussain Near Gul Ahmed Shop, Multan
Corolla Altis BHF-567	2,051	1,142	1,789	647	Negotiation	Shaikh Muhammad Ali House No. C-24,Sunny View, Block-14, Gulistan-e-Juhar, Karachi
Corolla Altis BHX-124	2,050	1122	1,788	666	Negotiation	Syeda Sidra Khalid House # 111, Block 7/8, Kidni Hill Area Karachi
Toyota Corolla BEH-903	1,851	739	1,224	485	Negotiation	Abdus Sami Flat No. 22/3, Maniya Cooperative Housing Society Shaheed Millat Road, Karachi
Honda Atlas BFT-127	1,686	751	1,214	463	Negotiation	Aurangzeb House No. 413, Block-B, Gulshan-e-Shamim, F.B.Area Karachi
Corolla GLI BEY-611	1,852	782	1,506	724	Negotiation	Samad Ahmed Universal Road House # A-511, Area Gulistan Johar Block #7, Karachi
Honda Atlas BEC-241	1,529	587	1,024	437	Negotiation	Muhammad Arif Plot No. 134/E, 1st Floor, PECHS, Block-2, Karachi
Corolla GLI BEM-730	1,852	671	1,224	553	Negotiation	Mohan Khemjee-employee Flat No.305, Silver Stone Apartments, Plot No. 351-B, Dhoraji Karachi
Honda Atlas BEN-368	1,528	610	1,024	414	Negotiation	Muhammad Javed-employee Flat No 19, Gul Ahmed Textile Millls Ltd Karachi
Corolla GLI BEN-681	1,852	671	1,318	647	Negotiation	Mirza Hamid Baig House No. 2930, Street No.2, Block- Ali, Behria Town Karachi
Toyota Corolla BER-646	2,003	740	1,748	1,008	Negotiation	Siddiqsons Limited 7th Floor, Siddiqsons Tower, J.C.H. Society, 7 & 8, Karachi
Items with written down value below Rs. 500,000	86,539	22,058	52,701	30,643	Negotiation	Various
	124,799	**39,002**	**81,711**	**42,709**		
As of June 2020	**1,341,890**	**482,727**	**299,746**	**(182,981)**		
As of June 2019	**967,675**	**173,491**	**149,679**	**(23,812)**		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16.2.1 Details of net gain on disposal of property, plant and equipment

	Note	2020	2019
		Rs. 000s	
Gain on disposal of property, plant and equipment	33	51,332	23,775
Loss on disposal of property, plant and equipment	32	(234,313)	(47,587)
Net (loss) on disposal of Property, plant and equipment		(182,981)	(23,812)

16.3 Capital work in progress

	Note	2020	2019
		Rs. 000s	
Machinery and store items		1,044,287	119,130
Civil works		1,384,315	806,726
		2,428,602	925,856
The movement in capital work in progress is as follows:			
Balance at beginning of the year		925,856	1,195,605
Capital expenditure incurred during the year			
Machinery and store items		5,135,228	3,576,680
Civil works		2,116,454	1,207,075
		7,251,682	4,783,755
Transfers to operating fixed assets during the year			
Machinery and store items		(4,214,382)	(4,733,849)
Civil works		(1,534,154)	(314,585)
		(5,748,536)	(5,048,434)
Reclassification			
Machinery and store items	16.3.1	4,311	288,395
Civil works		(4,311)	(288,395)
		-	-
Charged to consumption		(400)	(5,070)
Balance at end of the year		2,428,602	925,856

16.3.1 There has been a reclassification in capital work in progress from civil works to Machinery and store items, amounting to Rs. 4.3 million (2019: Rs. 288.4 million). This is due to subsequent clarification and bifurcation of capital expenditure.

17 RIGHT OF USE ASSETS

	2020	2019
	Rs. 000s	
Recognition as at July 01,2019	2,650,039	-
Additions	324,079	-
Depreciation expense		
- Charged to Distribution cost	(648,528)	-
- Charged to Administrative cost	(2,286)	-
	(650,814)	-
Foreign currency retranslation difference	545	-
Net book value	2,323,849	-
Gross carrying amount as at June 30, 2020		
Cost	2,974,118	-
Accumulated Depreciation	(650,814)	-
Foreign currency retranslation difference	545	-
Balance as at June 30, 2020	2,323,849	-

18 INVESTMENT PROPERTY

	2020	2019
	Rs. 000s	
Carrying value		
Land-Plot HT/5, Landhi Industrial Area	891,650	-
Land-Plot HT/6, Landhi Industrial Area	3,513,791	-
	4,405,441	-
Fair value adjustment on business combination	193,559	-
	4,599,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

19 INTANGIBLE ASSETS

	Note	Computer Software	Trade Marks	Goodwill	Total
At July 1, 2018					
Cost		201,981	12,375	-	214,356
Accumulated amortisation		(177,996)	(2,918)	-	(180,914)
Foreign currency retranslation difference		-	(1,437)	-	(1,437)
Net book value as at July 1, 2018		**23,985**	**8,020**	**-**	**32,005**
Intangible assets acquired under business combination					
Cost		-	137,032	4,286	141,318
Accumulated amortisation		-	(37,916)	-	(37,916)
		-	99,116	4,286	**103,402**
Intangible assets written off					
Cost	19.4	100,977	(3,322)	-	97,655
Accumulated amortisation		(100,977)	3,322	-	(97,655)
		-	-	-	**-**
Goodwill under business combination				14,925	14,925
Additions (at cost)		34,689	497	-	35,186
Amortisation charge for the year		(14,028)	(2,095)	-	(16,123)
Foreign currency retranslation difference		-	2,485	-	2,485
Net book value as at June 30, 2019		**44,646**	**108,023**	**19,211**	**171,880**
At July 01, 2019		135,693	161,904	19,211	316,808
Accumulated amortisation		(91,047)	(59,887)	-	(150,934)
Foreign currency retranslation difference		-	6,006	-	6,006
Net book value as at July 01, 2019		**44,646**	**108,023**	**19,211**	**171,880**
Movement during the year ended June 30, 2020					
Additions (at cost)		69,073	7,140	-	**76,213**
Intangible assets written off					
Cost		95,444	-	-	**95,444**
Accumulated amortisation		(95,444)	-	-	**(95,444)**
		-	-	-	-
Goodwill under business combination	3.26	-	-	7,975	**7,975**
Adjustment due to correction of prior year error	19.5	-	-	9,882	**9,882**
Amortisation charge for the year	19.1	(24,151)	(9,228)	-	**(33,379)**
Foreign currency retranslation difference		-	(122)	-	**(122)**
Net book value as at June 30, 2020	19.3	**89,568**	**105,813**	**37,068**	**232,449**
Cost		305,743	153,722	37,068	**496,533**
Accumulated amortisation		(216,175)	(48,835)	-	**(265,010)**
Foreign currency retranslation difference		-	926	-	**926**
Net book value as at June 30, 2020		**89,568**	**105,813**	**37,068**	**232,449**

