SINCE 1953

NURTURING GROWTH RESPONSIBLY

ANNUAL REPORT 2017

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NURTURING GROWTH RESPONSIBLY

Gul Ahmed's values are guided by sustainability. Being the fashion trendsetters in Pakistan's evolving textile market, Gul Ahmed's sustainable practices create a positive impact on the consumers' buying choice. The Company's expanding value chain and manufacturing expertise allows the brand to weave its' own fabric, experiment with digital printing and bring in innovation to give customers a fashion forward retail experience.

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COMPANY INFORMATION

GulAhmed SINCE 1953

BOARD OF DIRECTORS	Mohomed Bashir	- Chairman
	Zain Bashir	- Vice Chairman/ Executive Director
	Mohammed Zaki Bashir	- Chief Executive Officer
	Ziad Bashir	- Non Executive Director
	S.M. Nadim Shafiqullah	- Non Executive Director
	Dr. Amjad Waheed	- Independent Director
	Ehsan A. Malik	- Independent Director
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	S.M. Nadim Shafiqullah	- Chairman & Member
	Mohomed Bashir	- Member
	Dr. Amjad Waheed	- Member
	Salim Ghaffar	- Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mohomed Bashir	- Chairman & Member
	Zain Bashir	- Member
	S.M. Nadim Shafiqullah	- Member
	Salim Ghaffar	- Secretary
BANKERS	Allied Bank Limited Bank Al Habib Limited Askari Bank Limited Al Baraka Bank (Pakistan) Limited Bank Alfalah Limited BankIslami Pakistan Limited The Bank of Punjab Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Mcb Bank Limited Mcb Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Samba Bank Limited Silkbank Limited Soneri Bank Limited Summit Bank Limited Standard Chartered Bank (Pakistan) Limited 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, near 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	

PUTTING DETAIL INTO
RETAIL

Gul Ahmed believes that the way a product is displayed becomes the deal-breaker for any purchase. That is why the Company makes efforts to bring uniformity in its retail chain. Retailers pay special emphasis on customer feedback, quality checks and regular in-store inspections.

OUR HOME, OUR RESPONSIBILITY

For Gul Ahmed, saving resources is only one part of the equation. In pursuit of a sustainable environment, efforts have been made to restore, recycle and minimize the Company's carbon footprint throughout the manufacturing plants.

FROM IMAGINATION TO DIGITAL PERFECTION

With the need to cater to the most intricate of details, digital printing is a mainstay technique in the textile world. Demanding expert skill and capable of printing endless colors and patterns, the possibilities for digital design have become exponential.

SOME THINGS
NEVER CHANGE

Made with 100% American Pima Cotton, the fabric texture is slightly grainy, but soft, and is more durable, making it a traditional favorite for men in every era. Gul Ahmed ensures the quality is uncompromised and to this day, Chairman Latha delivers on its promise of superiority and elegance, GENERATION AFTER GENERATION.

ENABLING HOPE FOR THE FUTURE

As a socially responsible company, Gul Ahmed believes that education is the right of every child and that schools are the rightful place for all children, hence the company has implemented policies against underage labor.

STEERING TOWARDS THE RIGHT DIRECTION

Values of integrity and transparency in all Company matters have helped us gain the trust of all the stakeholders. Gul Ahmed ensures fairness and justice in employing, appraising and hiring human resource.

FORECASTING
TRENDS

Knowing what is going to be in fashion in the near future is all part of a day's work. Leave it to the Company to know what the customers want. Gul Ahmed forecasts trends by creating them.

CULTIVATING POSITIVE CHANGES

Gul Ahmed holds itself responsible to bring change in society by improving the lives of people through financial aid and preferential hiring of mothers, enabling them to better care for their children.

SAVING PRECIOUS RESOURCES

Like all responsible corporations, Gul Ahmed understands the grave danger posed by the depletion of natural resources. It strives to put forward processes and implement policies to reduce their use in order to save precious resources.

QUALITY IN MOTION

Gul Ahmed prides itself on producing the finest fabric. All the while, the Company keeps strict vigilance of the yarn produced in the plants, down to the final check on items making their way to the retail outlets.

EMPOWERING WOMEN

Gul Ahmed gives preferential employment opportunities to women, especially mothers as a means to help sustain their livelihood. Through this practice, the Company dynamically empowers complete households by providing women a reputable standing in society.

VISION

Setting trends globally in the textile industry. Responsibly delivering the products and services to our partners.

MISSION

To deliver value to our partners through innovative technology and teamwork. Fulfilling our social and environmental responsibilities.

VALUES

In achieving its vision and fulfilling its mission, the Company shall operate on the following core values:

Integrity
Passion
Creativity
Teamwork

OBJECTIVES AND STRATEGIES

Objectives

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

1. Be the textile industry leader of the Country.
2. Be the trendsetter.
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 to enable hiring and retaining competent individuals on competitive remuneration, thus ensuring willingness to work and quality output.
2. Prioritizing female workforce 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 costs.
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 that 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 maximum care. Doing so, 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 the 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 the 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 non-public 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, as well as 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 the 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 advice.

6. **Governments and Regulators**

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

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

KEY PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

Objective: Increase shareholders wealth.

- **Export sales**
  2017: Rs. 25,175 million
  2016: Rs. 19,742 million
  28%
- **Local sales**
  2017: Rs. 13,939 million
  2016: Rs. 12,398 million
  12%
- **Gross profit**
  2017: Rs. 7,046 million
  2016: Rs. 7,306 million
  -4%
- **Profit before Tax**
  2017: Rs. 809 million
  2016: Rs. 1,335 million
  -39%
- **EBITDA**
  2017: Rs. 3,267 million
  2016: Rs. 3,371 million
  -3%
- **Earnings per share**
  2017: Rs. 2.50 per share
  2016: Rs. 3.92 per share
  -36%
- **Return on equity**
  2017: 8.34%
  2016: 14.37%
  -42%

Relevance: These KPIs will remain relevant in future.

KEY PERFORMANCE INDICATORS

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 a 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 systems 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 manpower to operate or help in reducing either. Certain difficult decisions to right size were taken along with streamlining the manufacturing processes and reducing waste including merger of operations and facilities to reduce turnaround time, inventory movement and its levels, longer production runs as well as reduced supervision. Production in old spinning segment was reduced to cater to the Company's own weaving requirements 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 the decision for permanent closure are based on experience over the period.

- **Certifications from independent organizations for the 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 modernisation 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 modernised 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 Dynamic Cloud Version has recently been acquired and is being implemented in one business segment and based on experience, the same may be extended to other business segments.

Relevance: These KPIs will remain relevant in future.

COMPANY'S PROFILE

GulAhmed
SINCE 1953

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 7, 1955 and got listed on the Karachi Stock Exchange (KSE). The Company is listed on Pakistan Stock Exchange Limited.

Group Structure

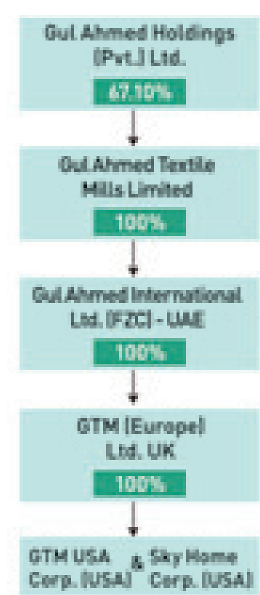
Gul Ahmed Textile Mills Limited is a subsidiary of Gul Ahmed Holdings (Private) Limited (GAHPL), which owns 67.10% shares.

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

1. Gul Ahmed International Limited (FZC) incorporated in UAE on November 27, 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 on March 19, 2012) and Sky Home Corp. (incorporated on February 28,2017), both incorporated in the United States of America (USA) are wholly owned subsidiaries of GTM (Europe) Limited.



Nature of Business

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. 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 and reliability.

Associations

The Company is a 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 Bedwear Exporters Association (PBEA)
- Pakistan Hosiery Manufacturers & Exporters Association
- Karachi Centre for Dispute Resolution
- International Textile Manufacturers Federation
- Fellowship Fund for Pakistan

PRODUCT

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; and
- 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, Middle East, other Asian 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, ribstop, 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.

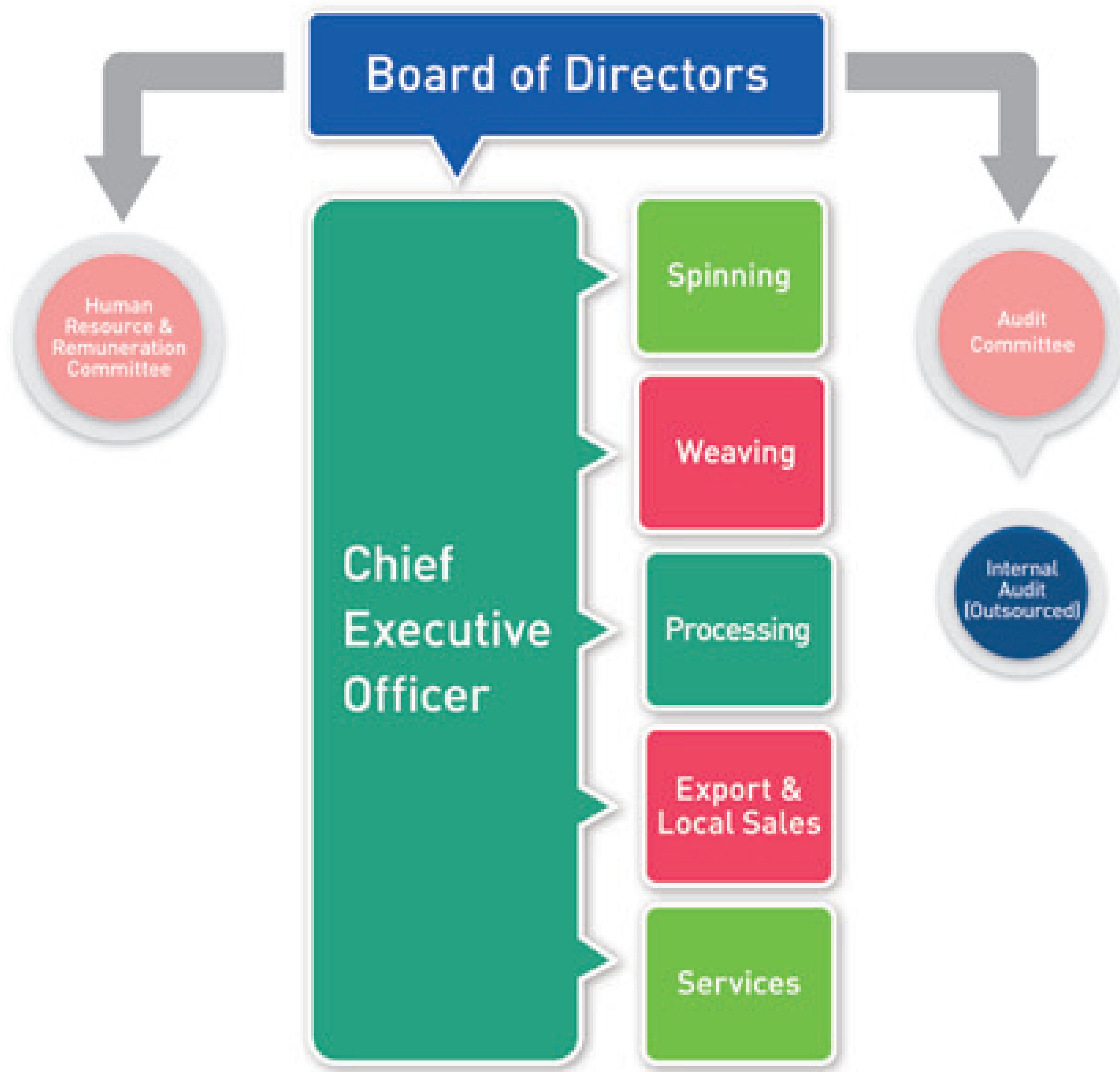
This section includes:

- 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.

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.

Mr. Mohomed Bashir has a very rich and extensive experience in 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
- Sky Home Corporation – USA
- Habib University Foundation
- Education Fund for Sindh
- Gul Ahmed Holdings (Private) Limited
- Gul Ahmed Power Company (Private) Limited
- Gul Ahmed Renewable Energy Company (Private) Limited

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

- Chairman, Committee to Improve Pakistan's rating on Ease of Business Index
- Honorary Consul General of Sweden – Karachi
- Member, Advisory Board of CPLC, Government of Sindh (2010)
- Member, Pakistan France Business Council
- Member, Pakistan German Business Council

Previously, he has also held the following honorary Government and Trade & 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 (2001-2003/2008-2013)
- Member, Export Promotion Board, Government of Pakistan (2002-2007, 1995-1997)
- Member, National Strategy on Textiles (2006-2007)
- Chairman, Pakistan Britain Advisory Council (2002-2005)
- Chairman, All Pakistan Textile Mills Association (1989 -1990)
- Vice Chairman, All Pakistan Textile Mills Association (1982-1985)
- Chairman, Pakistan Swiss Trade and Industry Committee (1981-2000)
- Governing Board, Pakistan Design Institute (1981- 2000)

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' Officier in the National Order of Merit by the President of the French Republic.

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, 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 is presently the Executive Committee Member of the Landhi Association of Trade and Industry.

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

Mr. Mohammed Zaki Bashir
Chief Executive Officer

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

Through his thorough knowledge of the Company, he has contributed to the overall growth of the Company.

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 the President of the Landhi Association of Trade and Industry.

Mr. S.M. Nadim Shafiqullah
Non-Executive Director

Mr. S.M. Nadim Shafiqullah joined the Board of Directors of the Company as an independent non-executive director in March 2008. He is also the Chairman of the Audit Committee of the Company and a certified director from Pakistan Institute of Corporate Governance (PICG).

He had served as director and vice chairman on the Board of Security Leasing Corporation Limited in the past.

Dr. Amjad Waheed
Independent Non-Executive Director

Dr. Amjad Waheed joined the Board as an independent non-executive director on March 31, 2011. He holds a Doctorate in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst. Since the last eleven years, he is CEO of NBP Fullerton Asset Management Limited (NAFA), which is a subsidiary of National Bank of Pakistan, with Fullerton Fund Management Company of Singapore as the other joint venture partner. NAFA is presently managing 20 mutual and pension funds, and several portfolios. Total assets under management of NAFA are presently about Rs. 98 billion. NAFA is among the largest and highest rated Asset Management Companies in Pakistan.

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

Dr. Amjad Waheed has served on the boards of various companies including Siemens, Nishat Mills, PICIC, Askari Bank, Millat Tractors, Fauji Fertilizers, Pakistan Tobacco Company, Treet Corporation and Bata Pakistan.

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 a certified director from the Pakistan Institute of Corporate Governance (PICG). Mr. Ehsan A. Malik is currently serving as the Chief Executive Officer of Pakistan Business Council. From September 1, 2006 to October 31, 2014, Mr. 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. His earlier International appointments covered Unilever's regional business 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, IGI Life Insurance Limited, National Foods Limited and International Industries Limited.

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

BOARD COMMITTEES

GulAhmed
SINCE 1953

AUDIT COMMITTEE

1. **Composition**

- Mr. S.M. Nadim Shafiqullah - Chairman and Member
- Mr. Mohomed Bashir - Member
- Dr. Amjad Waheed - Member
- Mr. Mohammed Salim Ghaffar - Secretary

2. **Terms of Reference**

The committee shall be responsible for:

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

Major judgmental areas:

- Significant adjustments resulting from the external audit.
- The going concern assumption.
- Any changes in accounting policies and practices.
- Compliance with applicable accounting standards.
- Compliance with listing regulations and other statutory and regulatory requirements.
- Review of preliminary announcements of results prior to publication.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review of the management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consideration of major findings of internal investigations and management's response thereto.
- Ascertaining that the internal control system including financial and operational controls, accounting systems 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.
- Consideration of any other issue of matter as may be assigned by the Board of Directors.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

1. **Composition**

- Mr. Mohomed Bashir - Chairman and Member
- Mr. Zain Bashir - Member
- Mr. S.M. Nadim Shafiqullah - Member
- Mr. Mohammed Salim Ghaffar - Secretary

2. **Terms of Reference**

The committee shall be responsible for:

- 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 and 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.
- 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, 2017, 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.

During the year under review the country and your Company faced many challenges. The economic situation in countries where we export remained depressing, and purchasing power of our citizens also did not improve. Both these factors have led to compromise on profitability of the Company despite impressive growth in turnover. With the CPEC expected to remain on course, we feel it still offers the potential to help keep the economy stay on broader course, though some slow down cannot be ruled out.

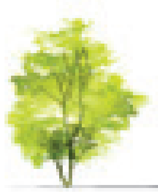
The Board fully recognizes that the success of the Company ultimately depends upon the capacity of directors to provide the vision and direction needed not only to survive, but to develop and prosper. The Board strived to maintain and strengthen the high level of corporate governance, continuously improving the corporate transparency, ensuring the healthy development of our Company and endeavoring to enhance corporate value. To perform the statutory role and fulfill its obligations, the Board has worked very effectively during the entire year through two of its committees, interaction with the Chief Executive and Executive Director of the Company, both in meetings and while seeking guidance and approvals from the Board. The priorities identified by the Board during the year included capital expenditure budgeting; improved financial gearing; timely execution of CAPEX projects; reduction in short term borrowing levels; efforts to meet working capital from internal generation; local retail network expansion; revisiting of customer selection criteria; reduction in fixed cost; human resource right sizing, reviewing performance, etc. As a strategic measure, the Board approved the restructuring of some parts of the business which helped in having more efficient and effective platforms and to position the Company for sustained growth.

Your Board also held annual review and discussions of its performance both individually and collectively – seeking ways to improve its contribution to the sustainable growth of our Company. The forward skills and experience requirements of the Board were also reviewed to ensure effectiveness of the role played by the Board in achieving the company's objectives.