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

	Note	2020	2019
		Rs. 000s	
Distribution cost	30	**2,423**	2,665
Administrative Expenses	31	**30,956**	13,458
		33,379	**16,123**

19.2 Remaining useful life range from one to four years

19.3 This includes cost of Rs. 67.5 million (2019: Rs. 66.5 million) in respect of assets which are fully amortized but are still in use of the Group.

19.4 This represents cost of fully amortised intangibles which are no more in use of the Group.

19.5 During the year a foreign subsidiary Company Vantona Homes Limited (Vantona) has restated its financial statements for the year ended June 30, 2019 in order to incorporate the impact of last year expenses /accruals which has resulted in increase in accumulated loss and decrease net assets of Vantona as at June 30, 2019 by Rs. 9.882 million. This ultimately has resulted in increase of Rs. 9.882 million in Goodwill recorded by the Group upon business combination of Vantona during the year ended June 30, 2019. Since the impact is nominal in the context of consolidated financial statements and also there is no impact on the comparative consolidated profit or loss and opening retained earnings therefore this impact is adjusted in the current year.

20 LONG TERM INVESTMENT

	Note	2020	2019
		Rs. 000s	
Investment in Term Finance Certificate- at amortised cost	20.1	**70,000**	-

20.1 This represent Rs. 70 million invested in Term Finance Certificate issued by Habib Bank Limited which carries profit at the rate of KIBOR+1.6% bps receivable on quarterly basis. This is of perpetual nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

21 LONG TERM LOANS AND ADVANCES

	Note	2020 Rs. 000s	2019 Rs. 000s
Considered good			
- Due from executives (other than CEO and Directors)	21.2 & 21.3	81,517	85,644
- Due from non-executive employees		9,798	14,486
		91,315	100,130
Current portion being receivable within twelve months			
- Due from executives		(26,620)	(27,494)
- Due from non-executive employees		(5,975)	(9,293)
	25	(32,595)	(36,787)
Advance against intangible assets		1,110	1,438
		59,830	64,781

21.1 Loans and advances have been given for the purchase of cars, motorcycles and household equipment and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured against cars, outstanding balance of retirement benefits and/or guarantees of two employees.

Included in these are loans of Rs. 3.553 million (2019 : Rs. 4.9 million) to executives and Rs. 2.269 million (2019 : Rs. 4.05 million) to non-executive which carry no interest. The balance amount carries mark-up at rates ranging from 6.5% to 14.25% (2019: 6.5% to 10.52%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

21.2 Reconciliation of carrying amount of loans to executives

	Note	2020 Rs. 000s	2019 Rs. 000s
Opening balance		85,644	54,594
Disbursement during the year		26,807	67,462
Transfer from non-executive to executive employees		3,215	-
Recovered during the year		(34,149)	(36,412)
Closing balance		81,517	85,644

21.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 87.67 million (2019: Rs. 91.8 million).

22 STORES AND SPARES

	Note	2020 Rs. 000s	2019 Rs. 000s
Stores and spares		1,640,522	1,190,597
Dyes and chemicals		596,920	446,436
		2,237,442	1,637,033
Provision for slow moving/obsolete items	22.1	(190,375)	(167,469)
		2,047,067	1,469,564

22.1 Movement in provision for slow moving/obsolete items

	Note	2020	2019
Opening balance		167,469	148,539
Charge for the year - Administrative cost	31	10,444	8,631
- Cost of goods manufactured	29.2	12,462	10,299
		22,906	18,930
Closing balance		190,375	167,469

23 STOCK-IN-TRADE

	Note	2020	2019
Finished goods	23.1 & 29	17,468,602	13,313,206
Raw material	29.3	8,441,959	8,503,455
Work-in-process	29.2	566,325	346,491
Stock-in-transit		176,749	20,701
		26,653,635	22,183,853

23.1 Finished goods include stock of waste valuing Rs. 73.8 million (2019: Rs. 54 million) determined at net realizable value.

23.2 Stock-in-trade include stock of Rs. 2,872 million (2019: Rs. 2,600 million) lying with third parties for processing.

23.3 The aggregate amount of write-down of inventories to net realisable value recognised as an expense during the year is Rs. 94 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

24 TRADE DEBTS

	Note	2020	2019
		Rs. 000s	
Export debtors			
Considered good			
Secured - Irrevocable letter of credit		1,126,009	1,955,705
Unsecured - Contract and others		650,006	1,148,227
		1,776,015	3,103,932
Local debtors			
Considered good			
Secured - Irrevocable letter of credit		294,166	583,144
Unsecured - Contract and other		3,080,567	3,178,993
		3,374,733	3,762,137
Considered doubtful		289,799	320,746
		3,664,532	4,082,883
	24.2	5,440,547	7,186,815
Expected credit loss	24.3	(289,799)	(320,746)
		5,150,748	6,866,069

24.1 The maximum aggregate month end balance due from related parties during the year was Rs.6.7 million (2019: Rs.2.1 million).

24.2 Aging analysis of the amounts due from related parties is as follows

	2020			
	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2020
	Rs. 000s			
Swisstex Chemicals (Private) Limited- Associated company	-	2,786	957	3,743

	2019			
	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2019
	Rs. 000s			
Swisstex Chemicals (Private) Limited- Associated company	-	187	658	845

24.3 Movement in expected credit loss against doubtful trade debts

	Note	2020	2019
		Rs. 000s	
Opening balance		320,746	313,480
Charge for the year	31	-	6,083
Debts written off		(31,136)	-
Exchange difference on foreign currency retranslation		189	1,183
Closing Balance		289,799	320,746

25 LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2020	2019
		Rs. 000s	
Loans and advances			
Considered Good			
Advances to suppliers		971,444	1,339,270
Current portion of loans to employees;			
- Executives		32,595	27,494
- Other employees		-	9,293
	21	32,595	36,787
Others	25.1	2,171	79,048
		34,766	115,835
Other Receivables			
Receivable against sale of property	15.7	33,409	33,409
Bank guarantee margin		48,980	81,572
Others		274,122	285,324
		356,511	400,305
		1,362,721	1,855,410

25.1 This include Rs. Nil (2019: 70 million) paid as advance to Habib Bank Limited (HBL) against issuance of its Term Finance Certificate, which has been classified as long term investment upon successful allotment during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26 RECEIVABLE FROM GOVERNMENT

	2020	2019
	Rs. 000s	
Sales tax refund	1,919,850	450,445
Income tax refund-net	25,187	25,187
Duty drawback, markup subsidy and rebate	859,279	1,011,616
	2,804,316	1,487,248

27 CASH AND BANK BALANCES

	Note	2020	2019
		Rs. 000s	
Cash in hand		100,473	230,856
Balances with banks in current accounts			
- Local currency		387,931	263,026
- Foreign currency		284,476	102,524
	27.1 & 27.2	672,407	365,550
		772,880	596,406

27.1 Bank balances include amounts held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs.44.5 million (2019: Rs. 60.7 million)

27.2 This includes an amount of Rs. 39.64 million (2019: Rs. 64.7 million) placed under Shariah Compliant arrangement.

28 SALES-NET

	Note	2020	2019
		Rs. 000s	
Export sales			
Direct export		31,732,781	31,684,980
Indirect export		4,603,886	2,184,582
		36,336,667	33,869,562
Duty drawback		663,621	707,293
Trade and other discount		(395,537)	(79,968)
Commission		(381,920)	(333,362)
		36,222,831	34,163,525
Local sales		23,703,372	26,192,404
Brokerage		(212,540)	(237,955)
Sales tax		(3,781,005)	(928,322)
		19,709,827	25,026,127
		55,932,658	59,189,652

28.1 Local sales include revenue from services of Rs. 259.6 million (2019: Rs. 322.6 million)

28.2 Information with respect to disaggregration of revenue by geographical location and internal segment is disclosed in note 38 and 37 respectively.

29 COST OF SALES

	Note	2020	2019
		Rs. 000s	
Opening stock of finished goods	29.1	13,313,206	10,003,358
Cost of goods manufactured	29.2	49,017,575	48,077,225
Purchase of finished goods		1,400,218	1,541,004
		63,730,999	59,621,587
Closing stock of finished goods	23	(17,468,602)	(13,189,976)
		46,262,397	46,431,611

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29.1 This includes finished goods amounting Rs.123.23 million aquired under business combination at Year end June 30, 2019

29.2 Cost of goods manufactured

	Note	2020	2019
		Rs. 000s	
Raw materials consumed	29.3	19,947,835	20,393,527
Other material and conversion cost		11,962,241	10,500,644
Stores and spares consumed		4,592,788	5,198,776
Salaries, wages and benefits	31.1	6,889,487	6,674,823
Fuel, power and water		3,082,013	2,833,704
Insurance		80,433	70,609
Repair and maintenance		718,737	805,055
Depreciation	16.1.1	1,751,135	1,526,009
Provision for slow moving/obsolete items	22.1	12,462	10,299
Other manufacturing expenses		337,834	231,098
Cost of samples shown under distribution costs		(137,556)	(147,631)
		49,237,409	48,096,913
Work-in-process			
Opening		346,491	326,803
Closing	23	(566,325)	(346,491)
		(219,834)	(19,688)
		49,017,575	48,077,225

29.3 Raw materials consumed

	Note	2020	2019
Opening stock		8,503,455	6,089,797
Purchases during the year		19,886,339	22,807,185
Closing stock	23	(8,441,959)	(8,503,455)
		19,947,835	20,393,527

30 DISTRIBUTION COST

	Note	2020	2019
		Rs. 000s	
Salaries and benefits	31.1	1,434,754	1,477,004
Freight and shipment expenses		728,227	616,437
Advertisement and publicity		846,990	996,871
Cost of samples transferred from cost of goods manufactured		137,556	147,631
Rent and ancillary charges	31.2	219,401	967,926
Depreciation & amortisation	16.1.1 & 19.1	272,704	295,555
Depreciation on Right-of-Use assets	17	648,528	-
Export development surcharge		76,109	76,034
Other expenses		316,213	312,113
		4,680,482	4,889,571