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

Karachi
September 23, 2017

Mohomed Bashir
Chairman



چیئرمین کا جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2017 کو ختم ہونے والے سال کے لیے مالیاتی اور دیگر معلومات اپنے معزز اراکین اور اسٹیک ہولڈرز کو پیش کر رہا ہوں۔ میں اس موقع پر کمپنی کے مقاصد کے حصول میں بہترین کارکردگی دکھانے پر بورڈ کی کارکردگی کو از حد سراہتا ہوں۔

زیرِ جائزہ مدت کے دوران ملک اور کمپنی کو متعدد مشکلات کا سامنا کرنا پڑا۔ ہم جن ممالک میں اپنی مصنوعات برآمد کرتے ہیں وہاں معاشی حالات دباؤ کا شکار ہیں لہٰذا صارفین کی قوتِ خرید میں بہتری واقع نہیں ہوئی۔ ان دونوں عناصر کے سبب کمپنی کو بہترین ترقی کے باوجود منافع پر سمجھوتہ کرنا پڑا۔ CPEC کی جاری سرگرمیوں کے سبب ہمیں امید ہے کہ ملک کی معاشی سرگرمیاں بہتری کی جانب رواں رہیں گی مگر سست روی کا شکار بھی ہو سکتی ہیں۔

بورڈ اس بات سے بخوبی آگاہ ہے کہ کمپنی کی ترقی ڈائریکٹرز کی جانب سے مہیا کیے جانے والے نظریے پر منحصر ہے۔ بورڈ نا صرف کمپنی کی بقاء کے لیے سمت کی نشاندہی کرے گا بلکہ ترقی و کامیابی کے لیے بھی سمت واضح کرے گا۔ بورڈ کی ہمیشہ سے بھرپور کوشش رہی ہے کہ اعلیٰ پیمانے پر کارپوریٹ گورننس کو برقرار رکھے، کمپنی کی صحت مند ترقی کو یقینی بنائے اور کارپوریٹ اقدار کے فروغ کے لیے اقدامات کرے۔ قانونی تقاضے پورے کرنے اور اپنی ذمہ داریوں کو احسن طریقے سے نبھانے کے لیے بورڈ نے اپنی دو کمیٹیوں کے ذریعے پورے سال نہایت مستعدی کے ساتھ خدمات انجام دیں اور اس سلسلے میں منعقد ہونے والے اجلاس میں کمپنی کے چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر سے بھی مشاورت و راہنمائی حاصل کی گئی۔ اس سال کے دوران ڈائریکٹرز کی جانب سے جن ترجیحات کی نشاندہی کی گئی ان میں کیپٹل اخراجات کا بجٹ، مالیاتی معاملات کو بہتر بنانا، CAPEX پروجیکٹس کی بروقت تکمیل، مختصر مدت کے لیے حاصل کردہ قرضوں میں کمی، اندرونی وسائل کو بروئے کار لاتے ہوئے ورکنگ کیپٹل کی حصول کی کوشش، فکسڈ کاسٹ میں کمی، انسانی وسائل کا درست حجم، کارکردگی کا مسلسل جائزہ وغیرہ شامل ہیں۔ حکمتِ عملی کے پیشِ نظر بورڈ نے کچھ کاروباری امور کی تعمیرِ نو کی منظوری دی ہے جس سے کمپنی کو بہتر کارکردگی دکھانے کا پلیٹ فارم میسر آئے گا اور کمپنی کے لیے مستقبل میں پائیدار ترقی کا حصول ممکن ہوگا۔

آپ کے بورڈ نے انفرادی اور اجتماعی دونوں سطح پر اپنی کارکردگی کا جائزہ لینے اور کمپنی کی متواتر ترقی کو یقینی بنانے کے لیے سالانہ جائزوں اور مباحثوں کا انعقاد کیا۔ ان درکار صلاحیتوں اور اقدامات کا جائزہ بھی لیا گیا ہے جو کمپنی کے مقاصد کے حصول کے لیے بورڈ کی جانب سے ادا کیے جانے والے کردار کے لیے لازمی درکار ہیں۔

میں اس موقع پر تہہ دل سے اپنے اراکین اور دیگر اسٹیک ہولڈرز بشمول بینکوں اور مالیاتی اداروں کا شکریہ ادا کرتا ہوں جنہوں نے ہمیشہ کمپنی اور مینجمنٹ کو بھرپور سپورٹ مہیا کی اور اعتماد قائم رکھا۔

کراچی: 23 ستمبر 2017

محمد بشیر
چیئرمین

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2017 together with auditors' report thereon.

ECONOMIC AND INDUSTRIAL OVERVIEW

During the fiscal year (FY) 2016-17, Pakistan's economy witnessed the highest GDP growth in the last ten years. The GDP growth during FY 2016-17 was 5.28% as compared to 4.5% in the year 2015-16. This progress can be credited to the accommodative monetary policy stance, low inflation and increase in development spending along with improved domestic security situation. However, there are some dark clouds on the horizon. Strong economic activity is boosting imports which, coupled with decreasing remittances, threatens to jeopardize the already worsening current account deficit. Moreover, the possible increase in oil prices has the potential to further erode both fiscal and external balances. Nevertheless, investments being made under the China-Pakistan Economic Corridor (CPEC) program promises to shore up growth further.

Increase in global commodity and oil prices along with rise in domestic demand due to pick up of economic activities are expected to uptick domestic inflation which was 4.1% during FY 2016-17. However, given the increase in agriculture production, sufficient food supplies and stable exchange rate, inflation is expected to remain below the target of 6%.

Industrial sector growth was 5.02% in FY 2016-17 as compared to 5.80% during FY 2015-2016. Large Scale Manufacturing (LSM) posted growth of 5.06% against 4.6% last year. The growth in LSM is led by increase in construction activity primarily due to CPEC, with cement and allied industries like steel and paints being the direct beneficiaries.

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, weaving, dyeing and finishing, made-ups and garments. The sector contributes nearly one-fourth of industrial value-added, provides employment to about 40 percent of industrial labor force and has a share of over 60% in national exports. During FY 2016-17, 0.78% growth was recorded in the textile sector as compared to 0.66% last year. Moreover, there was a 20.8% increase in import of textile machinery signaling investors' confidence and prospective growth in the sector.

Pakistan has an inherent advantage of being the 4th largest producer of cotton in the world with huge potential to further increase crop yield. For success of any export led industry, local availability of basic raw material is an added advantage being a key factor in reducing cost of doing business. The production of cotton declined by 29 percent during last year while it recorded an increase of 7.6 percent in FY 2016-17 to 10.7 million bales much lower than the target of 14.1 million bales.

The country's textile exports were $13.8 billion in 2010-11, which have dropped by 10.4% to $12.4 billion in 2016-17 and were at a similar level in FY 2015-16. High cost of production, on-going power crisis, competitiveness, inconsistency in government policies and uncompetitive energy prices have contributed to the deteriorating exports. The economy's mainstay textile industry is facing unprecedented crisis for many years. Consequently, sizeable textile capacity has been severely impaired and textile exports, both in quantity and value terms, have declined across the value chain; whereas regional peers have doubled their exports.

COMPANY'S MARKET SHARE

The Company is among the country's largest composite textile mills and leading exporter of value added textile products. The Company has contributed approximately 10% in the home textile exports of the country.

PERFORMANCE OVERVIEW

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

Description	Units	2017	2016
Export sales	Rs. in millions	25,175	19,742
Local sales	Rs. in millions	13,939	12,398
Gross profit	Rs. in millions	7,046	7,306
Profit before tax (PBT)	Rs. in millions	809	1,335
Profit after tax (PAT)	Rs. in millions	818	1,141
EBITDA	Rs. in millions	3,267	3,371
Earnings per share (EPS) (2016: Restated)	Rupees	2.50	3.92
Debt to equity	Time	0.65	0.53
Current ratio	Time	1.11	1.08
Beak-up value per share	Rupees	33.40	29.93

FINANCIAL PERFORMANCE REVIEW

During FY 2016-17, overall sales have increased by 22%, with export and local sales growing by 28% and 12% respectively. Considering the textile exports trend at the national level, the Company's exports have increased commendably. Exports to European countries increased by more than 30% during the year, owing to improved quality of products.

However, the increase in sales was offset by a decrease in overall gross profit margin by 5% due to no corresponding increase in selling prices and higher cost of inputs specially cotton. Cost of manpower also increased in line with increase in minimum wages. Further, investment in machineries also increased the depreciation charge compared to last year. The company aims to improve profitability by reducing direct costs through replacement of inefficient machineries, rationalization and improvement of processes, and further controlling finance costs through improvements in the cash flow management.

The Company has earned PBT of Rs 809 million (2016: Rs 1,335 million) and PAT of Rs 818 million (2016: Rs 1,141 million).

FINANCIAL POSITION ANALYSIS

During the year the Management continued with its policy of taking advantage of historically low mark-up rates which would remain locked over the period of loan. Long term financing was enhanced by 53% during the year for replacement of old/inefficient machines as well as to enhance production capacity in the yarn and weaving segments. This will consequently improve efficiency in production processes, reduce manufacturing costs and improve self-sufficiency in production capacity. At the year end June 30, 2017, debt to equity and financial leverage ratios were recorded at 0.65 (2016: 0.53) and 1.81 (2016: 2.06) respectively.

At the year ended June 30, 2017, working capital was Rs 2,044 million as compared to Rs 1,394 million at the year ended June 30, 2016. Further, the current ratio has improved to 1.11 (2016: 1.08) due to effective current liabilities management which remained the same as last year.

In line with the policy of increasing production efficiency and enhancing capacity, the company's property, plant and equipment increased by 33% mostly due to modernization and replacement. Trade debts have increased by 41% thereby increasing debtor turnover days to 26 days at year ended June 30, 2017 from 24 days at year ended June 30, 2016.

SUBSEQUENT EVENT

The Board of Directors of the Company in its meeting held on September 23, 2017 has proposed the following:

a) **DIVIDEND**
Pay cash dividend @ Re 1.00 per share i.e. 10% for the year ended June 30, 2017.

b) **APPROPRIATION**
An amount of Rs 400 million be transferred to general reserve from unappropriated profit.

CAPITAL STRUCTURE

During the year, 20% (2016: 30%) right shares, at a premium of Rs. 15 per share issue price Rs. 25 per share, (2016: at a premium of Rs 7.50 per share issue price Rs 17.5 per share), were issued which increased the paid-up capital by Rs 594 million. Overall shareholders' equity increased by Rs 2,196 million to Rs 10,914 million as a result of the profits retained in the business as well as premium on issue of right shares.

FUNDS MANAGEMENT

The company managed to meet its cash obligations including debt servicing, investments in machinery and payment of dividend to shareholders through close monitoring of working capital requirements and cash flow forecasts. The Company manages liquidity risk by maintaining sufficient cash and ensuring that adequate credit facilities are available. At the year end, the Company had Rs 7,711 million (2016: Rs 2,975 million) unutilized credit lines and Rs 270 million (2016: Rs 308 million) cash in hand and balances in banks to cover any temporary mismatches.

BUSINESS SEGMENTS

SPINNING

Non-value added business remained stressed during the financial year due to lower demand from local and international customers. Hence, sales dropped by 12% i.e. from Rs 6,714 million to Rs 5,891 million.

Spinning	2017	2016	Change
	Rs. in millions		
Sales	5,891	6,714	-12%
Cost of sales	(5,722)	(6,494)	12%
Gross profit	169	219	-23%
Distribution & Admin expenses	(194)	(227)	15%
Operating profit / (loss) of the segment before other operating expenses	(25)	(7)	-257%

Local sales of yarn reduced due to price competitiveness and less demand for the Company's variants of yarn. Export of yarn to China also dropped due to lower demand and the managed PKR/USD parity. However, taking benefit of vertical integration, yarn produced was used in-house. The management has reviewed the product mix of the segment to bring it in line with demand and invested in new technology to increase efficiency. This will bear fruit for the segment in the future.

WEAVING

This business segment mainly caters to in-house requirements for Home Textile and Apparel. Sales revenue increased by 29% due to the increase in demand for Home Textile and Apparel both in domestic and international markets. However, GP margin dropped due to increase in prices of inputs. Financial performance of the segment is summarised in the table below:

Weaving	2017	2016	Change
	Rs. in millions		
Sales	14,616	11,351	29%
Cost of sales	(14,407)	(11,048)	-30%
Gross profit	209	303	-31%
Distribution & Admin expenses	(80)	(17)	-371%
Operating profit / (loss) of the segment before other operating expenses	129	286	-55%

PROCESSING, HOME TEXTILE AND APPAREL

This segment deals in value-added textiles which is sold in both local and foreign markets. Sales revenue of this segment increased by 23% during the year mainly on account of increase in exports and retail sales. However, higher cost of inputs for this segment also reduced GP margin from 22% to 18%.

Home Textile and Apparel	2017	2016	Change
	Rs. in millions		
Sales	37,872	30,861	23%
Cost of sales	(31,205)	(24,077)	-30%
Gross profit	6,667	6,784	-2%
Distribution & Admin expenses	(5,514)	(4,833)	-14%
Operating profit / (loss) of the segment before other operating expenses	1,153	1,952	-40%

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 27 as a part 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 analysed in detail in PESTEL and SWOT analysis on pages 75 and 76 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 sales). 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 material i.e. cotton. This is managed by planning stock levels. Further, risk of exchange rate fluctuation is managed through use of financial instruments such as Forward Contracts, Bills Discounting, etc., and through monitoring of net exposure.

c) Liquidity Risk
The Company has arranged working capital lines with various financial institutions 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 AND ITS COMMITTEES

The Board periodically reviews major risks faced by the business. 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.

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 77 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 organisation 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 and is essential in maximising competitive edge.

Understanding its importance, the company has also invested in its IT framework. Better systems and use of technology has strengthened the control environment and made financial / operational reporting accurate and timely, while providing an opportunity to continuously improve business processes and innovate.

We currently use Oracle EBS as our prime system and platform for driving information for strategic and operational decision making. The emphasis is on process improvements and establishment of internal controls. During the year, the Company has acquired "Microsoft Dynamics" for its retail operation which is under implementation.

IT GOVERNANCE POLICY

IT governance policy is in place to safeguard against loss and unauthorised access of information. 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 factories running with systems, fixed assets and inventories worth billions of rupees. We realise that some disasters may cause severe losses to the company.

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 54 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 four wholly owned subsidiaries which are engaged in trading of textile related products:

1. Gul Ahmed International Limited (FZC) incorporated in UAE on November 27, 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.

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 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, six 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, 2017 is Rs 922 million (FY 2016: As per audited accounts Rs 778 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, 2012 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 CCG and other applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon their recommendation, the same are placed before the Board for review and 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 31, 2016. 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, 2016 together with the Directors' and Auditors' report thereon.
2. Final cash dividend for the year ended June 30, 2016 @ 10%.
3. Appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants as statutory auditors for the year ended June 30, 2017 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, 2017 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, 2018.

ELECTION OF DIRECTORS

In compliance with the statutory requirement laid down under the company law, election of Directors was held at the Extraordinary General Meeting on March 31, 2017. The members elected the existing Directors and the reconstituted Board comprises of the following seven members:

1.	Mr. Mohomed Bashir	Chairman
2.	Mr. Zain Bashir	Vice Chairman
3.	Mr. Mohammed Zaki Bashir	Chief Executive
4.	Mr. Ziad Bashir	Director
5.	Mr. S.M. Nadim Shafiqullah	Director
6.	Dr. Amjad Waheed	Director
7.	Mr. Ehsan A. Malik	Director

Three years term of the new Board will complete on March 31, 2020. The newly elected Board has an optimum combination of executive, non-executive and independent non-executive directors. Five out of the seven directors on the Board are non-executive, two of whom are independent directors. All the directors have diverse exposures, 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 seven listed companies which is a requirement under the corporate law and regulations.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended June 30, 2017 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) UAE, GTM (Europe) Limited UK, GTM USA Corporation USA and Sky Home Corporation USA are attached.

FORWARD LOOKING STATEMENT

The business of the Company is directly linked with economic activity in Pakistan and its exporting countries. The management is geared up for challenges such as uncertainties in the economic environment, fluctuation in exchange rates and tough competition.

Accordingly, strategies are in place and are regularly reviewed to ensure that the Company stays on the path of growth and progress. We believe there is potential in the yarn segment and value added sector and will look to increase our market share. 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.

We are optimistic that the Company's performance will improve in the next FY, both in terms of revenue and profits.

FUTURE OUTLOOK

Pakistan's economy will continue to grow in fiscal year 2017-18 to reflect an upturn in private investment on account of better energy supply and improved security. With the CPEC taking shape and a possible end to the power crisis, economic outlook is positive. Major gains are already being seen by the service industry, construction sector and the auto industry with global players also entering the Pakistani market. The FMCG sector is also confident of growth being fuelled by rising consumer confidence and expenditure.

However, economic indicators suggest that pressures are mounting for both fiscal consolidation and external balances. The current account deficit is on the rise and so is the circular debt. Maintaining macroeconomic stability and further progress in structural reforms will be necessary to accelerate growth and ensure it is inclusive and sustainable.

The textile industry, one of the major contributors in LSM, needs to focus on value added products as there is potential in the international market. However, this would only be possible with the support of the Government with commitment to policy implementation, improved energy supply and helping exporters to build competitive cost advantage.

For the Company, investment in the balancing and modernisation of production machinery and measures to control costs will bear fruit in the next financial year. Production efficiency would improve and we expect that focus on value added and yarn segments will boost revenues. Hence, we are looking forward to the next year with immense optimism and enthusiasm.

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.

For and on behalf of the Board

Karachi
September 23, 2017

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

مفادات کا تصادم:

بورڈ کی کارروائیوں میں تمام ڈائریکٹرز اپنے مقررہ اختیارات کو استعمال کرتے ہوئے حصہ لیتے ہیں اور عمومی طور پر فیصلے اتفاق رائے سے کیے جاتے ہیں۔ کسی بھی تعلقے یا ایجنڈے پر بورڈ کے اراکین کی جانب سے کیے جانے والے اعتراض کو اجلاس کی کارروائی میں باقاعدہ طور پر تحریر کیا جاتا ہے۔

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

متعلقہ پارٹی کے مالی لین دین پر نظر ثانی:

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

CEO کی کارکردگی کا جائزہ:

بورڈ ہر سال اپنے مقاصد کے حصول اور ان حکمت عملی کا تعین کرتا ہے تا کہ کمپنی کے مشن کی تکمیل ہو سکے۔ ہر سنگ میل کے ذریعے کارکردگی کو جانچا جاتا ہے۔ اس تجزیے کی بنیاد پر جو کمپنی کی ترقی میں کردار ادا کرنے والے عوامل کی کارکردگی پر گفت و شنید کرتا ہے۔ جن عوامل کا تجزیہ کیا جاتا ہے ان میں مشن کا حصول، طویل اور مختصر المدت مقاصد، طویل المدت تجارتی ہدف کے حصول کے لیے 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 لیے اپنی دیانت دارانہ رائے کا اظہار کرتا ہے۔

چیئرمین اور CEO کا کردار:

چیئرمین بورڈ اور اسٹیک ہولڈرز 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 تیز کاروباری باریک بینی کو ظاہر کرنے کے حوالے سے متوازن رکھنے کو بھی یقینی بناتا ہے۔

CEO کی بنیادی ذمہ داری کمپنی کے نظریے، مشن اور اس کے طویل المیعاد مقاصد کے حصول کے لیے کوشش کرنا ہے۔ CEO کمپنی کے بورڈ اور انتظامیہ کے درمیان رابطے کا کردار ادا کرتا ہے اسی وجہ سے یہ انتظامیہ کی جانب سے بورڈ سے گفت و شنید کرتا ہے۔ CEO کمپنی کی روز بروز کے امور کے انتظام و انصرام اور طویل المیعاد لائحہ عمل، منصوبہ بندی اور حصص یافتگان کی مالیت میں اضافے کے لیے بہترین 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 رہنما 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 لیے فیصلے کرتا ہے۔

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

کمپنی کا سالانہ اجلاس عام 31 اکتوبر 2016 کو منعقد ہوا۔ اجلاس کے مذکورہ ذیل تمام ایجنڈے پر کسی بھی رکن کی جانب سے کسی مخصوص معاملے کی نشاندہی کیے بغیر منظوری دی گئی۔

1۔ پڑتال شدہ مجموعی (Consolidated) اور غیر مجموعی (Unconsolidated) مالی گوشوارے برائے 30 جون 2016 کو ختم ہونے والے سال بمع ڈائریکٹرز اور آڈیٹرز کی رپورٹ۔

2۔ 30 جون 2016 کو ختم ہونے والے سال کے لیے حتمی نقد منافع منقسمہ کا بھی بحساب 10 فیصد اعلان کیا گیا تھا۔

3۔ 30 جون 2017 کو ختم ہونے والے سال کے لیے میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی کا بطور قانونی آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2017 کو مکمل ہونے والے سال کے لیے سالانہ آڈٹ مکمل کر لیا ہے اور ایک غیر مشروط آڈٹ رپورٹ جاری کی ہے۔ آڈیٹرز کمپنی کے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور وہ 30 جون 2018 کو ختم ہونے والے سال میں دوبارہ تقرری کے لیے پیش کرنے کے اہل ہوں گے۔

ڈائریکٹرز کا انتخاب:

کمپنی کے قانون کی تعمیل میں، 31 مارچ 2017 کو منعقدہ کمپنی کے سالانہ غیر معمولی اجلاس عام کے دوران ڈائریکٹرز کا انتخاب منعقد کیا گیا۔ اراکین نے موجودہ ڈائریکٹرز کا انتخاب کیا اور دوبارہ تشکیل دیا جانے والا بورڈ مندرجہ ذیل سات اراکین پر مشتمل ہے۔

1	جناب محمد بشیر	چیئرمین
2	جناب زین بشیر	وائس چیئرمین
3	جناب محمد زکی بشیر	چیف ایگزیکٹو
4	جناب زیاد بشیر	ڈائریکٹر
5	جناب ایس ایم ندیم شفیق اللہ	ڈائریکٹر
6	جناب احمد وحید	ڈائریکٹر
7	جناب احسان اے ملک	ڈائریکٹر