31 ADMINISTRATIVE COST

	Note	2020	2019
		Rs. 000s	
Salaries and benefits	31.1	1,230,949	1,206,241
Rent	31.2	214,455	246,099
Repairs and maintenance		76,071	116,644
Vehicle up keep and maintenance		217,147	203,141
Utilities		231,307	212,140
Conveyance and traveling		237,956	300,053
Printing and stationery		32,331	51,082
I.T. expenses		-	-
Postage and telecommunication		161,837	174,848
Legal and consultancy fees		219,894	196,766
Depreciation & amortisation	16.1.1 & 19.1	159,216	143,258
Depreciation on Right-of-Use assets		2,286	-
Auditors' remuneration	31.3	10,672	5,975
Donations	31.4 & 31.5	21,184	10,501
Insurance		64,741	36,358
Expected credit loss allowance	24.3	-	6,083
Provision for slow moving/obsolete items	22.1	10,444	8,631
Other expenses		371,441	273,699
		3,261,931	3,191,519

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31.1 Salaries, Wages & Benefits

	Cost of sales		Distribution cost		Administrative cost		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. 000s							
- Salaries, wages and benefits	6,600,847	6,485,748	1,398,062	1,452,062	1,191,406	1,161,908	9,190,315	9,099,718
Retirement benefits								
- Gratuity	131,872	46,707	-	-	1,781	2,347	133,653	49,054
- Contribution to provident fund	129,650	111,368	36,573	24,817	37,762	41,986	203,985	178,171
	261,522	158,075	36,573	24,817	39,543	44,333	337,638	227,225
- Staff compensated absences	27,118	31,000	119	125	-	-	27,237	31,125
	6,889,487	6,674,823	1,434,754	1,477,004	1,230,949	1,206,241	9,555,190	9,358,068

31.2 This represents rent expense which comprises of both fixed rent of short term leases and variable rents, ancillary and maintenance charges incurred in respect of leased premises.

31.3 Auditor's Remuneration

	Note	2020	2019
		Rs. 000s	
Holding Company			
Audit fee - Statutory audit of the unconsolidated financial statements		3,000	2,151
Fee for review of condensed interim financial statements		500	202
Fee for audit of consolidated financial statements		500	278
Review fee of statement of compliance with code of corporate governance		100	83
Other certification fee		1,350	83
Sindh sales tax on services		347	224
Out of pocket expenses		411	311
		6,208	3,332
Foreign Subsidiaries - Audit fee (multiple audit firms)		4,464	2,643
		10,672	5,975

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

Name of Donee	Interest in Donee	Name of Director	2020	2019
			Rs. 000s	
Habib University Foundation	Director	Mr. Mohomed Bashir	12,000	-
Landhi Association of Trade & Industry	Director	Mr.Zain Bashir	-	500
			12,000	500

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

Name of Donee		
Karwan-e-Hayat	4,050	5,400
Habib University Foundation	12,000	-
Sindh Institute of Urology and Transplantation	-	1,480
	16,050	6,880

32 OTHER OPERATING COST

	Note	2020	2019
		Rs. 000s	
Workers' profit participation fund	11.4	-	213,632
Workers' welfare fund		29,879	50,564
Loss on sale of property, plant and equipment	16.2.1	234,313	47,587
		264,192	311,783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33 OTHER INCOME

	Note	2020	2019
		Rs. 000s	
Income from non-financial assets and others			
Gain on sale of property, plant and equipment	16.2.1	51,332	23,775
Scrap sales		4,228	1,361
Government grant		1,058	-
Unclaimed liabilities written back		112,185	-
Others		1,371	159,439
		170,174	184,575
Income from financial assets			
Mark-up income on Term Finance Certificate		10,230	5,904
Other markup income		7,290	-
Foreign currency exchange gain - Net	33.1	179,985	977,516
		197,505	983,420
		367,679	1,167,995

33.1 This includes Rs. 155.8 million (2019: Rs. 935.9 million) in respect of export receivables.

34 FINANCE COST

	Note	2020	2019
Mark-up/ profit on short term borrowings		961,194	830,774
Mark-up/ profit on long term financing		347,449	355,254
Bank and other charges		212,517	284,172
Exchange loss on foreign currency loans		159,822	25,078
Markup on workers' profit participation fund		4,826	7,371
Interest on liability against Right-of-use assets	7	368,465	-
		2,054,273	1,502,649

34.1 Finance cost includes Rs. 30.1 million and Rs. 289.13 million (2019: Rs. 44.4 million and Rs. 209.9 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

34.2 Finance cost includes Rs. 135.4 million (2019: Rs. 224.8 million) on financing from an associated company.

35 TAXATION

	Note	2020	2019
		Rs. 000s	
Taxation			
- Current		635,833	720,135
- Prior		41,249	56,525
		677,082	776,660
Less: Tax credit		(235,776)	(427,436)
Deferred tax		(38,482)	51,058
	35.1	402,824	400,282

35.1 Reconciliation between accounting profit and tax expense

	2020	2019
Net (loss)/ profit for the year before taxation	(222,938)	4,030,514
Tax rate (%)	29%	29%
Tax on accounting profit	-	1,168,849
Tax effect of		
Tax credits/ Rebates	(235,776)	(428,782)
Minimum tax	297,677	-
Prior year	41,249	56,525
Final Tax Regime	337,476	(395,180)
Super tax	-	47,092
Others	(37,802)	(48,222)
	402,824	(768,567)
Tax Expense	402,824	400,282

35.2 The provision for current year tax represent minimum tax under section 113 and tax on export sales under final tax regime. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision before adjustment of tax credit with tax assessed is presented below:

Year	As per Accounts	As per Return/ Assessment
	Rs. 000s	
2019	720,135	734,987
2018	620,513	644,196
2017	440,682	437,962

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FOR THE YEAR ENDED JUNE 30, 2020

36 (LOSS)/ EARNINGS PER SHARE - basic and diluted

	Note	2020	2019
		Rs. 000s	
(Loss)/ profit for the year		(625,762)	3,630,232
			Re-stated
Weighted average number of shares	36.1	427,794,630	427,794,630
(Loss)/ Earnings per share (Rs.)	36.2	(1.46)	8.49

36.1 Weighted average number of shares in issue during last year have been restated to take the effect of bonus shares issued during the current year.

36.2 There is no dilutive effect on the (loss)/ earnings per share of the Group as the Group has no potential ordinary shares.

37 SEGMENT INFORMATION

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

a) Spinning : Production of different qualities of yarn using both natural and artificial fibers.

b) Weaving: Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.

c) Retail and Distribution: On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.

d) Processing, Home Textile and Apparel: Production of greige fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-ups and home textile products.

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

Transactions among the business segments are recorded at cost.

37.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. 000s																									
Sales	13,896,265	14,464,549	3,079,476	2,339,189	19,184,812	21,725,457	37,293,790	36,803,145	392,795	523,729	1,777,574	433,845	-	-	144,445	-	9,620	65,437	1,380,538	1,182,622	-	-	(21,226,657)	(18,348,321)	55,932,658	59,189,652
Cost of sales	12,649,327	12,787,221	2,600,463	2,268,192	14,377,533	15,300,338	34,757,544	32,994,425	311,085	311,565	1,659,482	192,492	-	-	121,552	-	8,658	67,610	1,009,761	729,971	-	-	(21,233,008)	(18,220,203)	46,262,397	46,431,611
Gross profit	1,246,938	1,677,328	479,013	70,997	4,807,279	6,425,119	2,536,246	3,808,720	81,710	212,164	118,092	241,353	-	-	22,893	-	962	(2,173)	370,777	452,651	-	-	6,351	(128,118)	9,670,261	12,758,041
Distribution costs and administrative costs	172,682	153,380	104,448	68,973	4,230,705	4,642,583	2,733,567	2,460,689	91,537	131,460	117,390	216,603	-	-	76,686	-	7,089	23,118	408,309	384,284	-	-	-	-	7,942,413	8,081,090
Profit/(loss) before tax and before charging the following	1,074,256	1,523,948	374,565	2,024	576,574	1,782,536	(197,321)	1,348,031	(9,827)	80,704	702	24,750	-	-	(53,793)	-	(6,127)	(25,291)	(37,532)	68,367	-	-	6,351	(128,118)	1,727,848	4,676,951
Other operating costs																									264,192	311,783
Other income																									(367,679)	(1,167,995)
Finance costs																									2,054,273	1,502,649
																									1,950,786	646,437
Profit before taxation																									(222,938)	4,030,514
Taxation																									402,824	400,282
Profit after taxation																									(625,762)	3,630,232
Depreciation & Amortisation Expense	612,784	524,577	326,706	326,164	981,819	356,469	898,534	752,521	6,438	4,359	405	732	-	-	6,166	-	-	-	1,020	-	-	-	-	-	2,833,872	1,964,822

37.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Unallocated		Total Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. 000s																									
Assets	17,967,254	13,998,440	4,270,692	3,698,216	12,284,442	9,177,713	31,107,650	25,982,446	409,767	598,772	738,578	463,119	72,467	20	463,763	659,482	15,029	8,199	708,504	723,278	4,430,537	-	3,091,900	1,600,843	75,560,583	56,910,528
Elimination of intragroup balances																									(3,736,805)	(1,529,167)
																									71,823,778	55,381,361
Liabilities	8,264,759	5,383,577	2,758,394	2,093,069	4,815,246	1,401,000	14,273,075	13,281,795	47,290	165,275	1,327,259	1,157,756	-	-	109,668	222,201	13,333	4,334	428,544	273,015	453,754	-	24,660,886	16,960,932	57,152,208	40,942,954
Elimination of intragroup balances																									(1,655,889)	(1,444,959)
																									55,496,319	39,497,995
Segment Capital Expenditure	4,664,705	1,972,503	618,138	844,451	466,436	367,046	1,377,839	1,580,830	2,046	595	1,078	-	-	-	-	-	-	-	6,802	-	-	-	514,157	287,172	7,651,201	5,052,597

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

37.4 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.

37.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 10,569 million (2019: Rs.10,375 million)

38 INFORMATION BY GEOGRAPHICAL AREA

	Revenue		Non-current assets	
	2020	2019	2020	2019
	Rs. 000s			
Pakistan	**24,313,713**	27,210,709	**31,447,050**	19,472,046
Germany	**9,767,982**	10,026,295	**-**	-
United States	**6,492,605**	5,333,056	**9,988**	-
Italy	**1,946,436**	2,376,765	**-**	-
Netherlands	**2,850,371**	2,672,423	**-**	-
United Kingdom	**2,041,728**	2,316,616	**125,408**	118,891
France	**1,979,381**	2,236,508	**-**	-
Spain	**667,914**	745,360	**-**	-
China	**737,752**	1,275,493	**-**	-
Sweden	**945,338**	896,918	**-**	-
United Arab Emirates	**691,009**	541,173	**46,998**	33,322
Other Countries	**3,498,429**	3,558,336	**-**	-
Total	**55,932,658**	**59,189,652**	**31,629,444**	**19,624,259**

39 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		Rs. 000s	
Cash and bank balances	27	**772,880**	596,406
Short term borrowings	13	**(25,995,109)**	(19,036,992)
		(25,222,229)	**(18,440,586)**

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020				2019			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rs. 000s							
Managerial remuneration	**14,013**	**10,510**	**746,657**	**771,180**	9,680	7,260	743,878	760,818
Bonus	**806**	**605**	**29,436**	**30,847**	806	605	19,003	20,414
House rent allowance	**5,605**	**4,204**	**262,838**	**272,647**	3,872	2,904	231,960	238,736
Other allowances	**1,401**	**1,051**	**240,513**	**242,965**	968	726	102,053	103,747
Contribution to provident fund	**1,167**	**876**	**51,040**	**53,083**	806	605	43,868	45,279
	22,992	**17,246**	**1,330,484**	**1,370,722**	**16,132**	**12,100**	**1,140,763**	**1,168,995**
Number of persons	**1**	**1**	**274**	**276**	**1**	**1**	**246**	**248**

40.1 The Chief Executive, Directors and certain Executives are provided with free use of Company maintained cars and are also covered under Group's Health Insurance Plan along with their dependents. The Chief Executive is also provided with free residential telephones.