نئے منتخب بورڈ کی تین سالہ مدت 31 مارچ 2020 کو مکمل ہوگی۔ نو منتخب شدہ ڈائریکٹرز نان ایگزیکٹو اور خود مختار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ بورڈ میں شامل سات میں سے پانچ ڈائریکٹرز نان ایگزیکٹو ہیں جبکہ دو خود مختار ڈائریکٹرز ہیں۔ تمام ڈائریکٹرز کاروبار چلانے کے لیے درکار ضروری صلاحیتوں سے مکمل لیس ہیں نیز کاروباری معاملات کو حل اور مشکلات سے نمٹنے کے لیے تیار ہیں مزید یہ کہ کوئی بھی منتخب ڈائریکٹر کارپوریٹ لاء اینڈ ریگولیٹرز کی شرائط کے مطابق سات سے زائد کمپنیز کے بورڈ آف ڈائریکٹرز میں شامل نہیں ہے۔

مجموعی (Consolidated) مالی گوشوارے:

30 جون 2017 کو ختم ہونے والے سال کے لیے 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 اسکی ہم کارپوریشن USA کے ساتھ منسلک ہیں۔

مستقبل کا لائحہ عمل:

انتظامیہ کمپنی کے اہم معاملات میں موجودہ غیر یقینی صورتحال سے بخوبی واقف ہے۔ جس کا براہ راست تعلق پاکستان اور اس کے برآمدی ممالک، اقتصادی سرگرمی اور مبادلہ کی شرح اور ساختی چیلنجز سے ہے، جو کمپنی کی کارکردگی کو بری طرح متاثر کر سکتے ہیں۔

اس لحاظ سے کمپنی کے لائحہ عمل پر باقاعدگی سے نظر ثانی کی جاتی ہے اور اسے کسٹمرز کی اولین ترجیح بنانے کے لیے اپ ڈیٹ کیا جاتا ہے۔ ہر چند کہ کاروباری ماحول بہت مسابقتی ہے لہٰذا ہم مسلسل ویلیو ایڈڈ مصنوعات کی جانب اپنی توجہ مرکوز رکھتے ہوئے اشیاء کی تیاری کی لاگت پر سختی کے ساتھ کنٹرول کرتے ہیں۔ یہ تمام امور

جدت اپنا کر اور پرانی مشینری کو تبدیل کر کے حاصل کی جائیں گی تا کہ چھوٹی سطح پر بھی کسی قسم کے خلل، بالضرورت ویسٹیج اور دوبارہ کام کرنے کے عمل سے بچا جا سکے۔

ہم مثبت امید رکھتے ہیں کہ اس سے حاصل ہونے والے بہتر کارکردگی کے نتائج کو آئندہ مالی سال میں آمدن اور زیریں سطح میں اضافے کی صورت میں دیکھا جا سکے گا۔

مستقبل کے خدوخال:

پاکستانی معیشت میں مالی سال 2017-18 کے دوران امن و امان کی بہتر صورتحال اور توانائی کی بہتر سپلائی کے سبب نجی سرمایہ کاری میں کاروان جاری رہے گا جس کے سبب معیشت ترقی کرے گی۔ CPEC بھی تکمیل کی جانب رواں ہے اور توانائی کا بحران بھی ختم ہو جائے گا لہٰذا پاکستانی معیشت کے خدوخال مثبت دکھائی دیتے ہیں۔ متعدد بڑی صنعتوں میں اہم پیش رفت پہلے سے دکھائی دے گی جس میں سرامکس انڈسٹری، تعمیرات اور آٹو موبائل شعبوں میں بین الاقوامی کمپنیوں کی آمد متوقع ہے۔ صارفین کی جانب سے قوت خرید میں اضافے کے سبب FMCG کمپنیاں بھی اپنی بڑھوتری کے لیے بہت پر امید ہیں۔

تاہم، معاشی اشاریے بیرونی محاذ اور مالی استحکام پر دباؤ کی نشاندہی کرتے ہیں۔ کرنٹ اکاؤنٹ خسارہ بڑھوتری کی جانب ہے اور اس کے ساتھ ساتھ مالی خسارہ بھی۔ یہ بہت اہم ہے کہ ملک پائیداری کو برقرار رکھتا ہوا اسٹرکچرل ریفارمز میں مزید پیش رفت کرے تا کہ اس کی ترقی میں متوازن اضافے اور استحکام کو یقینی بنایا جا سکے۔

بڑے پیمانے پر مینوفیکچرنگ کے شعبے میں ٹیکسٹائل کا شعبہ اہم ترین ہے۔ اس میں ویلیو ایڈڈ پروڈکٹس پر توجہ مرکوز رکھنے کی ضرورت ہے کیونکہ اس کی مارکیٹ میں خاصی طلب نظر آتی ہے۔ تاہم ایسا صرف اس وقت ممکن ہے جب حکومت مکمل سپورٹ مہیا کرے، پالیسیوں کا نفاذ ممکن بنائے، توانائی کی سپلائی بہتر ہو اور برآمد کنندگان کو مسابقتی فائدہ اٹھانے میں معاونت کرے۔

کمپنی کے لیے پروڈکشن مشینری میں جدت اور تجدید کے لیے سرمایہ کاری اور لاگت کے اخراجات کو کم کرنے کے لیے عوامل آئندہ آنے والے سالوں میں فائدہ مند ثابت ہوں گے۔ ہمیں توقع ہے کہ درست حکمت عملی میں بہتری اور ویلیو ایڈڈ پروڈکٹس پر توجہ مرکوز کرنے سے ہمارا ریونیو مزید بہتر ہو گا۔ ہم آئندہ آنے والے سال کے لیے نہایت مثبت سوچ کے ساتھ سرگرم عمل ہیں۔

تسلیم و تحسین:

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: 23 ستمبر 2017

منجانب بورڈ

محمد بشیر
چیئرمین

محمد زکی بشیر
چیف ایگزیکٹو آفیسر

انتظامی مقاصد اور حکمت عملی

گل احمد سرفہرست اداروں میں سے ایک ہے، جو پاکستان میں ٹیکسٹائل کی صنعت میں نمایاں ہیں۔ ان کی حکمت عملی جدت، معیار، بہترین ٹیکنالوجی کے استعمال اور ماحول اور سوسائٹی کی سرمایہ کاری کسی بھی قسم کے مجموعے کے بغیر اپنے حصص یافتگان کے سرمائے کو بڑھانے کے عہد کی پاسداری کو ظاہر کرتا ہے۔

سالانہ رپورٹ کے جزو کے طور پر مقاصد اور متعلقہ حکمت عملی کے حوالے سے تفصیل صفحہ نمبر۔۔۔۔ پر دی گئی ہے۔

نقطہ نظر:

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

رسک مینجمنٹ اور مواقع:

کمپنی ایک غیر یقینی والے ماحول میں کام کرتی ہے، جس کی PESTEL اور SWOT تجزیہ پر تفصیل اور سیر حاصل گفتگو سالانہ رپورٹ کے صفحہ نمبر۔۔۔۔ موجود ہے۔ اس لیے انتظامیہ نے ان تمام اندیشوں کی علیحدہ سے شناخت، تعین اور انسداد کے لیے ایک نظام مرتب کیا ہے۔

کمپنی کا رسک مینجمنٹ سسٹم مندرجہ ذیل پر مشتمل ہے:

(الف) کریڈٹ رسک

کمپنی اپنی مقامی فروخت کے لیے وصول کنندگان کے ڈیفالٹ ہوجانے کے خطرے سے نمٹنے سے بالکل تیار ہے (بینک گارنٹی کے علاوہ)۔ اس طرح کے امور کا انتظام مکمل مطلوبہ احتیاط سے ان کسٹمرز کے ساتھ کیا جاتا ہے جن کے لیے قرض کو بڑھایا جا رہا ہو۔ مزید واجبات چلنے سے کی جانے والی ادائیگیوں یا مناسب سکیورٹیز کے ساتھ کی جاتی ہیں۔

(ب) مارکیٹ رسک

کمپنی کا سامنا اپنے بنیادی خام مال جیسے کپاس کی قیمتوں میں تبدیلی کے خطرے سے ہے۔ اس کا انتظام اسٹاک کی پلاننگ کے ذریعے کیا جاتا ہے، مزید یہ کہ ایکسچینج ریٹ میں اتار چڑھاؤ فنانشل انسٹرومنٹس جیسے فارورڈ کنٹریکٹس، بلز ڈسکاؤنٹنگ وغیرہ اور نیٹ ایکسپوژر کی مانیٹرنگ کے ذریعے کیا جاتا ہے۔

(ج) لیکویڈیٹی رسک:

کمپنی نے ادائیگیوں اور وصولیوں کے توازن کو برقرار رکھنے کے لیے متعدد اہم فنانشل اداروں کے ساتھ معاملات حاصل کر رکھی ہیں تاکہ کاروباری آپریشنز وغیرہ کو پورا کیا جا سکے۔

کمپنی کا رسک مینجمنٹ سسٹم مندرجہ ذیل چلتی ہے۔

بورڈ اور اس کی کمیٹیاں

بورڈ کاروبار کو درپیش اہم نقصان کے اندیشوں پر وقتاً فوقتاً نظر ثانی کرتا ہے۔ جب کہ آڈٹ کمیٹی مالی اور کمپلائنس رسک پر نظر ثانی کرتی ہے۔ مشاہدہ اور افرادی قوت کے حوالے سے قائم کمیٹی ہنرمندی اور تجربہ کار عملے کو برقرار رکھنے اور رغبت دلانے کے لیے مارکیٹ سے مطابقت کے عمل کو یقینی بنانے کے لیے مشاہدہ اور ریوارڈ کی پالیسیز پر نظر ثانی کرتی ہے۔

پالیسیاں اور طریقہ کار:

بورڈ نے مخصوص پالیسیاں اور طریقہ کار وضع کیے ہیں جس سے رسک کے انتظام و انصرام میں مدد ملتی ہے۔

معلوماتی اور مجموعی اشتہ کا نظام:

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۔

اندرونی آڈٹ:

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

رسک مینجمنٹ کے حوالے سے مزید تفصیل صفحہ نمبر۔۔۔۔ پر ہے جو سالانہ رپورٹ کا %7 ہے۔

افرادی قوت (HR):

منفرد اور غیر معمولی پروڈکٹس اور سروسز مسابقتی فائدہ پہنچاتی ہیں، تاہم، ان کو سب سے بڑا فائدہ ہمارے لوگوں کو ہوتا ہے۔ جدت، کاوش اور حصول کے لیے ہمارے ملازمین کا خلوص اور لگن ہی ہماری کامیابی ہے۔ ہمارا مقصد ایک ایسے اعلیٰ کارکردگی والے ادارے کی تخلیق ہے جو ان مہارت کے حامل افراد کو مواقع فراہم کرتے ہوئے انہیں اپنے ساتھ جوڑے رکھ سکے۔

ہمارے ملازمین کی افرادی تربیت و ترقی کے لیے انہیں اعلیٰ عہدوں کے ساتھ اختیارات تفویض کیے جاتے ہیں تاکہ مشکل مراحل میں فیصلہ سازی پر عبور حاصل ہو، انہیں مسلسل راہنمائی بھی مہیا کی جاتی ہے۔

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

انفارمیشن ٹیکنالوجی (IT):

آئی ٹی ہر کاروبار کا ایک اہم جزو بن گیا ہے۔ وہ بیتے دنوں کی بات ہے جب اسے ایک معاون عمل کے طور پر سمجھا جاتا تھا۔ یہ جدت حاصل کرنے کے لیے ایک اہم پیش قدمی بن چکا ہے۔ اور ہر کاروباری شخص اس کام میں زیادہ سرمایہ کاری پر اپنی توجہ مرکوز رکھتا ہے۔

اس کی اہمیت کو سمجھتے ہوئے کمپنی نے آئی ٹی انفراسٹرکچر میں خاطر خواہ سرمایہ کاری کی ہے۔ بہتر سسٹم اور ٹیکنالوجی کے استعمال نے کنٹرول انوائرمنٹ کو مضبوط کیا ہے جو تجزیاتی آپریشنل رپورٹنگ کو موثر اور بروقت بنایا ہے، جبکہ یہ کاروبار کو مسلسل بہتر بنانے اور جدت لانے میں بھی معاونت کرتا ہے۔

ہم ریٹیل اور ہول سیل کاروبار کے لیے EBS کو بطور ای آر پی سسٹم استعمال کر رہے ہیں جو ہمیں اسٹریٹیجک اور آپریشنل فیصلہ سازی میں معلومات کی تشکیل میں معاونت کرتا ہے۔ ہمارا تمام دیگر بزنس پروسیس کو بہتر بنانے اور انٹرنل کنٹرولز کو قائم کرنے پر ہے۔ اس سال کے دوران، کمپنی نے "Microsoft Dynamics" کو بطور ریٹیل آپریشنز حاصل کیا ہے جو کہ ابھی تجرباتی کے مراحل میں ہے۔

آئی ٹی کے نظم و ضبط کی پالیسی

آئی ٹی کے نظم و ضبط کی پالیسی معلومات تک غیر مجاز رسائی روکی جاتی ہے اور اس پالیسی کے ذریعے ان میں بہتری لائی جاتی ہے۔ اس پالیسی کا مقصد تخلیق، اسٹوریج، استعمال، آرکائیونگ کی تنسیخ کی راہنمائی کرتا 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۔

۔ روزمرہ 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۔

۔ اخراجات کے تجزیہ اور احتساب کو یقینی بنانے کی غرض سے سرمایہ کے لحاظ سے بیک اینڈ بزنس کے نظام کی تخلیق۔

کاروبار کو جاری و ساری رکھنے کا منصوبہ:

جیسا کہ ہمارا شعبہ ٹیکسٹائل کے شعبے میں سب سے بڑی جامع ٹیکسٹائل ملز میں ہوتا ہے، جس کی متعدد فیکٹریاں ایک نظام کے تحت، غیر متوقع واقعات اور اداروں، رپورٹس کی انفراسٹرکچر کے ساتھ کام کر رہی ہیں اور کسی بھی قسم کی آفات ہمارے آپریشنز کو شدید نقصان پہنچا سکتی ہیں۔

کاروبار کو جاری رکھنے کے منصوبے کے ذریعے کسی بھی قسم کی قدرتی آفت یا دیگر آفات کی صورت میں کاروبار جاری رکھنے کو یقینی بنایا جاتا ہے۔ ساتھ ہی شدید نوعیت کی خرابی کے حامل سسٹم اور پروسیس کو چلانے کی سہولت بھی فراہم کرتا ہے۔ ہم اپنے ملازمین کو کسی بھی قسم کے حالات سے نبرد آزما ہونے کے لیے (جس میں کاروبار کو جاری رکھنے پر مجبور 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، رجسٹرز، لیگل، کنٹریکچوئل دستاویزات اور دیگر معاملات کی دستاویزات شامل ہیں، کو مدتوں کے لیے قانونی ضرورت اور حفاظتی نقطہ نظر سے محفوظ کر دیا جاتا ہے۔ ہم نے اپنے ریکارڈ کیپنگ آپریشنز کو اس کی محفوظ ہینڈلنگ اور آسان حصول کو یقینی بنانے کے بعد بیرونی ذرائع کی خدمات بھی حاصل کی ہیں۔

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

ادارے کی سماجی ذمہ داری:

ادارے کی سماجی ذمہ داری کی تفصیل صفحہ نمبر۔۔۔۔ پر دی گئی ہے جو کہ سالانہ رپورٹ 2017 کا %7 ہے۔

ہولڈنگ کمپنی:

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

ذیلی کمپنیز:

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

1۔ گل احمد انٹرنیشنل لمیٹڈ (FZC)۔ 27 نومبر 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 مکمل ملکیتی ادارہ ہے۔

3۔ GTM یو ایس اے کارپوریشن۔ امریکہ میں تشکیل شدہ، جو کہ GTM (یورپ) لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔

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

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 ڈائریکٹرز مندرجہ ذیل عوامل واضح کرتے ہیں:

• کمپنی کی انتظامیہ کی جانب سے تیار شدہ مالی گوشوارے، اس کے معاملات، اس کے آپریشنز کے نتائج، زر نقد اور ایکویٹی میں تبدیلی کی واضح طور پر نشاندہی کرتے ہیں۔

• کمپنی کے کھاتوں کی کتب 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 دانشمندانہ فیصلوں کی بنیاد پر بنائے گئے ہیں۔

• 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 اور ذمہ داریوں سے بخوبی آگاہ ہیں۔ Listing Regulations کی رو سے ہمارے چھ ڈائریکٹرز حضرات پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کی بورڈ ڈیولپمنٹ سیریز کے تحت کارپوریٹ گورننس لیڈرشپ اسکلز پروگرام مکمل کر چکے ہیں۔ ڈائریکٹرز (جو اس سے مستثنیٰ ہیں) چونکہ ان کو ضروری علم اور تجربہ حاصل ہے۔

• کمپنی کی going concern قابلیت پر کسی بھی قسم کا کوئی شک و شبہ نہیں ہے۔

• درج شدہ متعلقہ قواعد میں سے کارپوریٹ گورننس کی بہترین مشق سے کسی بھی قسم کا مادی انحراف رونما نہیں ہوا ہے۔

• پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون 2017 کو ان کے 922 ملین روپے (مالی سال 2016: 778 ملین روپے کے مطابق) کے غیر آڈٹ شدہ اکاؤنٹس 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 شیئرز ہولڈنگ (Pattern of shareholding)

• کمپنی کے ڈائریکٹرز، چیف ایگزیکٹیو، 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 کمپنی کے آپریشن کی تفصیلی معلومات سمیت ان کی مخصوص سرمایہ کاری سے متعلق تفصیل، منافع منقسمہ یا قواعد 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 طور پر 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 2012 کے ضابطہ اخلاق کے مطابق بورڈ نے اپنی کارکردگی کی جانچ کے لیے 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 کی نیز نگرانی سے متعلق ہے۔ بورڈ کی جانچ سے موصول شدہ آراء کی بنیاد پر تمام عوامل مد نظر رکھتے ہوئے کی جاتی ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2017 کو ختم ہونے والے سال کے لیے سالانہ رپورٹ اور پڑتال شدہ مالیاتی حسابات بمعہ آڈیٹرز رپورٹ پیش کر رہے ہیں۔

معاشی اور صنعتی جائزہ:

مالی سال 17-2016 کے دوران، پاکستانی معیشت نے گزشتہ دہائی کی سب سے بلند ترین شرح نمو کا مشاہدہ کیا۔ GDP مالی سال 17-2016 کے دوران 5.28 فیصد رہی جبکہ مالی سال 16-2015 کے دوران 4.5 فیصد تھی۔ اس ترقی کا سبب بہترین مانیٹری پالیسی، کم افراط زر، ترقیاتی امور پر اخراجات اور امن و امان کی بہتر صورتحال ہے۔ تاہم کچھ معاملات میں صورتحال تشویش ناک رہی۔ معاشی سرگرمیوں میں اضافے کے سبب درآمدات میں اضافہ ہوا اور اس کے ساتھ ساتھ ترسیلات زر میں بھی کمی واقع ہوئی جس سے کرنٹ اکاؤنٹ خسارہ، جو کہ پہلے ہی بہتر حالات میں نہیں تھا، مزید خراب صورتحال کا سامنا کرنا پڑا۔ مزید یہ کہ تیل کی قیمتوں میں ممکنہ اضافے سے توقع ہے کہ مالی اور بیرونی محاذ پر مشکلات کا سامنا ہو سکتا ہے۔ اس کے باوجود، چین پاکستان معاشی راہداری پروگرام کے تحت ہونے والی سرمایہ کاریوں سے مزید ترقی کے بہترین امکانات ہیں۔