40.2 Aggregate amount charged during the year in respect of meeting fee to four Non Executive Directors and the Chairman was Rs. 4.4 million (2019: four Non Executive Directors and Chairman Rs. 2.16 million).

40.3 Executive means an employee, other than the Chief Executive and Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

40.4 Mr. Mohomed Bashir, Chairman of Gul Ahmed International Ltd FZC UAE has waived his entitlement to remuneration of AED 10,000 (Rs. 0.432 millon) per month.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Group	Nature of Transactions	2020	2019
		Rs. 000s	
Associated companies and other related parties	Purchase of goods	**68,544**	70,305
	Sale of goods	**8,608**	1,645
	Proceeds against sale of vehicles	**-**	600
	Gain on disposal of vehicle	**-**	47
	Rent paid	**62,898**	90,562
	Fees paid	**2,500**	1,917
	Donation paid	**12,000**	500
	Bills discounted	**9,680,350**	10,138,618
	Markup and other bank charges	**135,431**	224,805
	Holding Company's contribution to provident fund	**203,985**	178,171
	Dividend paid	**36,491**	26,979

Relationship with the Group	Nature of Outstanding Balances	2020	2019
		Rs. 000s	
Associated companies and others related parties	Deposit with banks	**44,564**	46,495
	Borrowings from Banks	**564,694**	959,025
	Bank guarantee	**938,326**	893,326
	Trade and other payables	**25,773**	7,781
	Advances to suppliers	**-**	2,882
	Trade debts	**3,743**	845
	Accrued mark-up	**2,810**	14,348
	Loans to key management personnel & executive	**81,517**	100,129
	Payable to Holding Company's employee's provident fund	**13,096**	22,644
	Prepaid Rent	**2,863**	40,054
	Prepaid fees	**250**	-

41.1 There are no transactions with directors of the Holding and subsidiary companies and key management personnel other than under the terms of employment. Loans and remuneration of the key management personnel are disclosed in Note no. 21 and 25 respectively.

41.2 Related parties status of outstanding receivables and payable as at June 30, 2020 are also included in respective notes to the consolidated financial statements.

41.3 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

S.No	Company Name	Basis of Relationship	% of shareholding in the Company
1	Habib Metropolitan Bank Limited (HMBL)	Common Directorship	-
2	Swisstex Chemicals (Private) Limited	Group Company & Common Directorship	-
3	Arwen Tech. (Private) Limited	Group Company & Common Directorship	-
4	Win Star (Private) Limited	Group Company & Common Directorship	-
5	TPL Properties Limited	Common Directorship	-
6	Habib University Foundation	Common Directorship	-
7	The Pakistan Business Council	Common Directorship	-
8	Ghafooria Industries (Private) Limited	Group Company & Common Directorship	-
9	LITE Development and management company	Common Directorship	-
10	Grand Industries (Private) Limited	Group Company & Major Shareholders	-
11	Haji Ali Mohammad Foundation	Member of Foundation	-
12	Gul Ahmed Holdings (Private) Limited	Holding Company	-
13	Gul Ahmed Textile Mills Limited Employees Provident Fund Trust	Employees Fund	-

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42 CAPACITY AND PRODUCTION

	Unit	2020 Capacity	2020 Production	2020 Working	2019 Capacity	2019 Production	2019 Working
		Rs. 000s					
Spinning	Kgs. (20 Counts converted)	**47,021**	**38,438**	**3 shifts**	47,643	44,871	3 shifts
Weaving	Sq. meters (50 Picks converted)	**156,925**	**138,780**	**3 shifts**	167,891	148,564	3 shifts

Production is lower as compared to capacity due to variation in production mix and various technical and market factors.

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

43 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 13,513 (2019: 14,915) and average number of employees during the year were 14,985 (2019: 14,635).

44 PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2020 Un-audited	2019 Audited
Size of the fund - Total assets (Rs. 000s)		**1,268,566**	1,162,355
Cost of investments made (Rs. 000s)		**1,142,459**	1,074,056
Percentage of investments made		**90.06%**	92.40%
Fair value of investments (Rs. 000s)	44.1	**1,135,194**	1,079,373

44.1 The break-up of fair value of investment is:

	2020 Un-audited Rs. 000s	2020 Un-audited ---%---	2019 Audited Rs. 000s	2019 Audited ---%---
Shares in listed companies	**69,562**	**6%**	79,837	7%
Government securities	**492,209**	**43%**	167,048	16%
Debt securities	**264,469**	**23%**	243,140	23%
Mutual funds	**286,498**	**25%**	205,490	19%
Balance in saving accounts	**22,456**	**2%**	383,858	35%
	1,135,194	**100%**	**1,079,373**	**100%**

44.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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45 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabiliites of the Company as at June 30, 2020 are as follows

	2020						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Cost / Amortised cost							
Long term investment	-	70,000	70,000	-	-	-	70,000
Loans,advances and other receivables	32,595	59,830	92,425	358,682	200	358,882	451,307
Long term deposits	-	-	-	-	388,669	388,669	388,669
Trade debts	-	-	-	5,150,748	-	5,150,748	5,150,748
Cash and bank balances	-	-	-	772,880	-	772,880	772,880
	32,595	129,830	162,425	6,282,310	388,869	6,671,179	6,833,604
Financial liabilities							
At Amortised cost							
Long term financing	420,113	13,445,600	13,865,713	-	-	-	13,865,713
Lease liability against right of use assets	411,526	2,198,535	2,610,061	-	-	-	2,610,061
Trade and other payables	-	-	-	11,932,681	-	11,932,681	11,932,681
Accrued mark-up / profit	-	-	-	405,979		405,979	405,979
Short term borrowings	25,995,109	-	25,995,109	-		-	25,995,109
Unclaimed dividend	-	-	-	9,739	-	9,739	9,739
Unpaid Dividend	-	-	-	21,103	-	21,103	21,103
	26,826,748	15,644,135	42,470,883	12,369,502	-	12,369,502	54,840,385
Off balance sheet items							
Guarantees	-	-	-	3,208,530	-	3,208,530	3,208,530
Bills discounted	-	-	-	4,218,466	-	4,218,466	4,218,466
Commitments	-	-	-	4,440,500	3,606,290	8,046,790	8,046,790
	-	-	-	11,867,496	3,606,290	15,473,786	15,473,786

Financial assets and liabilities of the Group as at June 30, 2019 were as follows;

	2019						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	
	Rs. 000s						
Financial assets							
At Cost / Amortised cost							
Loans,advances and other receivables	36,787	64,781	101,568	479,353	-	479,353	580,921
Long term deposits	-	-	-	-	373,852	373,852	373,852
Trade debts	-	-	-	6,866,069	-	6,866,069	6,866,069
Cash and bank balances	-	-	-	596,406	-	596,406	596,406
	36,787	64,781	101,568	7,941,828	373,852	8,315,680	8,417,248
Financial liabilities							
At Amortised cost							
Long term financing	1,180,302	8,856,901	10,037,203	-	-	-	10,037,203
Trade and other payables	213,632	-	213,632	9,365,935	-	9,365,935	9,579,567
Accrued mark-up / profit	-	-	-	300,010	-	300,010	300,010
Short term borrowings	19,036,992	-	19,036,992	-	-	-	19,036,992
Unclaimed dividend	-	-	-	8,263	-	8,263	8,263
Unpaid dividend	-	-	-	16,075	-	16,075	16,075
	20,430,926	8,856,901	29,287,827	9,690,283	-	9,690,283	38,978,110
Off balance sheet items							
Guarantees	-	-	-	1,988,900	-	1,988,900	1,988,900
Bills discounted	-	-	-	4,960,000	-	4,960,000	4,960,000
Commitments	-	-	-	3,537,905	2,653,143	6,191,048	6,191,048
	-	-	-	10,486,805	2,653,143	13,139,948	13,139,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

46 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

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

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

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

46.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates / markup rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, markup risk and other price risk. The Group is exposed to currency risk and markup risk only.

a) Currency risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign exchange.

Exposure to foreign currency risk

The Group is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	2020	2019
	USD 000s	
Trade debts	**10,556**	18,926
Cash and bank balances	**1,691**	625
Short term bank borrowings	**(7,373)**	-
Trade and other payables	**(4,839)**	(125)
Net exposure	**35**	**19,426**

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

Foreign currency commitments and guarantees outstanding at year end are as follows:

	2020	2019
	000s	
USD	**3,520**	14,108
EURO	**5,938**	10,655
JPY	**1,008,216**	37
CHF	**957**	6,859
CNY	**36,484**	2,817

The following significant exchange rates were applied during the year:

Rupee per USD		
Average rate (Selling/Buying)	**158.2/158.69**	137.67/137.29
Reporting date rate (Selling/Buying)	**168.75/168.25**	164.5/164

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2020 would have increased/ decreased the equity and profit/ loss after tax by Rs. 0.2 million (2019: Rs.92.8 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for June 30, 2019.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Group has long term finance and short term borrowings at fixed and variable rates. During the year the Group has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option in case of certain variable rate borrowing.

The Group is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 162,425 million (2019: Rs. 102 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs. 42,471 million (2019: Rs. 29,287.8 million) which are subject to interest/mark-up rate risk. Applicable interest/mark-up rates for financial assets and liabilities are given in respective notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2020, if markups on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs. 83.98 million (2019: Rs. 65.93 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2020, if markups on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 181.379 million (2019: Rs. 100.3 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. Effect of change in 1% interest rate on financial assets is Rs.0.5 million

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in markup rate at the consolidated statement of financial position would not effect consolidated statement of profit or loss of the Group.

c) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk.

46.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Exposure to credit risk

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

	Note	2020	2019
		Rs. 000s	
Long term Investment	20	70,000	-
Loans, advances and other receivables	25	451,307	580,921
Long term deposit		388,669	373,852
Trade debts - net of impairment allowance	24	5,150,748	6,866,069
Bank balances	27	672,407	365,550
		6,733,131	8,186,392

The Group manages credit risk as follows:

Loans, advances and other receivables

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

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

Long Term Deposits

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

Trade debts

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

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

The Company has established an allowance for expected credit losses against trade debts that represent its estimate of expected losses based on actual credit loss experience over last year in respect of trade debts. Ageing of the trade debts of the Company outstanding as at year end is as follows:

	Note	2020	2019
		Rs. 000s	
1 to 6 months		4,652,310	6,831,881
6 months to 1 year		237,943	32,977
1 year to 3 years		260,495	1,211
		5,150,748	6,866,069
Less: Expected credit losses		(289,799)	(320,746)
	24	5,150,748	6,866,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

Bank balances

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

The bank balances along with credit ratings are tabulated below:

	Note	2020	2019
		Rs. 000s	
Long term Investment			
AAA	20	70,000	-
Bank Balances			
AAA		512,301	177,551
AA+		111,781	116,806
AA		32,223	49,967
A+		13,845	6,692
A1		-	100
A		1,848	823
AA-		-	3,812
BBB-		409	9,799
		672,407	365,550
	27	742,407	365,550

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which allowance for impairment has been made as a matter of prudence. The ageing of the past due and impaired trade debts is more than 3 months and less than 2 years.

46.3 Liquidity risk

Liquidity risk represent the risk where the Group will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and in Note no. 45.