عالمی سطح پر اشیائے خورد و نوش اور تیل کی قیمتوں میں اضافے اور معاشی سرگرمیوں میں اضافے کے سبب مقامی سطح پر طلب میں اضافے کی وجہ سے افراط زر میں اضافہ متوقع ہے جو کہ مالی سال 17-2016 میں 4.1 فیصد رہی ہے۔ تاہم زرعی پیداوار میں اضافے اور رسد کی فراہمی میں بہتری اور منظم ایکسچینج ریٹس کے سبب توقع کی جاتی ہے کہ افراط زر کی شرح 6 فیصد ہدف کے اندر رہے گی۔

مالی سال 17-2016 کے دوران صنعتی شعبے میں ترقی 5.02 فیصد رہی جو کہ مالی سال 16-2015 میں 5.80 فیصد تھی۔ بڑے پیمانے پر مینوفیکچرنگ میں گزشتہ سال کی 4.6 فیصد ترقی کے مقابلے میں 5.06 فیصد ترقی ریکارڈ کی گئی۔ اس ترقی کا سبب CPEC میں جاری ترقیاتی امور ہیں جس سے سیمنٹ، اسٹیل اور رنگ سازی کی صنعتوں کو براہ راست فائدہ حاصل ہوا ہے۔

ٹیکسٹائل پاکستان کا سب سے اہم مینوفیکچرنگ شعبہ ہے جس کی پروڈکشن میں بہت سے عوامل اور مراحل شامل ہوتے ہیں، پروسیسنگ، جننگ، اسپننگ، بنائی، رنگائی اور فنشنگ اور گارمنٹس کی تیاری تک ہر مرحلے میں بہت سے بہتر اقدامات کی صلاحیت موجود ہے۔ یہ شعبہ مجموعی صنعت کا ایک چوتھائی حصہ ہے جو 40 فیصد انڈسٹریل لیبر فورس کو روزگار مہیا کرنے کے ساتھ ساتھ قومی برآمدات میں 60 فیصد سے زائد کا حصہ رکھتا ہے۔ مالی سال 17-2016 کے دوران ٹیکسٹائل کے شعبے میں 0.78 فیصد ہموار ریکارڈ کی گئی جو کہ گزشتہ سال 0.66 فیصد تھی۔ مزید یہ کہ ٹیکسٹائل شعبے میں مشینری کی درآمدات میں 20.8 فیصد اضافہ ہوا ہے جو کہ اس اہم شعبے میں خوشحالی کو ظاہر کرتا ہے۔

پاکستان دنیا بھر میں کپاس پیدا کرنے والا چوتھا بڑا ملک ہے اور کپاس کی پیداوار میں مزید اضافے کی صلاحیت بھی رکھتا ہے۔ برآمدات میں بہترین کارکردگی دکھانے والے شعبے کے لیے ضروری ہے کہ اس کا خام مال مقامی سطح پر دستیاب ہو تاکہ کاروباری لاگت کم سے کم ہو جائے۔ گزشتہ برس کپاس کی پیداوار میں 29 فیصد کمی ریکارڈ کی گئی تھی جبکہ اس سال کپاس کی کاشت میں 7.6 فیصد اضافہ ہوا ہے، جس سے کاشت 10.7 ملین گانٹھیں رہی ہے جو ہدف مقدار 14.1 ملین گانٹھوں کے مقابلے میں بہرحال کافی کم ہے۔

ملکی ٹیکسٹائل برآمدات مالی سال 11-2010 میں 13.8 بلین ڈالر تھیں جو کہ مالی سال 17-2016 میں 10.4 فیصد کی کمی کے ساتھ 12.4 بلین ڈالر رہ گئیں جبکہ مالی سال 16-2015 میں بھی برآمدات کم و بیش اسی سطح پر موجود تھیں۔ زیادہ پیداواری لاگت، موجودہ توانائی کا بحران، مسابقتی رجحان، غیر حقیقی پالیسیوں میں عدم استحکام اور توانائی کی غیر منظم قیمتوں کے سبب برآمدات میں کمی واقع ہوئی۔ معیشت کا اہم ترین ٹیکسٹائل شعبہ گزشتہ کئی برسوں سے شدید بحران کا شکار ہے۔ جس کے نتیجے میں ٹیکسٹائل شعبے کی صلاحیتوں اور برآمدات کے حجم اور معیار دونوں میں شدید نقصان پہنچا ہے تاہم علاقائی کمپنیوں نے اپنی برآمدات کو دوگنا کیا ہے۔

کمپنی کا مارکیٹ شیئر:

کمپنی کا شمار ملک کی سب سے بڑی جامع ٹیکسٹائل فرم اور ویلیو ایڈڈ ٹیکسٹائل مصنوعات کے برآمد کنندہ کے طور پر ہوتا ہے۔ کمپنی نے ملک کی ہوم ٹیکسٹائل برآمدات میں تقریباً 10 فیصد کی شرح سے اپنا کردار ادا کیا۔

کارکردگی کا مجموعی جائزہ:

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

صراحت	یونٹس	2017	2016
ایکسپورٹ سیلز	روپے ملین میں	25,175	19,742
لوکل سیلز	روپے ملین میں	13,939	2,398
مجموعی منافع	روپے ملین میں	7,046	7,306
قبل از ٹیکس منافع (PBT)	روپے ملین میں	809	1,335
بعد از ٹیکس منافع (PAT)	روپے ملین میں	818	1,141
EBITDA	روپے ملین میں	3,267	3,371
آمدنی فی حصص (2016:Restated)	روپے	2.50	3.92
Debit to Equity	تناسب	0.65	0.53
Current Ratio	تناسب	1.11	1.08
Break-up Value per Share	روپے	33.27	26.80

مالیاتی کارکردگی کا جائزہ:

مالی سال 17-2016 کے دوران برآمدات اور مقامی سیلز میں بالترتیب 28 اور 12 فیصد اضافے کے ساتھ 24 فیصد اضافہ ہوا۔ قومی سطح پر ٹیکسٹائل برآمدات میں اضافے کے سبب کمپنی کی برآمدات میں خاطر خواہ اضافہ ہوا۔ پروڈکٹس کے معیار میں بہتری کے سبب ریٹیل کے ذریعے ملکی کی جانے والی برآمدات میں 30 فیصد اضافہ ہوا۔

خام مال کی خصوصاً کپاس کی قیمتوں میں اضافے اور پروڈکشن کی قیمتوں میں اضافہ ہونے کے سبب سیلز میں اضافے کے باوجود بھی مجموعی پرافٹ مارجن میں 5 فیصد کمی واقع ہوئی۔ کم از کم اجرت میں اضافے کے سبب بجلی کی لاگت میں بھی اضافہ ہوا۔ اس کے علاوہ گزشتہ سال کی نسبت مشینری میں سرمایہ کاری سے واجبات فرسودگی میں بھی اضافہ ہوا۔ کمپنی کا منصوبہ کار مشینری کی تبدیلی، ریٹیل آپریشن، ڈسٹری بیوشن طریقہ کار میں بہتری، کیش فلو مینجمنٹ میں بہتری کے ذریعے لاگت کو کنٹرول کرتے ہوئے مال کی مجموعی آمد کرتے ہوئے منافع کو بڑھانا ہے۔

کمپنی نے قبل از ٹیکس منافع 809 ملین روپے (2016: Rs. 1,335 million) اور بعد از ٹیکس منافع 818 ملین روپے (2016: Rs. 1,141 million) روپے کمائے ہیں۔

مالی ساکھ کا تجزیہ:

اس سال کے دوران مینجمنٹ نے تاریخ کی سب سے کم ترین شرح سود سے فائدہ اٹھانے کی پالیسی کو جاری رکھا جو کہ قرض کی مدت کے دوران ختم ہو جائے گی۔ یارن اور ویونگ کے شعبے میں پیداواری کارکردگی کو بہتر بنانے کے لیے پرانی اور غیر موثر مشینوں کو تبدیل کرنے کی غرض سے طویل المدت فنانسنگ کو بڑھا کر 53 فیصد کر دیا گیا۔ اس اقدام کے سبب پروڈکشن کی موثریت میں اضافہ ہو گا، مینوفیکچرنگ کی لاگت میں کمی آئے گی اور پروڈکشن میں بہتری آئے گی۔ 30 جون 2017 کو ختم ہونے والے سال کے دوران، debit to equity اور فنانشل لیوریج تناسب بالترتیب (2016: 0.53) 0.65 اور (2016: 2.06) 1.81 رہے۔

30 جون 2017 کو ختم ہونے والے سال میں، ورکنگ کیپٹل 2,044 ملین روپے رہا جو کہ 30 جون 2016 کو ختم ہونے والے سال میں 1,394 ملین روپے تھا۔ موثر کرنٹ اثاثوں کی مینجمنٹ کے سبب کرنٹ ریشو بہتر ہو کر 1.11 رہا (2016:1.08)۔

پروڈکشن کی صلاحیت اور گنجائش میں اضافے کی حکمت عملی کے مدنظر کمپنی نے پراپرٹی، پلانٹ اور آلات کی جدت اور تبدیلی کی لاگت میں 33 فیصد اضافہ کیا۔ تجارتی قرضہ جات میں 41 فیصد اضافہ ہوا۔ debtor turnover 30 جون 2017 کو ختم ہونے والے سال میں گزشتہ سال کے مقابلے میں 24 دن سے بڑھ کر 26 دن ہو گیا۔

آمدن کا استعمال:

کمپنی کے بورڈ آف ڈائریکٹرز نے 23 ستمبر 2017 کو منعقدہ اجلاس میں مندرجہ ذیل تجاویز پیش کی ہیں:

(الف) منافع منقسمہ

30 جون 2017 کو ختم ہونے والے سال کے لیے بحساب -/1.00 روپے فی حصص جو کہ 10 فیصد ہے نقد منافع منقسمہ ادا کیا جائے گا۔

(ب) تخصیص

غیر تخصیص شدہ منافع میں سے جنرل ریزرو میں 400 ملین روپے کی رقم منتقل کی جائے۔

اصل سرمایہ کاری کے خدوخال:

سال کے دوران (2016:30%) 20% رائٹ شیئرز، 15 روپے فی شیئر کے حساب سے 25 روپے فی شیئر کا اجرا کیا گیا (2016: 7.50 روپے فی شیئر کے حساب سے 17.5 روپے فی شیئر کا اجرا کیا گیا) جس سے پیڈ اپ کیپٹل بڑھ کر 594 ملین روپے ہو گیا۔

منافع کے دوبارہ کاروبار میں برقرار رکھنے اور رائٹ شیئرز کے اجرا پر پریمیم کے سبب شیئر ہولڈرز کی ایکویٹی 2,196 ملین روپے سے بڑھ کر 10,914 ملین روپے ہو گئی۔

فنڈز کا انتظام و انصرام:

مینجمنٹ نقصان کے امکانات کے انکشافات اور پائے جانے والے مواقعوں سے فائدہ اٹھانے کی غرض سے شرح سود اور بیرونی زرمبادلہ کی شرح کے ساتھ ساتھ کام کرنے کے سرمایے کی مطلوبہ ضرورت اور تسلسل زر کی پیش گوئیوں کا بغور جائزہ لیتی ہے۔ کمپنی مناسب نقد رقم کو برقرار رکھ کر اور مناسب کریڈٹ کی سہولیات کی دستیابی کے ذریعے زر نقد (لیکویڈیٹی) رسک کا بندوبست کرتی ہے۔ سال کے اختتام پر، کمپنی کے پاس 7,711 ملین روپے (2016: Rs. 2,975 million) غیر استعمال شدہ کریڈٹ لائنز کی مد میں اور 270 ملین (2016: Rs. 308 million) بینک میں جمع جات کی صورت میں موجود تھے تاکہ کسی بھی قسم کے عارضی عدم تناسب کو پورا کیا جا سکے۔

کاروباری شعبہ جات:

اسپننگ:

ہوزری ویلیو ایڈڈ سیکٹرز، مقامی اور بین الاقوامی کسٹمرز کی جانب سے طلب میں کمی کے سبب شدید دباؤ کا شکار رہا لہٰذا سیلز 12 فیصد کمی کے ساتھ 6,714 ملین روپے سے کم ہو کر 5,891 ملین روپے رہ گئی۔

اسپننگ	2017	2016	تبدیلی
سیلز	5,891	6,714	-12%
سیلز کی لاگت	(5,722)	(6,494)	12%
مجموعی منافع	169	219	-23%
ترسیل اور انتظامی اخراجات	(194)	(227)	15%
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نتیجہ	(25)	(7)	-257%

قیمتوں میں مسابقتی رجحان اور کمپنی کی جانب سے پیدا کیے جانے والے سوت کی قسم کی طلب میں کمی کے سبب سوت کی فروخت میں کمی واقع ہوئی۔ طلب میں کمی کے سبب چین کو سوت کی برآمد میں کمی آئی۔ پاکستانی روپے اور امریکی ڈالر کے مصنوعی مساوی زرمبادلہ نے متاثر کیا۔ تاہم اس صورتحال سے فائدہ اٹھاتے ہوئے سوت کو کمپنی کی اپنی پروڈکشن کے لیے استعمال کیا گیا۔ مینجمنٹ نے اس سیگمنٹ میں پروڈکٹ مکس کا جائزہ لیا ہے تاکہ اسے طلب کے مطابق بنایا جا سکے اور ساتھ ساتھ ٹیکنالوجی میں بھی سرمایہ کاری کی گئی تاکہ موثریت کو بہتر بنایا جا سکے۔ ان اقدامات کے سبب مستقبل میں اس سیگمنٹ کے اندر بہتر نتائج حاصل ہوں گے۔

ویونگ:

یہ کاروباری شعبہ ہوم ٹیکسٹائل اور اپیرل کی زیادہ تر اندرونی ضروریات پوری کرنے میں اپنا کردار ادا کرتا ہے۔ مقامی اور بین الاقوامی تجارتی دونوں پر ہوم ٹیکسٹائل اور اپیرل کی طلب میں اضافے کے سبب سیلز ریونیو میں 29 فیصد اضافہ ہوا۔ تاہم ان پٹ کی قیمتوں میں اضافے کے سبب GP مارجن میں کمی واقع ہوئی۔ مالی کارکردگی ذیل میں درج جدول کے مطابق ہے۔

ویونگ	2017	2016	تبدیلی
سیلز	5,891	6,714	-12%
سیلز کی لاگت	(5,722)	(6,494)	12%
مجموعی منافع	169	219	-23%
ترسیل اور انتظامی اخراجات	(194)	(227)	15%
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نتیجہ	(25)	(7)	-257%

پروسیسنگ، ہوم ٹیکسٹائل اور اپیرل

یہ شعبہ ویلیو ایڈڈ ٹیکسٹائل کے بارے میں ہے جو کہ مقامی اور بین الاقوامی دونوں طرح کی مارکیٹس میں فروخت کی جاتی ہیں۔ سال کے دوران اس شعبے میں سیلز ریونیو 23 فیصد بڑھا جس کی وجہ برآمدات اور مقامی سیلز میں اضافہ ہے۔ تاہم ان پٹ کی زیادہ لاگت کے سبب اس شعبے میں GP مارجن 22 فیصد سے کم ہو کر 18 فیصد ہو گیا۔

ہوم ٹیکسٹائل اینڈ اپیرل	2017	2016	تبدیلی
سیلز	37,872	30,861	23%
سیلز کی لاگت	(31,205)	(24,077)	-30%
مجموعی منافع	6,667	6,784	-2%
ترسیل اور انتظامی اخراجات	(5,514)	(4,833)	-14%
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نتیجہ	1,153	1,952	-40%

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 program which aims to improve the environment along with the live hood of the farmers. This is achieved by observing 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 supply chain
- Endure the credibility and sustainability of BCI

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

The Company is a member of BCI and strictly promotes BCI's objective by purchasing the cotton which is produced according to its guidelines. The Company purchased BCI cotton equality 14,647 tons in FY 2017 and 11,319 tons in FY 2016.

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. 1414 million in FY 2017 (FY 2016: 1,046 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 a program called 'Ideas for a better tomorrow' last year. The program initiated events like "Pakistan Day Celebration", for school children, "Mother's Day Commemoration" for abandoned mothers, "Khelo Kricket" for women cricketers, and aiding a Boxing Club and training center in a neglected area of Karachi etc.

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 had around three dozen special persons as a part of human resource at the year end.

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 the 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 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, a Water Recycling Plant with a capacity to recycle approximately one million gallons of water involving an investment of around 2.5 million Euros is under active consideration. This will be in addition to the effluent treatment plant already operational since 2006 which meets all the NEQS standards.

Combined Cycle Gas Turbine

Combined Cycle Gas Turbines are running in the Company which helps in utilizing the energy of hot flue gases into waste heat recovery boiler, to produce high pressure steam generation thereby reducing our carbon footprint, while producing 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 had installed two Caustic Recovery Plants (CRP) at its processing facility to recover caustic weekly 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. 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 2017 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, 2017, 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 Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder's needs.
- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors and Executives or their spouses were notified to the Company Secretary along with the required information which was notified by the Company Secretary to the Board. All such holdings have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution to shareholders or any other business decision, which could materially affect the share price of the Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

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

EXTERNAL AUDITORS

- The statutory Auditors of the Company, Kreston Hyder Bhimji & Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2017 and shall retire on the conclusion of the 65th Annual General Meeting.
- The Audit Committee has discussed Audit observations with the External Auditors. Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting. Audit observations for interim review were also discussed with the 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 65th Annual General Meeting scheduled for October 28, 2017 and have indicated their willingness to continue as Auditors.
- The Audit Committee has recommended the appointment of Kreston Hyder Bhimji & Co., Chartered Accountants, as External Auditors of the Company for the year ending June 30, 2018.

Karachi
September 23, 2017

S.M. Nadim Shafiqullah
Chairman Audit Committee

FINANCIAL HIGHLIGHTS

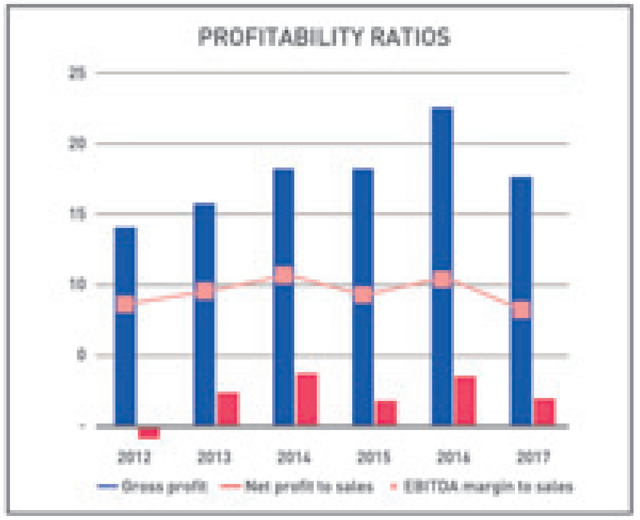
Profit and Loss	2017	2016	2015	2014	2013	2012
	Rupees in millions					
Sales	39,904	32,275	33,355	33,013	30,243	24,945
Gross profit	7,046	7,306	6,094	5,976	4,751	3,512
Operating profit	1,686	2,245	2,118	2,659	2,120	1,400
Profit/(Loss) before tax	809	1,335	783	1,496	852	(1)
Profit/(loss) after tax	818	1,141	605	1,235	711	(240)
Cash dividend	356	555	343	81	-	-
Bonus shares	-	-	-	457	305	-
Balance Sheet						
Property, plant and equipment	15,969	12,050	9,039	8,210	7,132	6,829
Intangible	78	13	11	20	23	27
Long-term investment, loans, advances and deposits	291	236	165	151	112	109
Net current assets	2,044	1,394	756	890	666	(98)
Total assets employed	18,382	13,693	9,971	9,271	7,933	6,867
Represented by						
Share capital	3,565	2,971	2,285	1,828	1,523	1,270
Reserves	7,349	5,746	4,884	4,832	3,905	3,203
Shareholders' equity	10,914	8,717	7,169	6,660	5,428	4,473
Long-term loans	7,146	4,630	2,408	2,239	2,155	2,096
Deferred liabilities	322	345	394	372	350	298
Total capital employed	18,382	13,692	9,971	9,271	7,933	6,867
Cash Flow Statement						
Operating activities	2,116	(2,085)	670	2,090	(161)	3,497
Investing activities	(5,320)	(4,159)	(1,783)	(1,833)	(1,068)	(920)
Financing activities	4,097	2,407	108	217	210	(70)
Cash and cash equivalents at the end of the year	(11,665)	(12,559)	(8,721)	(7,715)	(8,188)	(7,169)

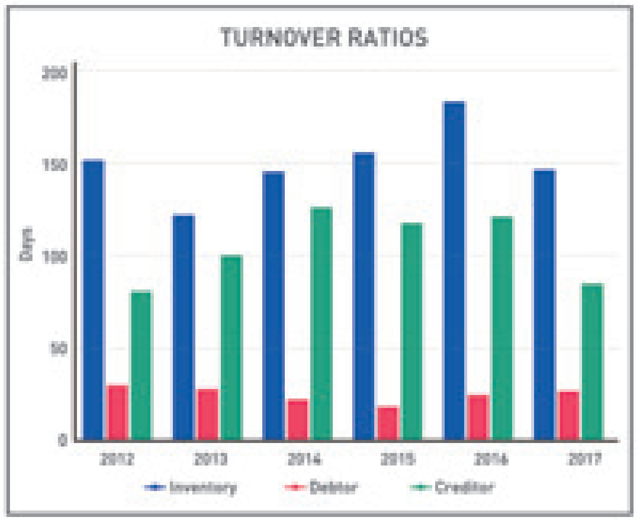
FINANCIAL RATIOS

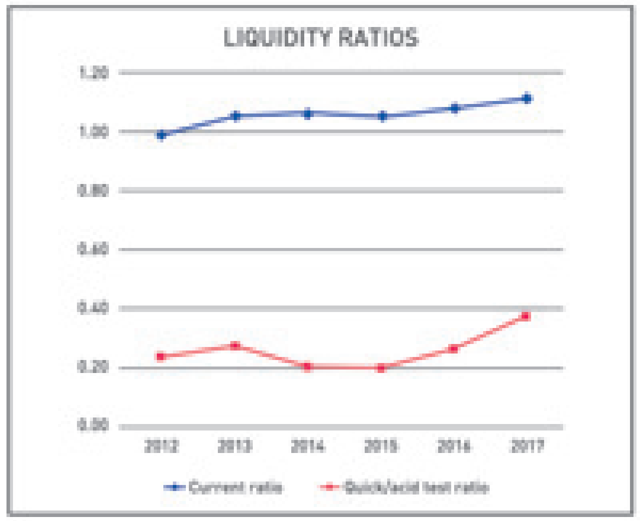
Profitability ratios		2017	2016	2015	2014	2013	2012
Gross profit ratio	%	17.66	22.64	18.27	18.10	15.71	14.02
Operating leverage ratio	Times	(1.05)	(1.86)	(19.65)	2.77	2.56	23.48
EBITDA margin to sales	%	8.19	10.49	9.28	10.66	9.59	8.53
Net profit to sales	%	2.05	3.54	1.81	3.74	2.35	(0.96)
Return on equity	%	8.34	14.37	8.75	20.43	14.36	(5.23)
Return on capital employed	%	18.35	18.97	22.01	30.91	28.65	19.90
Liquidity ratios							
Current ratio		1.11	1.08	1.05	1.06	1.05	0.99
Quick/acid test ratio		0.37	0.26	0.24	0.20	0.27	0.24
Cash to current liabilities		0.01	0.02	0.01	0.01	0.01	0.01
Cash flow from operations to sales		0.05	(0.06)	0.02	0.06	(0.01)	0.14
Capital structure ratios							
Financial leverage ratio		1.81	2.06	1.67	1.62	2.03	2.25
Weighted average cost of debt		0.04	0.04	0.09	0.10	0.11	0.11
Debt to equity ratio		0.65	0.53	0.34	0.34	0.40	0.47
Interest cover ratio		1.92	2.47	1.59	2.29	1.67	0.98
Turnover ratios							
Inventory turnover	Days	146	184	155	145	122	151
Inventory turnover ratio		2.50	1.99	2.35	2.52	3.00	2.41
Debtor turnover	Days	26	24	18	22	28	30
Debtor turnover ratio		13.98	15.09	20.33	16.76	13.01	12.15
Creditor turnover	Days	84	120	118	126	100	86
Creditor turnover ratio		4.38	3.38	3.10	2.91	3.64	4.23
Fixed assets turonver ratio		2.50	2.68	3.69	4.02	4.24	3.65
Total assets turnover ratio		1.09	1.00	1.34	1.36	1.43	1.41
Operating cycle	Days	88	88	55	41	49	95
Investment/Market ratios							
Earnings per share	Rupees	2.50	*3.92	2.30	5.40	3.21	(1.12)
Price earning ratio		16.36	*9.23	18.53	11.85	7.39	(18.87)
Price to book ratio		0.40	*0.33	0.45	0.48	0.17	0.15
Dividend yield ratio		0.02	0.03	0.03	0.02	-	-
Cash dividend per share	Rupees	1.00	1.00	1.50	1.50	-	-
Bonus shares issued	%	-	-	-	25	20	-
Dividend payout ratio	%	0.40	0.26	0.65	0.28	-	-
Dividend cover ratio	Times	2.50	3.92	1.77	4.50	-	-
Breakup value per share	Rupees	33.40	29.93	31.37	29.14	27.41	25.90
Market value per share;							
at the end of the year	Rupees	40.98	36.19	49.05	64.01	23.74	21.11
high during the year	Rupees	61.2	53.20	73.25	72.35	27.64	64.29
low during the year	Rupees	36.00	32.99	44.65	20.50	19.16	16.05
EBITDA	Rs. Million	3,267	3,371	3,094	3,519	2,900	2,129

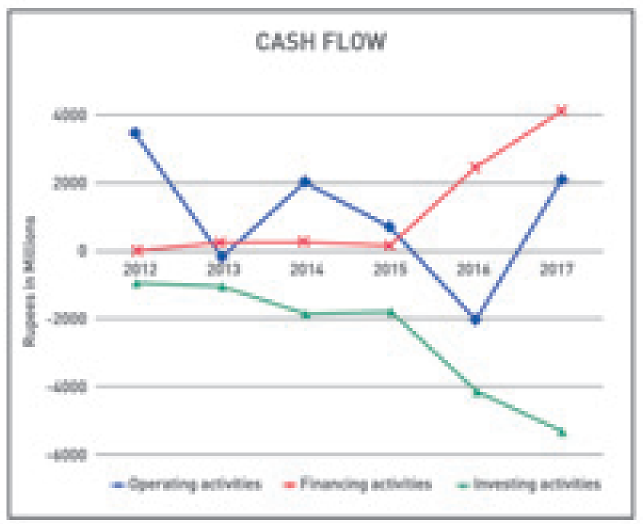
* Restated based on number of shares outstanding as on June 30, 2017.

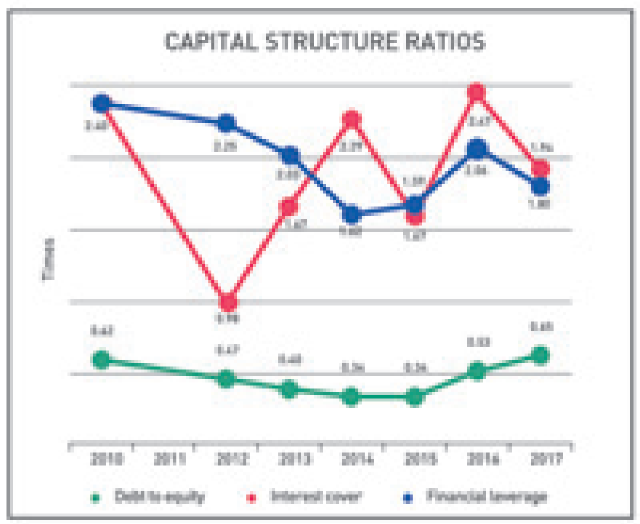
GRAPHICAL ANALYSIS

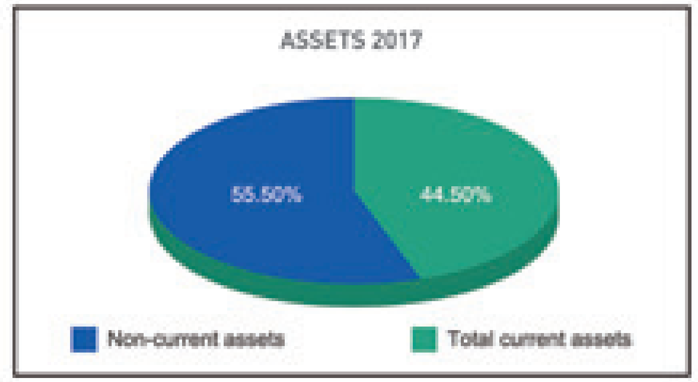


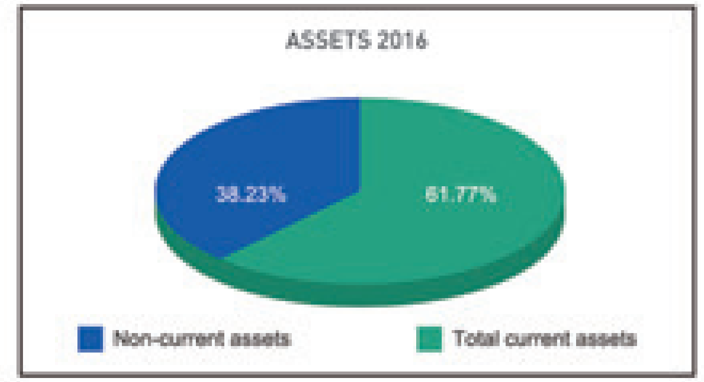


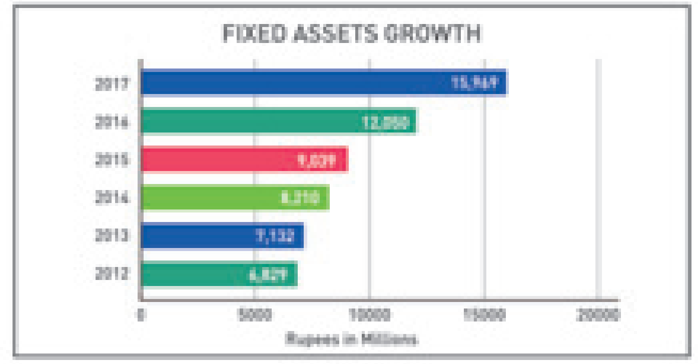


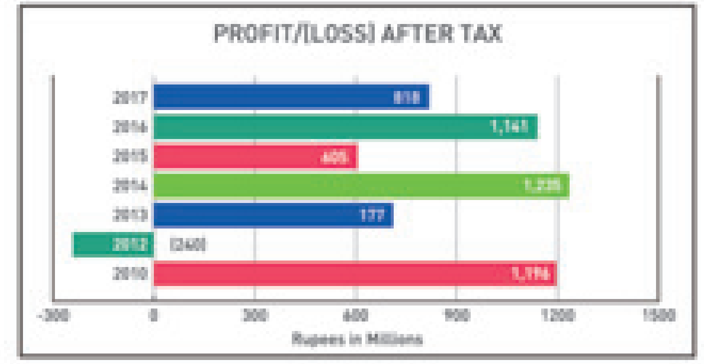


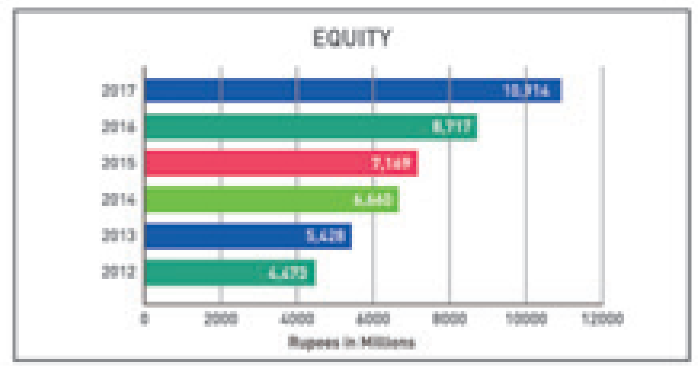


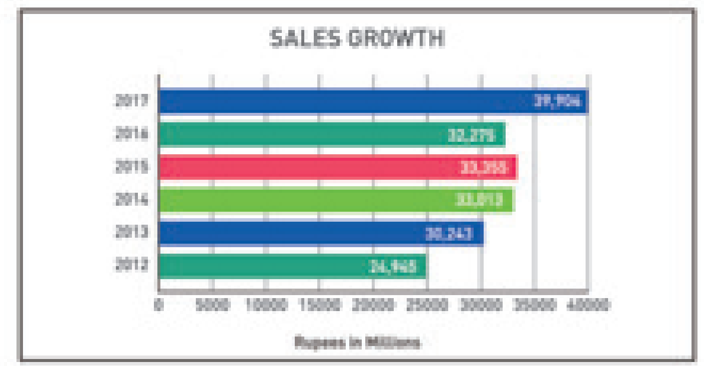


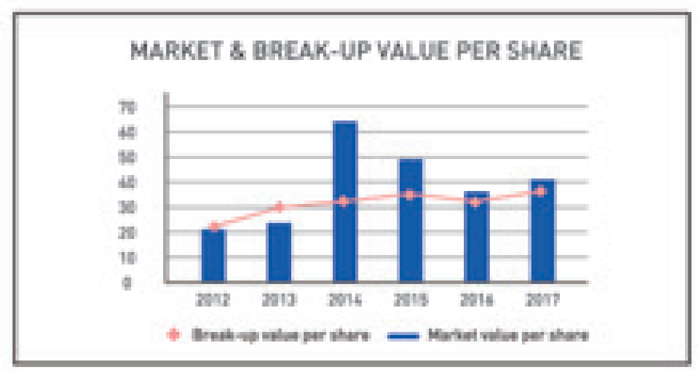


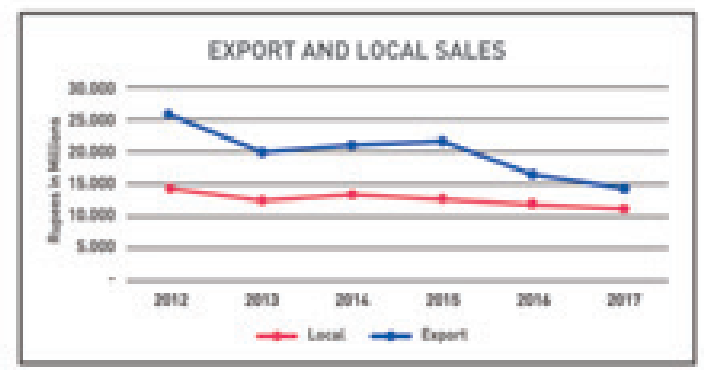


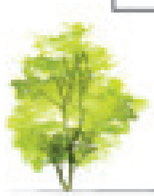








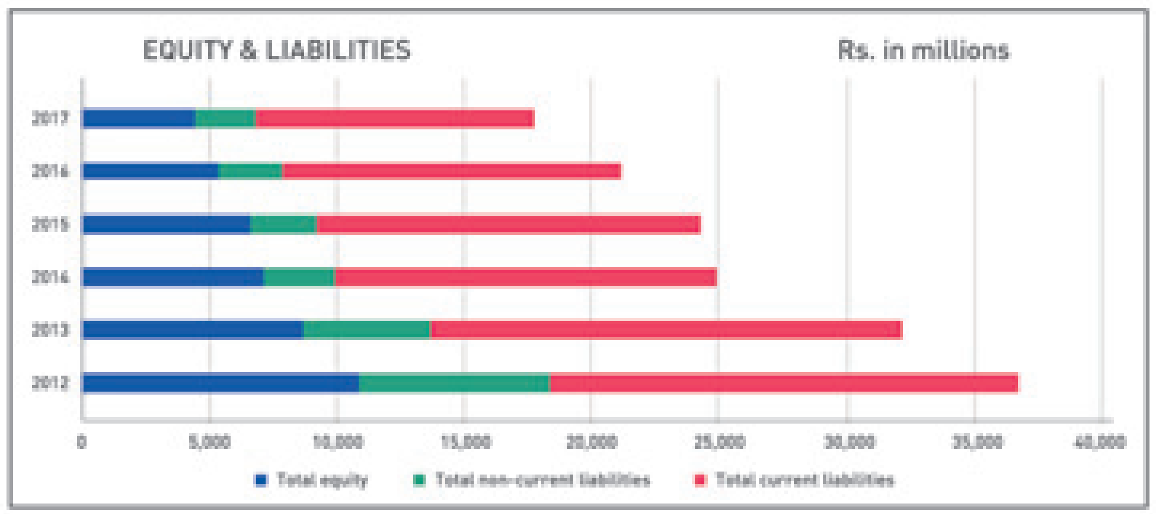




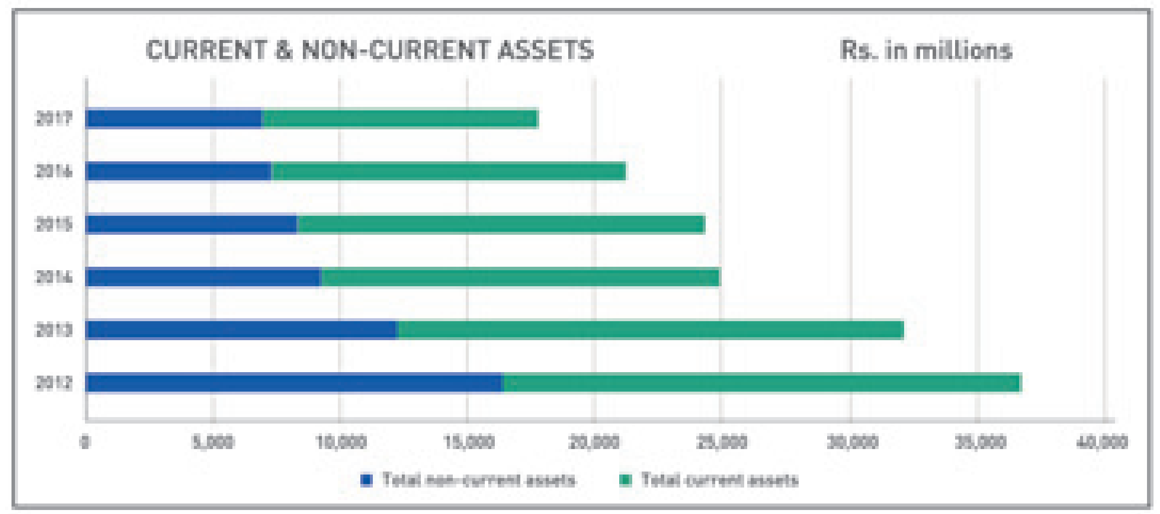
HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

GulAhmed
SINCE 1953

	2017	2016	2015	2014	2013	2012
	Rupees (000s)					
Balance Sheet						
Total equity	10,913,917	8,718,239	7,169,472	6,659,902	5,428,502	4,472,509
Total non-current liabilities	7,468,625	4,975,661	2,802,022	2,611,673	2,504,664	2,394,295
Total current liabilities	18,336,130	18,475,363	14,971,853	15,005,632	13,255,764	10,851,954
Total equity and liabilities	36,718,672	32,169,263	24,943,347	24,277,207	21,188,930	17,718,758
Total non-current assets	16,338,163	12,299,727	9,215,047	8,381,303	7,267,065	6,964,606
Total current assets	20,380,509	19,869,536	15,728,300	15,895,904	13,921,865	10,754,152
Total assets	36,718,672	32,169,263	24,943,347	24,277,207	21,188,930	17,718,758
Profit & loss account						
Net sales	39,904,322	32,274,556	33,354,784	33,012,724	30,242,719	24,944,859
Cost of sales	(32,858,482)	(24,968,291)	(27,260,395)	(27,036,675)	(25,491,927)	(21,432,746)
Gross profit	7,045,840	7,306,265	6,094,389	5,976,049	4,750,792	3,512,113
Distribution expenses	(3,483,858)	(3,242,285)	(2,602,887)	(2,122,659)	(1,509,886)	(1,322,582)
Administrative expenses	(2,304,764)	(1,833,967)	(1,531,584)	(1,313,920)	(1,086,920)	(955,070)
Other expenses	(58,377)	(137,554)	(185,397)	(116,199)	(72,356)	(653)
Other income	487,338	152,538	343,095	235,555	38,558	166,617
Operating profit	1,686,179	2,244,997	2,117,616	2,658,826	2,120,188	1,400,425
Financial expenses	(877,417)	(910,488)	(1,334,289)	(1,162,850)	(1,268,651)	(1,401,842)
Profit before taxation	808,762	1,334,509	783,327	1,495,976	851,537	(1,417)
Income tax expense	9,660	(193,079)	(178,384)	(261,179)	(140,474)	(238,947)
Profit for the year	818,422	1,141,430	604,943	1,234,797	711,063	(240,364)