The Group manages liquidity risk by maintaining sufficient cash in hand and at banks and ensuring the fund availability through adequate credit facilities. At June 30, 2020, the Group has Rs. 28,952 million (2019: Rs. 22,579 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 3,405 million (2019: Rs. 3,394 million) and also has Rs. 772.8 million (2019: Rs. 596.4 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

46.4 Capital risk management

The primary objectives of the Group when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2020 and 2019 were as follows:

	2020	2019
	Rs. 000s	
Total borrowings	39,860,822	29,074,195
Cash and bank	(772,880)	(596,406)
Net debt	39,087,942	28,477,789
Total equity	16,327,459	15,883,366
Total equity and debt	55,415,401	44,361,155
Gearing ratio (%)	71	64

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property, plant and equipment is carried at cost less accumulated depreciation and impairment, if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. The Group does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

48 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 26, 2020.

49 GENERAL

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR	MOHAMMED ZAKI BASHIR	ABDUL ALEEM
Chairman	Chief Executive Officer	Chief Financial Officer

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DEFINITIONS AND GLOSSARY OF TERMS

FOR THE YEAR ENDED JUNE 30, 2020

Definitions

Profitability Ratios

Profitability ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Liquidity Ratios

Liquidity ratios determine the Company's ability to meet its short term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

Turnover Ratios

Turnover ratios evaluate the operational efficiency of the Company to convert inventory and debtors into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

Investment/Market Ratios

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market ratios evaluate the current market price of a share versus an indicator of the Company's ability to generate profits.

Capital Structure Ratios

Capital structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.

Glossary of terms

AGM	Annual General Meeting
BCI	Better Cotton Initiative
BCP	Business Continuity Planning
BOD	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNIC	Computerised National Identity Card
CPEC	China Pakistan Economic Corridor
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortisation
EOBI	Employees Old Age Benefit Institution
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ETP	Effluent Water Treatment Plant
FDI	Foreign Direct Investments
FY	Fiscal Year
FZC	Free Zone Company
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GST	General Sales Tax
HSE	Health Safety and Environment
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICAP	Institute of Chartered Accountants Pakistan
ICMAP	Institute of Chartered Management Accountants Pakistan
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
IT	Information Technology
KIBOR	Karachi Inter Bank Offer Rate
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
LSM	Large Scale Manufacturing
MMBTU	Million British Thermal Units
MW	Mega Watts
NBFI	Non-Banking Financial Institution
NEQS	National Environmental Quality Standard
PAT	Profit after tax
PBT	Profit before tax
PESTEL	Political, Economic, Social, Technical, Environmental, Legal
PICG	Pakistan Institute of Corporate Governance
PKR	Pak Rupee
R&D	Research & Development
ROE	Return on Equity
SECP	Securities and Exchange Commission of Pakistan
SWOT	Strength, Weakness, Opportunity, Threat
USD	United States Dollar
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund
YoY	Year on Year

FORM OF PROXY

I/We____

of ____

being a member of Gul Ahmed Textile Mills Limited and holder of _______________________

Ordinary Shares hereby appoint_______________________________________

of ____

or failing him/her_______________________________________

of ___________________________another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the **68th ANNUAL GENERAL MEETING** of the Company to be held on October 28, 2020 or at any adjournment thereof.

1) Witness ___________________________

Name ___________________________

Address ___________________________

CNIC No. ___________________________

Signed by me this _______day of ______2020

Signed ___________________________

Affix Revenue
Stamp Rs. 5.00

2) Witness ___________________________

Name ___________________________

Address ___________________________

CNIC No. ___________________________

Folio No./CDC Account No. ______________

Notes:

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

پراکسی فارم

میں / ہم ____

ساکن ____

بحیثیت گل احمد ٹیکسٹائل ملز کا/ کے ایک رکن اور ہولڈر ______________________________

عمومی شیئرز رکھتا ہوں اپنی جانب سے نامزد کرتا ہوں ______________________________

ساکن ____

اور ایسا نہ ہونے کی وجہ سے محترم / محترمہ ______________________________

ساکن ______________________ کو 28 اکتوبر 2020 کو منعقدہ کمپنی کے اڑسٹھویں **(68)** سالانہ اجلاسِ عام میں میری / ہماری

جانب سے اپنا / ہمارا پراکسی مقرر کرتا ہوں / کرتے ہیں تا کہ وہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

1) گواہ ______________________

نام ______________________

پتہ ______________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______________________

اس پر میری طرف سے __________ دن کے ______________ 2020

کو دستخط کئے ______________________

(براہِ مہربانی پانچ روپے کا ریونیو اسٹامپ لگائیں)

2) گواہ ______________________

نام ______________________

پتہ ______________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______________________

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ______________________

نوٹس:

1 - ممبر جو ووٹ ڈالنے کا حقدار ہے وہ اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاس شروع ہونے سے 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ پتے پر موصول ہو جائیں۔

2 - ایسے شیئر ہولڈرز جو اپنے شیئرز سینٹرل ڈپازٹری کمپنی میں جمع کروا چکے ہیں، ان کی جانب سے جمع کروائی گئی پراکسیز کے ساتھ بینیفیشل اونرز کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیوں کا ہونا ضروری ہے۔ کارپوریٹ ممبران کے نمائندے اس مقصد کے لیے درکار عمومی دستاویزات اپنے ہمراہ لائیں۔ پراکسی کے لیے کمپنی کا رکن ہونا لازمی ہے۔

3 - اگر کوئی رکن ایک سے زائد پراکسی مقرر کرتا ہے اور کمپنی میں ایک سے زائد پراکسی کے دستاویزات جمع کرواتا ہے، ان دستاویزات کو غلط سمجھا جائے گا۔

4 - اگر کوئی ممبر کارپوریٹ ادارہ ہے تو اس کی common seal پراکسی فارم پر لگی ہونی چاہیے۔

5 - سی ڈی سی اکاؤنٹ ہولڈر ہونے کی صورت میں، پراکسی فارم کے ساتھ بینیفیشل اونرز کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی فراہم کریں۔