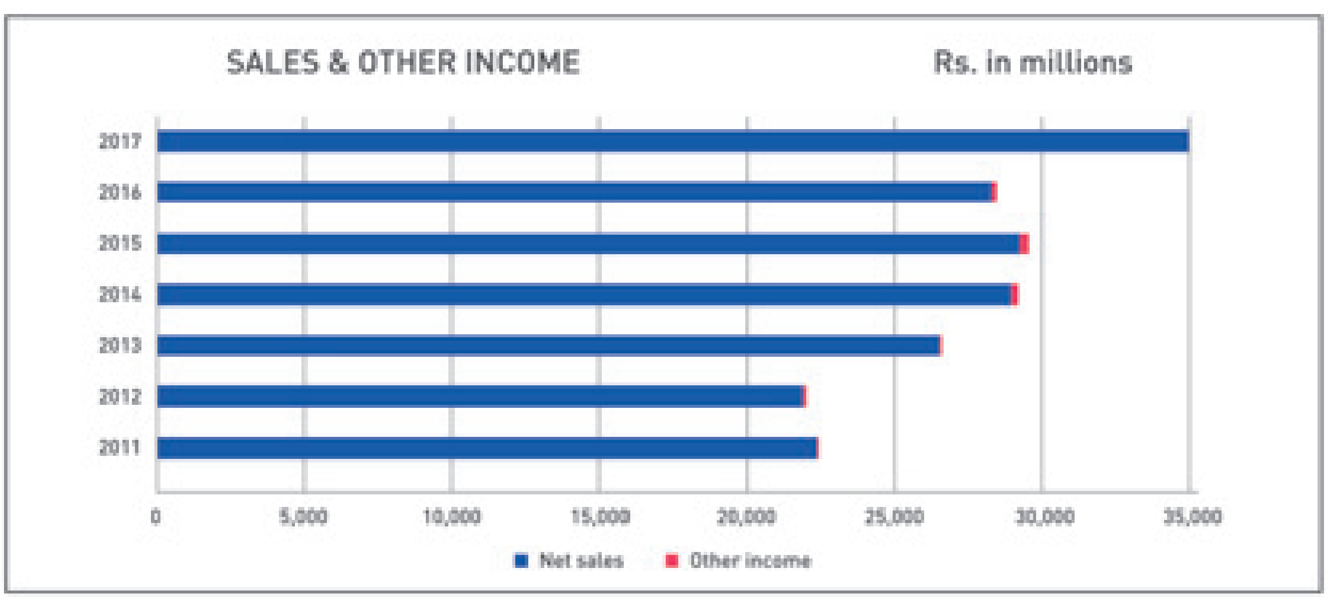


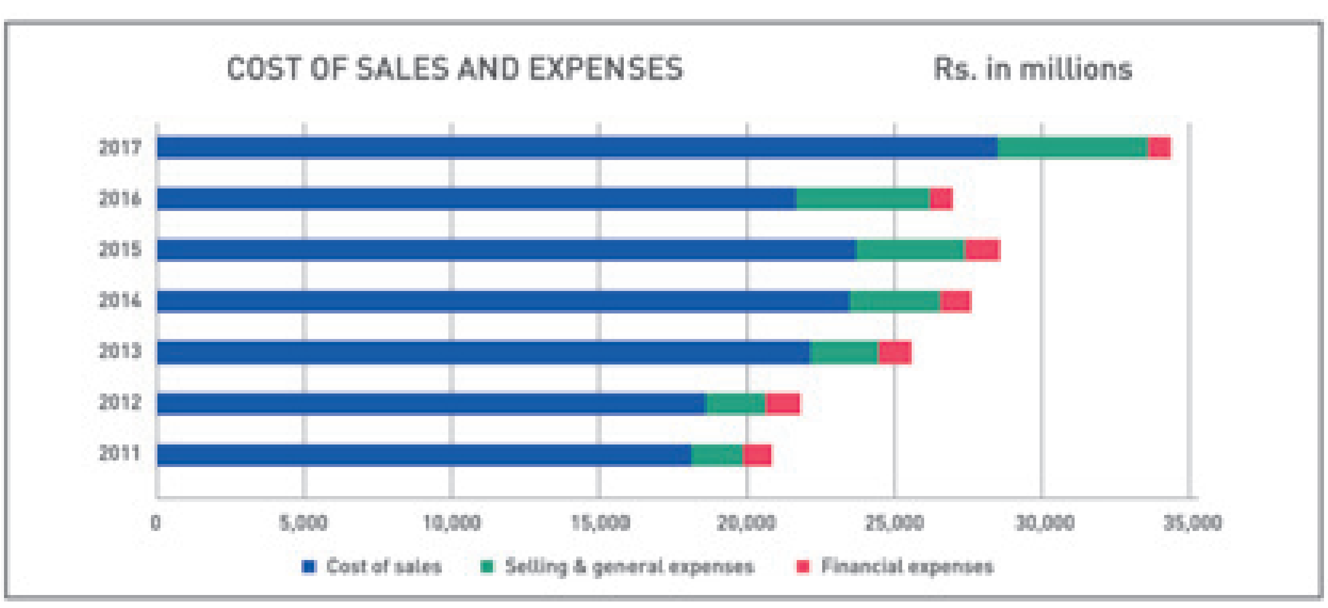
	2017	2016	2015	2014	2013	2012
	Variance %					
Balance Sheet						
Total equity	25.18	21.60	7.65	22.68	21.37	24.38
Total non-current liabilities	50.10	77.57	7.29	4.27	4.61	(1.44)
Total current liabilities	(0.75)	23.40	(0.23)	13.20	22.15	26.56
Total equity and liabilities	14.14	28.97	2.74	14.57	19.58	21.36
Total non-current assets	32.83	33.47	9.95	15.33	4.34	11.45
Total current assets	2.57	26.33	(1.05)	14.18	29.46	28.78
Total assets	14.14	28.97	2.74	14.57	19.58	21.36
Profit & loss account						
Net sales	23.64	(3.24)	1.04	9.16	21.24	(1.93)
Cost of sales	31.60	(8.41)	0.83	6.06	18.94	3.00
Gross profit	(3.56)	19.89	1.98	25.79	35.27	(24.09)
Distribution expenses	7.45	24.56	22.62	40.58	14.16	67.11
Administrative expenses	25.67	19.74	16.57	20.88	13.81	36.42
Other expenses	(57.56)	(25.81)	59.55	60.59	10,980.55	(99.44)
Other income	219.49	(55.54)	45.65	510.91	(76.86)	568.31
Operating profit	(24.89)	6.02	(20.36)	25.41	51.40	(53.99)
Financial expenses	(3.63)	(31.76)	14.74	(8.34)	(9.50)	27.67
Profit before taxation	(39.40)	70.36	(47.64)	75.68	(60,204.70)	(100.07)
Income tax expense	105.00	8.24	(31.70)	85.93	(41.21)	(29.93)
Profit for the year	(28.30)	88.68	(51.01)	73.66	(395.83)	(114.98)



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2017		2016		2015		2014		2013		2012	
	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%
Balance Sheet												
Total equity	10,913,917	29.72	8,718,239	27.10	7,169,472	28.74	6,659,902	27.43	5,428,502	25.62	4,472,509	25.24
Total non-current liabilities	7,468,625	20.34	4,975,661	15.47	2,802,022	11.23	2,611,673	10.76	2,504,664	11.82	2,394,295	13.51
Total current liabilities	18,336,130	49.94	18,475,363	57.43	14,971,853	60.02	15,005,632	61.81	13,255,764	62.56	10,851,954	61.25
Total equity and liabilities	36,718,672	100.00	32,169,263	100.00	24,943,347	100.00	24,277,207	100.00	21,188,930	100.00	17,718,758	100.00
Total non-current assets	16,338,163	44.50	12,299,727	38.23	9,215,047	36.94	8,381,303	34.52	7,267,065	34.30	6,964,606	39.31
Total current assets	20,380,509	55.50	19,869,536	61.77	15,728,300	63.06	15,895,904	65.48	13,921,865	65.70	10,754,152	60.69
Total assets	36,718,672	100.00	32,169,263	100.00	24,943,347	100.00	24,277,207	100.00	21,188,930	100.00	17,718,758	100.00
Profit & loss account												
Net sales	39,904,322	100.00	32,274,556	100.00	33,354,784	100.00	33,012,724	100.00	30,242,719	100.00	24,944,859	100.00
Cost of sales	(32,858,482)	(82.34)	(24,968,291)	(77.36)	(27,260,395)	(81.73)	(27,036,675)	(81.90)	(25,491,927)	(84.29)	(21,432,746)	(85.92)
Gross profit	7,045,840	17.66	7,306,265	22.64	6,094,389	18.27	5,976,049	18.10	4,750,792	15.71	3,512,113	14.08
Distribution expenses	(3,483,858)	(8.73)	(3,242,285)	(10.05)	(2,602,887)	(7.80)	(2,122,659)	(6.43)	(1,509,886)	(4.99)	(1,322,582)	(5.30)
Administrative expenses	(2,304,764)	(5.78)	(1,833,967)	(5.68)	(1,531,584)	(4.59)	(1,313,920)	(3.98)	(1,086,920)	(3.59)	(955,070)	(3.83)
Other income	487,338	1.22	152,538	0.47	343,095	1.03	235,555	0.71	38,558	0.13	166,617	0.67
Other expenses	(58,377)	(0.15)	(137,554)	(0.43)	(185,397)	(0.56)	(116,199)	(0.35)	(72,356)	(0.24)	(653)	(0.00)
Operating profit	1,686,179	4.23	2,244,997	6.96	2,117,616	6.35	2,658,826	8.05	2,120,188	7.01	1,400,425	5.61
Financial expenses	(877,417)	(2.20)	(910,488)	(2.82)	(1,334,289)	(4.00)	(1,162,850)	(3.52)	(1,268,651)	(4.19)	(1,401,842)	(5.62)
Profit before taxation	808,762	2.03	1,334,509	4.13	783,327	2.35	1,495,976	4.53	851,537	2.82	(1,417)	(0.01)
Income tax expense	9,660	0.02	(193,079)	(0.60)	(178,384)	(0.53)	(261,179)	(0.79)	(140,474)	(0.46)	(238,947)	(0.96)
Profit for the year	818,422	2.05	1,141,430	3.54	604,943	1.81	1,234,797	3.74	711,063	2.35	(240,364)	(0.96)





Gul Ahmed SINCE 1953

COMMENTS ON FINANCIAL ANALYSIS

EQUITY AND LIABILITIES

- **Shareholders' Equity**
  Total equity of the Company has increased by Rs. 2.20 billion as compared to the prior year i.e. 25.20% growth. As at June 30, 2017, total equity was Rs. 10.91 billion which indicates a growth of around 2.5 times over the last six years. The issued share capital was raised again during 2017, via right issue of Rs. 0.59 billion and the total paid-up capital as at the year end was Rs. 3.56 billion. Reserves of the Company increased to Rs. 7.35 billion after taking into effect dividend paid during the year amounting to Rs. 0.98 billion.

- **Non-Current Liabilities**
  Total long term liabilities have increased by 53% 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 as well as overvalued PKR. For the same reason, long term liabilities increased by 92% during 2016 as compared with 2015. Deferred liabilities which include deferred taxation and staff retirement benefits have reduced by around 10% as compared to the last year. However, there was no material change in the same during prior five years.

- **Current Liabilities**
  Current liabilities are approximately at the same level as compared to the corresponding year. There is an increase of Rs. 576 million in trade and other payables as well as increase in current obligation to pay long term liabilities due to increase in the level of debts. However, the same has been compensated by reduction in short term borrowings due to effective credit monitoring and purchase policy. There has been an increase of about Rs. 7.5 billion in current liabilities over the last six years due to increase in operational level as well as higher cost of inputs.

ASSETS

- **Non-Current Assets**
  Non-current assets of the Company including property, plant and equipment, intangible assets and long term investments reflected a significant increase as compared to the prior year. This was primarily due to net additions in operating fixed assets during the year amounting to Rs. 3.92 billion, whereas there was an increase of Rs. 3.01 billion during last year. As mentioned above, the investment is due to the management's decision to take advantage of currently prevailing interest rates. Over the last six years, non-current assets have grown by more than 2.5 times which indicates steady growth in the operational capability of the Company.

- **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 Rs. 0.51 billion due to increase in the top line. Other receivables have increased substantially besides increase in current assets due to higher operational level.

PROFIT AND LOSS

- **Revenue and Cost of Sales**
  Both export and local sales have increased by Rs. 5.4 billion and Rs. 1.5 billion respectively, as compared to last year. Over the last six years, sales have increased by around 60% i.e. by Rs. 15 billion. Besides exports, the Company is also focusing on the local market through its chain of retail stores. Having strong footprints now due to its brand image, innovative products and focus on customer satisfaction by having robust quality management systems, the Company is expanding in target markets across the country.

- **Gross Profit**
  Despite increase in sales in the current year, gross profit margin reduced by 5% primarily due to the higher raw material and other input costs, as well as the constant Rupee/Dollar parity. In spite of the best efforts, due to immense competition, attempts to increase selling prices were not successful and we had to compromise to retain customers. This in turn reduced our gross margin. The reduction may have been greater, but for the economies obtained as a result of installation of advanced machinery and effective control over costs. Cost of sales as a percentage of sales was 82% during the year as compared to 77% last year.

- **Operating Profit**
  Operating profit of the Company which was growing steadily over the past five years has reduced during the current year by Rs. 0.559 billion. The reduction is due to thinner gross profit margin as well as increase in distribution and administrative costs. Administrative expenses increased by 26% and distribution costs by 7% as compared to last year. This is due to expansion in level of operations both in export and local markets, besides inflation.

CASH FLOW

- Cash and cash equivalents as at June 30, 2017 were Rs. (11.67) billion as compared to Rs. (12.56) billion as at June 30, 2016. Efforts to effectively manage working capital were successful as the Company managed to reduce short term borrowing as well as inventories, though trade creditors were higher due to increase in operations.

RATIO ANALYSIS

- **Profitability Ratios**
  Gross profit ratio decreased from 22.64% to 17.66% due to stagnant selling prices and increase in cost of goods manufactured. This meant that the net profit to sales ratio also reduced to 2.05% from 3.54% compared to last year. Net profit was further affected by increase in administrative costs due to increase in operations and increase in distribution expenses due to enhanced local sales network. Return on capital employed decreased mainly due to increase in shareholders' equity and long term loans as well as reduction in net profit. The increased equity has helped to reduce level of short term borrowings and has marginally improved net return.

- **Liquidity Ratios**
  Efficient fund management, injection of further equity, reduction in bank borrowings and inventory levels have contributed in steady growth in the current ratio year by year as well as acid test ratio. On the contrary, cash flow from operations has reflected an increase in working capital requirement mainly due to further money tied up in trade debtors and receivables etc.

- **Turnover Ratios**
  Inventory turnover ratio has improved during the year as a result of stringent controls over purchases and efficiency in supply chain. Debtors' turnover has increased due to higher sales volume, new customers, and higher credit period. However, the same is still better as compared to 2015 which indicates continuity of effective credit monitoring. Creditors' turnover ratio has increased as the Company has negotiated better credit terms from suppliers rather than relying on short term borrowings.

  Fixed asset turnover ratio has declined in the current year, due to increase in property, plants and equipment.

- **Investment/Market Ratios**
  Earnings per share has decreased to Rs. 2.50 from Rs. 3.92 (restated) in the current year due to lower profitability. Price earnings ratio increased to 16.36 times from 9.23 times which is a combined result of reduced earnings per share and improvement in market price of the shares. Market price was Rs. 40.98 at the end of FY 2017 as compared to Rs. 36.19 at the end of last financial year.

- **Capital Structure Ratios**
  The increase in long term loans, to take advantage of the low markup rates, have increased the company's debt to equity ratio to 65:35 as compared to 53:47 last year. However, the financial leverage ratio has decreased to 1.81 times as compared to 2.06 times last year due to increase in equity. Due to higher debt level and lower profitability, the interest coverage ratio was reduced to 1.92 from 2.47 last year.

DUPONT ANALYSIS

DUPONT ANALYSIS 2017

DUPONT ANALYSIS 2016

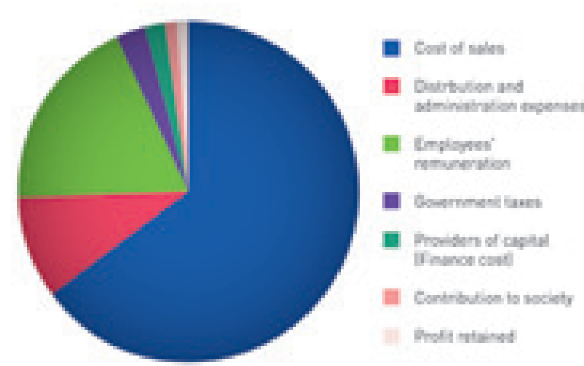
	2017	2016	2015	2014	2013	2012
Return on equity (ROE)	8.34%	14.37%	8.75%	20.43%	14.36%	-5.23%
Asset turnover	1.09	1.00	1.34	1.36	1.43	1.41
Leverage	3.74	4.05	3.61	4.02	4.28	3.86
Net profit margin	2.05%	3.54%	1.81%	3.74%	2.35%	-0.96%
Interest burden	0.48	0.59	0.37	0.56	0.40	(0.00)
Tax burden	1.01	0.86	0.77	0.83	0.83	169.63
EBIT margin	4.23%	6.96%	6.35%	8.05%	7.01%	5.61%

OUR VALUE ADDITION AND ITS DISTRIBUTION

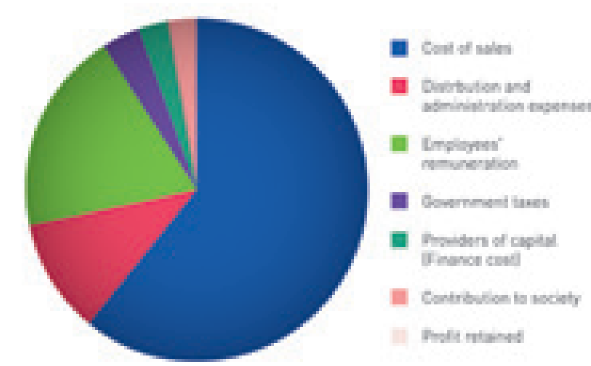
GulAhmed SINCE 1953

	2017		2016	
	Rupees (000s)	%	Rupees (000s)	%
Value Addition				
Net sales including sales tax	40,488,144	98.81	32,274,556	99.53
Other operating income	487,338	1.19	152,538	0.47
	40,975,482	**100.00**	**32,427,094**	**100.00**
Value Distribution				
Cost of sales (excluding employees' remuneration, duties and taxes)	26,636,178	64.92	20,058,129	60.60
Distrbution and administration expenses (Excluding employees' remuneration and taxes)	3,938,160	9.60	3,574,308	10.80
Employees' remuneration	7,640,266	18.62	6,469,784	19.55
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, Sales Tax etc.)	1,127,864	2.75	1,184,893	3.58
Providers of capital (Finance cost)	858,029	2.09	887,833	2.68
Dividend	356,496	0.87	571,308	1.73
Contribution to society - Donations	10,687	0.03	12,753	0.04
(Accumulated Loss)/Profit retained	461,926	1.13	341,599	1.03
	41,029,605	**100.00**	**33,100,607**	**100.00**

DISTRIBUTION OF WEALTH 2017



DISTRIBUTION OF WEALTH 2016



QUARTERLY ANALYSIS

GulAhmed
SINCE 1953

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total	
	2017	2016	Change	2017	2016	Change	2017	2016	Change	2017	2016	Change	2017	2016
	Rupees in millions			Rupees in millions			Rupees in millions			Rupees in millions			Rupees in millions	
Sales	8,191	5,941	38%	10,334	7,815	32%	10,204	8,508	20%	11,175	10,011	12%	39,904	32,275
Gross profit	1,450	1,252	16%	1,853	1,946	-5%	1,955	2,159	-9%	1,788	1,949	-8%	7,046	7,306
EBITDA	504	475	6%	764	964	-21%	1,003	1,054	-5%	996	878	13%	3,267	3,371
PAT	(98)	(91)	8%	179	514	-65%	212	496	-57%	525	222	136%	818	1,141
	Rupees per share			Rupees per share			Rupees per share			Rupees per share			Rupees per share	
EPS	(0.33)	(0.31)	6%	0.60	1.95	-69%	0.71	1.67	-57%	1.52	0.61	149%	2.50	3.92

First Quarter ended September 30, 2016

Sales compared to corresponding quarter was higher by Rs. 2.25 billion i.e. 38%. However, gross profit only improved by 16% due to higher cost of raw material and inputs, and no compensatory increase in selling prices of exports and local sales due to competition. Loss before tax increased marginally despite higher sales and gross profit due to increase in shipment costs and other fixed costs grouped under selling and administration expenses.

Second Quarter ended December 31, 2016

Sales continued to maintain upward trend in the second quarter as well and were higher by 32% as compared with corresponding period of last year. However, gross profit again reduced by 5% due to fresh crop purchases at higher prices and further increase in input costs including but not limited to gas charges.

The deteriorated gross margin also reduced net margin, which was further affected by higher administration costs. The Company was able to earn only Rs. 179 million after tax profit which was reduced by Rs. 335 million as compared to the corresponding quarter of last year.

Third Quarter ended March 31, 2017

Though sales were higher by 20% as compared to the corresponding quarter of last year, they were lower than the second quarter of the current year. However, gross profit was higher compared to the second quarter as a result of stringent cost control measures implemented by the management.

Profit after tax was also higher in the third quarter as compared to the second quarter of current year but was lower when compared with third quarter of last year. The reduction as mentioned earlier was due to stagnant selling prices coupled with higher input cost. Further, the rupee Dollar parity did not move as envisaged due to tight control by the Government, else the profit after tax would have been higher.

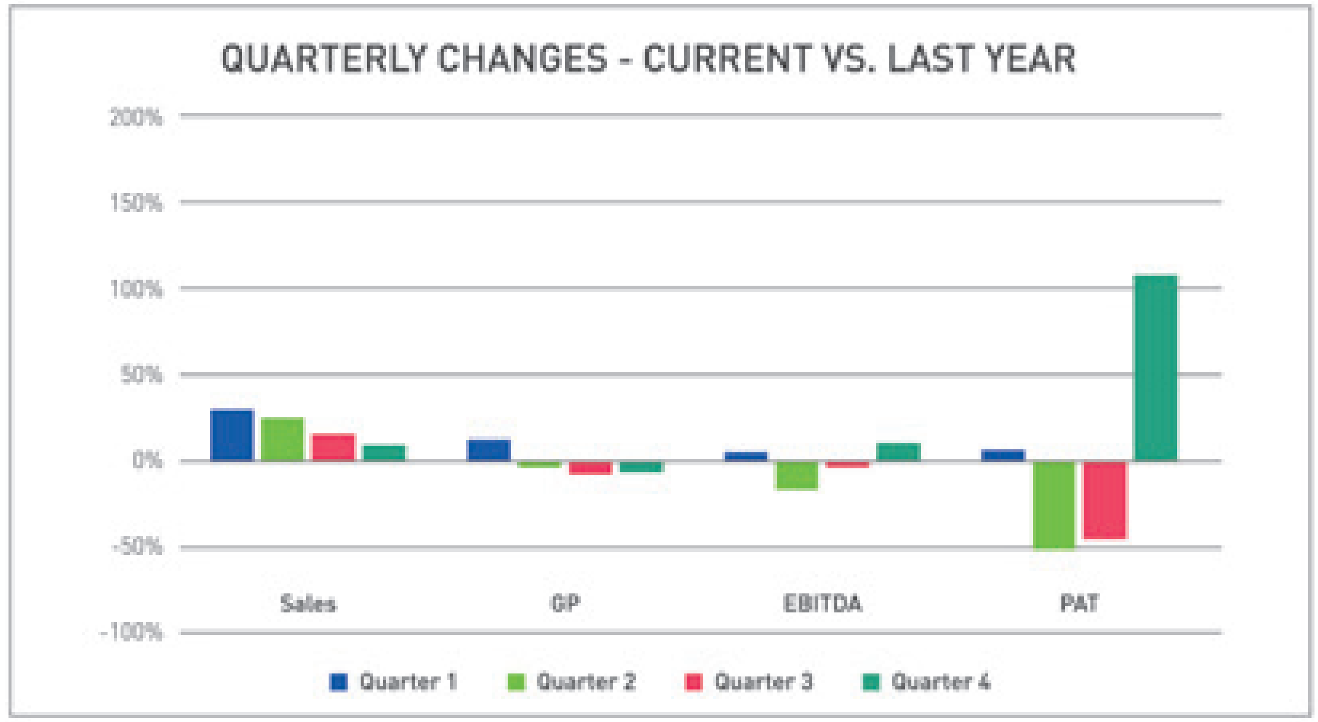
Fourth Quarter ended June 30, 2017

Sales were higher by around 12% as compared with the fourth quarter of last year and were also higher as compared to previous quarters of the current year. Gross profit was also higher as compared to first and second quarter, but was lower as compared to the third quarter. Gross profit as compared to the fourth quarter of last year was 8% lower for reasons cited above.

Profit after tax in the fourth quarter was the highest as compared to the other three quarters of the current year due to material non-operating income. Profit after tax was also higher when compared with corresponding quarter of last year. EBITDA also improved in the fourth quarter by 13% whereas the same was lower in second and third quarter as compared with last years' corresponding quarters, except for the first quarter.

Though there was increase in sales by 24% YoY, the same could not be reciprocated by increase in gross profit and profit after tax for the reasons cited above. Gross profit was only higher in the first quarter when compared with corresponding quarters of last year. Profit after tax was higher in first and fourth quarter in comparison with corresponding quarters of previous year, however, profit after tax for the year is lower than profit after tax of prior year. EBITDA was higher in two quarters and lower in the other two when compared with last year's corresponding quarters.

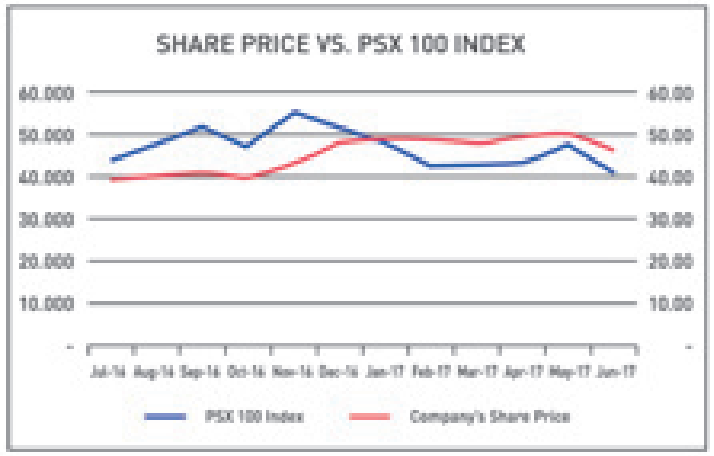
A graphic view of changes in current quarter compared with corresponding quarter of last year is as under:



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
Jul-16	44.24	39,529
Aug-16	47.27	39,810
Sep-16	51.91	40,542
Oct-16	47.04	39,894
Nov-16	55.33	42,620
Dec-16	51.17	47,807
Jan-17	48.13	48,758
Feb-17	42.11	48,534
Mar-17	42.00	48,156
Apr-17	42.98	49,301
May-17	47.44	50,592
Jun-17	40.98	46,565



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 duty 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 checkposts 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 Ordinance, 1984. 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 Code of Corporate Governance under 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 above 100, 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 select 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 the Europe
- Large number of competitors including the 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's 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 could not be stabilized and still impulsive as the 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 the 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 priority 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 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 this consumers along with real time results in order to stay connected with the customers and their needs.
- Online marketing is another important factor to interact with customers globally.
- Gul Ahmed is making the best 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 fact of poor infrastructure and non-maintenance.
- Environmental control requirements need extra investment in the manufacturing facilities, the cost of which results in compromise on 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
- Avoid
- Reduce
- Retain
- Handle
- 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	• 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 • Asking for more favorable credit terms and unsecured credit	• 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 wholesale 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 goodwill and brand. We attract, develop and retain talented people who possess all the attributes necessary to propel the Company forward - helping it to achieve its current and future objectives.

Succession Planning

The Company has in place a formal succession plan which includes performance evaluation and appropriate training requirements for 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 yearend.

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.

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 protecting the 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

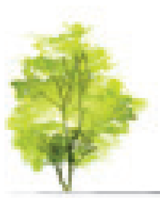
Procedure - Raising Protected Disclosure

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, 2017 at 9:30 a.m. at Moosa D. Dessai ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi. Shareholders as of October 20, 2017 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, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi at the earliest.

Ownership

On June 30, 2017 the Company has 5,864 shareholders.

Pakistan Stock Exchange Share Prices 2016-17		
	Price in Rupees	
Period	High	Low
1st Quarter	56.13	36.00
2nd Quarter	61.20	46.01
3rd Quarter	58.75	41.01
4th Quarter	52.37	38.50

Announcement of Financial Results

The tentative dates of the announcement of financial results and payment of cash dividend (if any) for the year 2017-18 are as follows:

Period	Financial Results	Dividend Payment (if any)
1st Quarter	October 30, 2017	-
2nd Quarter	February 24, 2018	-
3rd Quarter	April 28, 2018	-
Annual Accounts	September 29, 2018	November 30, 2018

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, Near 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 Relations Contact

Mr. Mohammed 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 65th Annual General Meeting of Gul Ahmed Textile Mills Limited will be held at Moosa D. Dessai ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi, on Saturday, October 28, 2017 at 9:30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements for the year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.
2. To consider and approve, as recommended by the Board of Directors, payment of Final Cash Dividend @ 10% i.e., Re.1.00/- per share.
3. To appoint Auditors for the financial year ending June 30, 2018 and fix their remuneration.
4. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

SPECIAL BUSINESS:

5. To consider and approve increase in Authorized Share Capital of the Company from Rs.4,000 million to Rs.7,500 million and to approve the amendments in the Memorandum of Association of the Company resulting from this increase and to pass special resolution given in the statement under section 134(3) of the Companies Act, 2017.
6. To consider and pass the following resolution as Special Resolution with or without modification:

   "Resolved as a special resolution that consent and approval of the Company be and is hereby accorded under Section 199 of the Companies Act, 2017, to provide corporate guarantees and bank guarantees in foreign currency equivalent upto US Dollar (USD) 2 (Two) million (which is presently equivalent to Rs.211 million approximately) as may be required to the Bankers of GTM USA Corp. - USA, Sky Home Corporation - USA and GTM (Europe) Limited- UK (wholly owned ultimate subsidiary companies of the Company) as security for bank borrowings by GTM USA Corp. - USA, Sky Home Corporation - USA and GTM (Europe) Limited- UK."

   "Further Resolved that the Chief Executive Officer or Company Secretary of the Company be and is hereby singly authorized to do all acts, deeds and things, take all steps and actions necessary, ancillary and incidental to implement this Resolution."

   A statement under section 134(3) of the Companies Act, 2017, pertaining to the special businesses is being sent to the shareholders with this notice.

By Order of the Board

Karachi
September 23, 2017

MOHAMMED SALIM GHAFFAR
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2017 to October 28, 2017 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers received in order at the office of our Share Registrar M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of the business on October 19, 2017 will be in time for the purpose of payment of final cash dividend to the transferees.
2. 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.
3. The CDC Account holders/sub-account holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce his original CNICs at the time of attending the meeting for identification purpose.
4. The directive of the SECP contained in S.R.O. 83(I)/2012 dated July 5, 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is, therefore mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar.
5. 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 this regard and in pursuance of the directives of the SECP vide Circular No.18 of 2017 dated August 1, 2017 shareholders are requested to submit their written request (if not already provided) to the Company's Share Registrar, giving particulars of their bank account details. CDC account-holders should submit their request directly to their broker (participant) / CDC IAS. In the absence of a member's valid bank account details updated before October 20, 2017, the Company will be constrained to withhold dispatch of dividend to such members.
6. 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.
7. In compliance with SECP notification No.634 (1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2017 are being placed on the Company's website: www.gulahmed.com for the information and review of shareholders.
8. Pursuant to the provisions of the Finance Act, 2017, effective July 1, 2017 the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

   a) For Filers of Income Tax return 15.00%
   b) For Non-Filers of Income Tax return 20.00%

   Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20.00% instead of 15.00%.
9. The FBR has clarified that where the shares are held in joint accounts/names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her shareholding. The shareholders, who are having joint shareholding status, are requested to kindly intimate their joint shareholding proportions to the Share Registrar of the Company latest by October 19, 2017, in the following format:

Folio / CDC A/c No	Name of Shareholders (principle / joint holders)	No. of Shares or Percentage (Proportion)	CNIC No.	Signature

If the shareholding proportion is not advised or determined, each joint shareholder will be assumed to hold equal proportion of shares and deduction of withholding tax will be made accordingly.

10. Withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available to the Share Registrar of the Company before the first day of Book Closure otherwise tax will be deducted on dividend as per applicable rates.

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 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 AccountNo.______________ hereby opt for video conference facility at ____________

____
Signature of Members

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 REGARDING THE SPECIAL BUSINESS

The statement sets out the material facts pertaining to the special businesses to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 28, 2017. The Directors in their meeting held on September 23, 2017 have recommended to the shareholders to pass following special resolutions in respect of the following items:

ITEM (5) OF THE AGENDA

INCREASE IN AUTHORIZED SHARE CAPITAL OF THE COMPANY

It is proposed to increase the Authorized Share Capital from Rs.4,000 million to Rs.7,500 million to facilitate further issue of capital according to the requirements of the Company. For this purpose it is intended to pass with or without modification the following resolutions as Special Resolutions:

a) Resolved that the Authorized Share Capital of the Company be and is hereby increased from Rs.4,000 million to Rs.7,500 million by the creation of 350,000,000 ordinary shares of Rs.10/- each. Such new shares, whenever issued, shall rank pari passu with the existing shares.

b) Further Resolved that in view of the increase in Authorized Share Capital, Clause 5 of the Memorandum of Association be and is hereby amended to read as under:

   The capital of the Company is Rs.7,500,000,000 (Rupees seven thousand five hundred thousand million) divided into 750,000,000 ordinary shares of Rs.10/- (Rupees ten) each. The Company shall have the power to increase, reduce or re-organize the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

c) Further Resolved that the Chief Executive Officer or Secretary of the Company be and are hereby authorized singly to comply with all formalities in this regard.

The Directors of the Company are interested in the above business only to the extent of their shareholding in the Company.
ITEM (6) OF THE AGENDA

TO PROVIDE CORPORATE GUARANTEES AND BANK GUARANTEES

Pursuant to Section 199 of the Companies Act, 2017, any investments in associated companies should be made under the authority of a special resolution.

In the year 2002 Gul Ahmed Textile Mills Limited (Company) established Gul Ahmed International Limited (FZC) (GAILFZC), a wholly owned subsidiary, based in United Arab Emirates, to meet the needs of its customers. To meet the global challenge as the world has transformed into a global village due to lifting of trade blocks and availability of excellent communication channel, GAILFZC established a wholly owned subsidiary, GTM (Europe) Limited (GTMEL), in UK and GTM (Europe) Limited – UK established a wholly owned subsidiaries GTM USA Corp. – USA and Sky Home Corporation - USA.

All subsidiary companies are engaged in trading of textile related products.

Mr. Mohomed Bashir, Chairman, Mr. Mohammed Zaki Bashir, Chief Executive Officer, Mr. Zain Bashir and Mr. Ziad Bashir, Directors of the Company are also Nominee Directors in all the above subsidiary companies.

The information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 ("Regulations") is provided below:

In case of Loans and Advances:

S.No.	Description	Information required under the SRO
(i).	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	a. GTM USA Corp. – USA b. Sky Home Corporation – USA c. GTM (Europe) Limited – UK (Wholly owned ultimate subsidiary companies of Gul Ahmed Textile Mills Ltd. (Company))
(ii).	Amount.	Corporate Guarantees and Bank Guarantees in foreign currency equivalent upto US Dollar (USD) 2 (two) million (which is presently equivalent to Rs. 211 million approximately) as may be required, as security for bank borrowings by GTM USA Corp. – USA, Sky Home Corporation – USA and GTM (Europe) Limited. –UK
(iii)	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances.	Provide security to the Bankers of GTM USA Corp. - USA, Sky Home Corporation – USA and GTM Europe Limited–UK for their banks borrowings.
(iv)	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	In 2007 approval of Corporate Guarantee in foreign currency equivalent upto USD 1.6 million to the Bankers of GTM (Europe) Limited - UK was obtained from the members of the Company.
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements.	**1. GTM (Europe) Limited – UK As on 30-06-2017**

	GBP £	Equivalent PKR
Paid-up Capital	10,000	1,425,600
Reserves	267,189	38,090,464
Total Equity as on 30-06-2017	277,189	39,516,064
Break up Value per Share as on 30-06-2017	27.72	3,951.61
Earning per share for the year ended 30-06-2017	11.43	1,629.67

S.No.	Description	Information required under the SRO
		2. GTM USA Corp. – USA as on 30-06-2017 | | USD $ | Equivalent PKR | Paid-up Capital | 50,000 | 5,275,000 Reserves | 85,906 | 9,063,083 Total Equity as on 30-06-2017 | 135,906 | 14,338,083 Break up Value per Share as on 30-06-2017 | 2.72 | 286.76 Earning per share for the year ended 30-06-2017 | (0.59) | (62.61) **3. Sky Home Corporation – USA as on 30-06-2017** | | USD $ | Equivalent PKR | Paid-up Capital | 10,000 | 1,055,000 Reserves | (168,326) | (17,758,393) Total Equity as on 30-06-2017 | (158,326) | (16,703,393) Break up Value per Share as on 30-06-2017 | (15.83) | (1,670,.34) Earning per share for the year ended 30-06-2017 | (16.83) | (1,775.84)
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period.	This is a non funded facility and only Corporate Guarantees and Bank Guarantees will be given. Cost of which shall also be born by subsidary companies; however ultimately this will also have no effect as the Company owns the subsidary companies.
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged.	Not Applicable – Markup Cost will be incurred by - GTM USA Corp. – USA - Sky Home Corporation – USA and - GTM (Europe) Limited – UK as the financing will be availed by them.
(viii)	Sources of funds from where loans or advances will be given.	Non funded and only Corporate Guarantees and Bank Guarantees will be given.
(ix)	Where loans or advances are being granted using borrowed funds, (I) justification for granting loan or advance out of borrowed funds. (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company.	Not Applicable.
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Not Applicable.

S.No.	Description	Information required under the SRO
(xi)	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not Applicable.
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company;	Not Applicable.
(xiii)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	This is non-funded arrangement and since the subsidary companies are wholly owned by the Company, hence it will have no aggregate impact.
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	All three companies are 100% wholly owned subsidiaries of Gul Ahmed Textile Mills Ltd. And there are no other shareholders. Mr. Mohomed Bashir, Chairman, Mr. Mohammed Zaki Bashir, Chief Executive Officer, Mr. Zain Bashir and Mr. Ziad Bashir, Directors of the Company are also Nominee Directors in all the above subsidiary companies.
(xv)	Any other important details necessary for the members to understand the transaction; and	Nil.
(xvi)	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,- (I) a description of the project and its history since conceptualization; (II) starting date and expected date of completion; (III) time by which such project shall become commercially operational; (IV)expected return on total capital employed in the project; and (V) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;	Not Applicable.

The Directors, Sponsors and majority shareholders are not interested in the above Special Business except as shareholders of the Company.

نمبر شمار	تفصیل	اس آرڈر کے تحت درکار معلومات
		۲۔ جی ٹی ایم USA کارپوریشن، ریاست ہائے متحدہ امریکہ 30-06-2017 کے اختتام پر پیڈ اپ کیپٹل: USD 50,000 — مساوی پاکستانی روپوں میں 5,275,000 ذخائر: USD 85,906 — مساوی پاکستانی روپوں میں 9,063,083 30-06-2017 پر مجموعی سرمایہ: USD 135,906 — مساوی پاکستانی روپوں میں 14,338,083 30-06-2017 کو فی حصص بریک اپ ویلیو: USD 2.72 — مساوی پاکستانی روپوں میں 286.76 30-06-2017 کو سال کے اختتام پر فی حصص آمدنی: USD (0.59) — مساوی پاکستانی روپوں میں (62.61) ۳۔ اسکائی ہوم کارپوریشن، ریاست ہائے متحدہ امریکہ 30-06-2017 کے اختتام پر پیڈ اپ کیپٹل: USD 10,000 — مساوی پاکستانی روپوں میں 1,055,000 ذخائر: USD (168,326) — مساوی پاکستانی روپوں میں (17,758,393) 30-06-2017 پر مجموعی سرمایہ: USD (158,326) — مساوی پاکستانی روپوں میں (16,703,393) 30-06-2017 کو فی حصص بریک اپ ویلیو: USD (15.83) — مساوی پاکستانی روپوں میں (1,670.34) 30-06-2017 کو سال کے اختتام پر فی حصص آمدنی: USD (16.83) — مساوی پاکستانی روپوں میں (1,775.84)
(vi)	سرمایہ کار کمپنی کے حاصل شدہ قرضوں کی اوسط لاگت یا قرضوں کی عدم موجودگی کی صورت میں متعلقہ مدت میں کراچی انٹربینک آفر ریٹ (KIBOR)	غیر فنڈ یافتہ اور صرف کارپوریٹ ضمانتیں اور بینک ضمانتیں دی جائیں گی
(vii)	عائد کردہ سود، مارک اپ، منافع، فیس یا کمیشن وغیرہ کی شرح	قابل اطلاق نہیں ہے۔ مارک اپ لاگت درج ذیل کی ذمہ داری ہوگی: - جی ٹی ایم USA کارپوریشن، ریاست ہائے متحدہ امریکہ - اسکائی ہوم کارپوریشن، ریاست ہائے متحدہ امریکہ اور - جی ٹی ایم (یورپ) لمیٹڈ، برطانیہ
(viii)	فنڈز کے ذرائع جہاں سے قرضے یا پیشگی رقوم فراہم کی جائیں گی۔	غیر فنڈ یافتہ اور صرف کارپوریٹ ضمانتیں اور بینک ضمانتیں دی جائیں گی۔

نمبر شمار	تفصیل	اس آرڈر کے تحت درکار معلومات
(ix)	اگر قرضے اور پیشگی رقوم قرض پر لیے گئے فنڈز کو استعمال کرتے ہوئے دیے جا رہے ہوں تو: (I) قرض پر لیے گئے فنڈز سے قرضہ یا پیشگی رقم ادا کیے جانے کا جواز۔ (II) ضمانتیں ان فنڈز کے حصول کے لیے رہن شدہ اثاثوں کی تفصیل، اگر دستیاب ہو اور (III) سرمایہ کار کمپنی کے قرضوں کی واپسی کے شیڈول۔	قابل اطلاق نہیں ہے۔
(x)	قرضہ لینے والی کمپنی یا کاروبار کو دیے گئے قرضے کے بدلے حاصل کی گئی سیکورٹی کی تفصیلات، اگر دستیاب ہوں؛	قابل اطلاق نہیں ہے۔
(xi)	اگر قرضے یا پیشگی ادائیگیاں حصص کی خصوصیات کی حامل ہوں یعنی یہ سیکیورٹیز میں قابل تبدیل ہوں تو یہ کیفیت مکمل تفصیلات بشمول مساوی ادائیگی فارمولا، وہ صورتحال جس میں یہ تبادلہ وقوع پذیر ہو سکتا ہو اور تبادلے کے لیے قابل عمل وقت کے ساتھ فراہم کی جائے۔	قابل اطلاق نہیں ہے
(xii)	سرمایہ کی کمپنی کو واپسی کا شیڈول اور قرضوں یا پیشگی ادائیگیوں کی شرائط؛	قابل اطلاق نہیں ہے
(xiii)	اشتراکی کمپنی یا اشتراکی کاروبار کے ساتھ مجوزہ کردہ سرمایہ کاری کے حوالے سے طے پائے گئے یا آئندہ طے پائے جانے والے تمام معاہدوں کی نمایاں خصوصیات؛	یہ غیر فنڈ یافتہ سہولت ہے اور چونکہ ذیلی کمپنیاں، کمپنی کی جانب سے کل ملکیتی میں ہیں اس لیے اس پر کوئی اثرات مرتب نہیں ہوں گے۔
(xiv)	اشتراکی کمپنی یا اشتراکی کاروبار یا زیر غور ٹرانزیکشن میں ڈائریکٹرز، معاونین، اکثریتی حصص مالکان اور ان کے عزیز و اقارب کا براہ راست یا بالواسطہ مفاد یا دلچسپی، اگر کوئی ہو	تینوں کمپنیاں مکمل طور پر 100 فیصد گل احمد ٹیکسٹائل ملز لمیٹڈ کے زیر ملکیت ذیلی کمپنیاں ہیں اور اس کے علاوہ کوئی دیگر حصص یافتگان نہیں ہیں۔ جناب محمد بشیر، ڈائریکٹر ہیں، جناب محمد زکی بشیر، چیف ایگزیکٹو آفیسر، جناب زین بشیر اور جناب ضیاء بشیر، کمپنی کے ڈائریکٹرز درج بالا ذیلی کمپنیوں کے بھی نامزد ڈائریکٹرز ہیں۔
(xv)	ٹرانزیکشن کو سمجھنے کے لیے اراکین کو درکار دیگر دستیاب شدہ اہم تفصیلات؛ اور	کوئی نہیں
(xvi)	اشتراکی کمپنی یا اشتراکی کاروبار کے کسی بھی ایسے پراجیکٹ میں سرمایہ کاری کی صورت میں کہ جس کی کاروباری سرگرمیوں کا ابھی آغاز نہ ہوا ہو درج بالا مذکورہ معلومات کے ساتھ ساتھ ذیل میں دی گئی مزید معلومات بھی درکار ہوں گی، جس میں شامل ہیں: (I) پراجیکٹ کی تفصیل اور اس کے تصور یا فعلاً آغاز سے لے کر اب تک کا ریکارڈ؛ (II) آغاز کی تاریخ اور تکمیل کی متوقع تاریخ؛ (III) وہ مدت جس میں متعلقہ پراجیکٹ تجارتی سرگرمیوں کا آغاز کرے گا؛ (IV) پراجیکٹ میں لگائے گئے مجموعی سرمائے پر متوقع منافع؛ اور (V) معاونین کی جانب سے نقد اور غیر نقد رقم میں فرق کو ظاہر کرتے ہوئے سرمایہ کاری کیے گئے یا آئندہ کیے جانے والے فنڈز؛	قابل اطلاق نہیں

کمپنی کے ڈائریکٹرز مندرجہ بالا کاروباری اداروں میں کمپنی میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

12۔ شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پتے میں کسی بھی قسم کی تبدیلی سے کمپنی کے شیئر رجسٹرار کو فوراً مطلع کریں۔ شیئر ہولڈرز جو CDC کا اکاؤنٹس رکھتے ہیں وہ اپنے (Participants) کے ساتھ اپنا پتہ اپ ڈیٹ رکھیں۔

13۔ اراکین لاہور اور اسلام آباد میں ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ اس سلسلے میں براہ مہربانی مندرجہ ذیل فارم کو پُر کریں اور سالانہ اجلاس عام سے 10 دن قبل یہ فارم کمپنی کے رجسٹرڈ پتے پر جمع کروائیں۔ اگر کمپنی اجلاس سے 10 دن قبل ایسے ممبر سے منظوری وصول کرتی ہے جو 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 دستیاب کرے گی جو کہ اس شہر میں سہولت کی دستیابی سے مشروط ہے۔

کمپنی اجلاس سے 5 دن قبل اراکین کو ویڈیو کانفرنس سہولت کے مقام سے آگاہ کرے گی اور ساتھ ہی اس سہولت کو حاصل کرنے کے بارے میں مکمل معلومات بھی فراہم کرے گی۔

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

ممبران کے دستخط

کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت خصوصی کاروبار سے متعلق بیان مادی حقائق

28 اکتوبر 2017 کو منعقدہ کمپنی کے سالانہ عام اجلاس میں خصوصی کاروبار سے متعلق مادی حقائق کا تعین کیا گیا ہے۔ ڈائریکٹرز نے 23 ستمبر 2017 کو منعقد ہونے والی میٹنگ میں مندرجہ ذیل امور کو بطور خصوصی قرار داد شیئر ہولڈرز سے منظور کروانے کے لیے تجویز کیے ہیں۔

ایجنڈے کا آئٹم نمبر 5

کمپنی کے اختیاری کیپٹل شیئرز میں اضافہ

کمپنی کی ضروریات کے مطابق تجویز دی جاتی ہے کہ کمپنی کا اختیاری کیپٹل شیئرز 4,000 ملین روپے سے بڑھا کر 7,500 ملین روپے کر دیا جائے۔ اس مقصد کے لیے مندرجہ ذیل قرار داد کو بطور خصوصی قرار داد ترمیم یا بغیر ترمیم منظور کیا جائے۔

الف) طے پایا ہے کہ کمپنی کا اختیاری شیئر کیپٹل 4,000 ملین روپے سے بڑھا کر 7,500 ملین روپے کر دیا جائے گا اور اس سلسلے میں 350,000,000 عام شیئرز بحساب 10 روپے فی شیئر کا اجراء موجودہ شیئرز کے ساتھ مساوی کیا جائے گا۔

ب) مزید طے پایا کہ اختیاری شیئر کیپٹل میں تبدیلی کے سبب میمورنڈم آف ایسوسی ایشن کی کلاز نمبر 5 میں تبدیلی کے بعد سے اس طرح پڑھا جائے گا:

• "کمپنی کے کیپٹل 7,500,000,000 روپے (سات ارب پانچ سو ملین) 750,000,000 عام شیئرز بحساب 10 روپے فی شیئر تقسیم کیا جا رہا ہے۔ کمپنی کو اختیار حاصل ہے کہ کمپنیز ایکٹ 2017 کی دفعات کے تحت کمپنی کے کیپٹل کو وقت کے ساتھ متعدد کلاسز میں بڑھا گھٹا یا دوبارہ منظم کر سکتی ہے۔"

ج) مزید طے پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر یا سیکریٹری کو مل کر اس کے لیے تمام ضروری کارروائیوں کے ساتھ بطور فرد واحد مجاز بنایا جاتا ہے۔

کمپنی کے ڈائریکٹرز مندرجہ بالا کاروباری ادائیگی میں کمپنی میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

ایجنڈے کا آئٹم نمبر 6

کارپوریٹ گارنٹی اور بینک گارنٹی مہیا کرنے کے لیے

کمپنیز ایکٹ 2017 کے سیکشن 199 کی تعمیل میں متعلقہ کمپنیوں میں سرمایہ کاری بطور خصوصی قرارداد کمپنی کے عام اجلاس میں پیش کی جائے گی۔

کمپنیز ایکٹ 2017 کے سیکشن 199 کی تعمیل میں متعلقہ کمپنیوں میں سرمایہ کاری بطور خصوصی قرارداد کمپنی کے عام اجلاس میں پیش کی جائے گی جس میں ووٹ ڈالنے کے اہل 3/4 اراکین رائے دہی کا استعمال کریں گے خواہ وہ خود ووٹ ڈالیں یا اس مقصد کے لیے پراکسی مقرر کریں۔

سال 2002 میں گل احمد ٹیکسٹائل ملز لمیٹڈ (کمپنی) نے اپنے کسٹمرز کی ضروریات پوری کرنے کے لیے گل احمد انٹرنیشنل لمیٹڈ (FZC) (GAILFZC) کا آغاز کیا، جو کہ مکمل طور پر اس کی ملکیت ہے اور متحدہ عرب امارات میں موجود ہے۔ عالمی سطح پر تیزی سے بڑھتی تجارتی سرگرمیوں اور بہترین مواصلاتی چیلنجز سے فائدہ اٹھانے کے لیے GAILFZC نے اپنی کلی ملکیتی ذیلی کمپنی GTM (یورپ) لمیٹڈ (GTMEL) کا UK میں آغاز کیا اور GTM (یورپ) لمیٹڈ۔ UK نے اپنی کلی ملکیتی ذیلی کمپنی GTM USA کارپوریشن USA اور Sky Home کارپوریشن USA کا آغاز کیا۔

تمام ذیلی کمپنیاں ٹیکسٹائل سے متعلق پروڈکٹس کی تجارت میں مصروف عمل ہیں۔

تمام ذیلی کمپنیوں میں جناب محمد بشیر، ڈائریکٹر، جناب محمد زاہد، چیف ایگزیکٹو آفیسر، جناب زین بشیر اور جناب ضیاء بشیر کمپنی کے نامزد ڈائریکٹرز کے طور پر موجود ہیں۔

کمپنیز (متعلقہ کمپنیوں یا متعلقہ انڈرٹیکنگز میں سرمایہ کاری) ریگولیشنز 2012 کے تحت درکار معلومات ذیل میں مہیا کی جاتی ہے۔

قرضوں اور پیشگی رقوم کی صورت میں:

نمبر شمار	تفصیل	ایس آر او کے تحت درکار معلومات
(i)	شریک کمپنی یا شریک کاروبار کا نام، اس اشتقاقی معیار کے ہمراہ جس کے تحت شراکت کا تعلق قائم کیا گیا ہے۔	الف۔ جی ٹی ایم USA کارپوریشن۔ ریاست ہائے متحدہ امریکہ ب۔ اسکائی ہوم کارپوریشن۔ ریاست ہائے متحدہ امریکہ ج۔ جی ٹی ایم (یورپ) لمیٹڈ۔ برطانیہ (گل احمد ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے مکمل طور پر زیر ملکیت حتمی ذیلی کمپنیاں)
(ii)	رقوم	2 (دو) ملین امریکی ڈالر (USD) تک کے مساوی غیر ملکی کرنسی میں کارپوریٹ ضمانتیں اور بینک ضمانتیں (جو آج کل تقریباً 21 ملین روپے کے مساوی ہیں) جو کہ جی ٹی ایم USA کارپوریشن۔ ریاست ہائے متحدہ امریکہ، اسکائی ہوم کارپوریشن۔ ریاست ہائے متحدہ امریکہ اور جی ٹی ایم (یورپ) لمیٹڈ۔ برطانیہ کی جانب سے بینک سے قرض لیے جانے کی سیکورٹی کے طور پر درکار ہوں گی۔
(iii)	قرضوں یا پیشگی ادائیگیوں اور فوائد کا مقصد، ان قرضوں اور پیشگی ادائیگیوں سے ممکنہ طور پر سرمایہ کار کمپنی اور اس کے اراکین مستفید ہوں گے۔	بینک سے حاصل شدہ اپنے قرضوں کے لیے جی ٹی ایم USA کارپوریشن۔ ریاست ہائے متحدہ امریکہ، اسکائی ہوم کارپوریشن۔ ریاست ہائے متحدہ امریکہ اور جی ٹی ایم (یورپ) لمیٹڈ۔ برطانیہ کے بینکاروں کو سیکورٹی کی فراہمی۔
(iv)	اگر کوئی قرضہ مذکورہ اشتراکی کمپنی یا اشتراکی کاروبار کو فراہم کر دیا گیا ہے تو اس کی مکمل تفصیلات۔	2007 میں جی ٹی ایم (یورپ) لمیٹڈ۔ برطانیہ کے بینکار حضرات کے لیے ڈیڑھ 1.6 ملین امریکی ڈالر تک کے مساوی غیر ملکی کرنسی میں کارپوریٹ ضمانت کی منظوری پہلے ہی دی جا چکی ہے۔
(v)	اپنے حالیہ مالیاتی گوشواروں کی بنیاد پر اشتراکی کمپنی یا اشتراکی کاروبار کی مالیاتی کیفیت جس میں بیلنس شیٹ اور منافع اور خسارے کے اکاؤنٹ کے اہم آئٹمز بھی شامل ہوں۔	د۔ جی ٹی ایم (یورپ) لمیٹڈ۔ برطانیہ 30-06-2017 کے اختتام پر جی بی پی پاؤنڈ / مساوی پاکستانی روپوں میں پیڈ اپ کیپٹل: 10,000 / 1,425,600 ذخائر 30-06-2017 پر: 267,189 / 38,090,464 مجموعی سرمایہ 30-06-2017 کو: 277,189 / 39,516,064 فی حصص بریک اپ ویلیو 30-06-2017 کو: 27.72 / 3,951.61 سال کے اختتام پر فی حصص آمدنی: 11.43 / 1,629.67

سالانہ اجلاس عام کا نوٹس

اطلاع دی جاتی ہے کہ گل احمد ٹیکسٹائل ملز لمیٹڈ کا 65 واں سالانہ اجلاس عام مورخہ 28 اکتوبر 2017ء بروز ہفتہ بوقت صبح 9:30 بجے بمقام موسیٰ ڈی ارمائی ICAP آڈیٹوریم، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، G-31/8، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی میں مندرجہ ذیل امور کی انجام دہی کے لیے منعقد کیا جا رہا ہے۔

عمومی کاروبار:

1۔ 30 جون 2017ء کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ کمپنی کے مالیاتی گوشواروں کی وصولی اور غور و خوض۔
2۔ بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 10 فیصد حتمی نقد منافع منقسمہ پر غور کرنا اور اس کی منظوری دینا جو کہ 1 روپیہ فی حصص ہے۔
3۔ 30 جون 2018ء کو ختم ہونے والے سال کے لیے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔
4۔ سالانہ اجلاس عام میں انجام دیے جانے والے کسی بھی دیگر کاروبار کی چیئرمین سے منظوری لینا۔

خصوصی کاروبار:

5۔ کمپنی کے اختیاری شیئر کیپٹل کو 4,000 ملین روپے سے بڑھا کر 7,500 ملین روپے کرنے پر غور و خوض اور منظوری، اور اس کے نتیجے میں میمورنڈم آف ایسوسی ایشن آف کمپنی میں ہونے والی تبدیلی کی منظوری اور کمپنیز ایکٹ 2017ء کے سیکشن (3)134 کے تحت بطور خصوصی قرارداد منظور کرنا۔

6۔ مندرجہ ذیل قرارداد پر ترمیم یا بغیر ترمیم بطور خصوصی قرارداد غور و خوض اور منظوری:

"طے پایا ہے کہ کمپنیز ایکٹ 2017ء کے سیکشن 199 کے تحت خصوصی قرارداد جس کی منظوری درکار ہے اس کے مطابق، GTM USA کارپوریشن۔ USA، اسکائی ہوم کارپوریشن۔ USA اور GTM (یورپ) لمیٹڈ۔ UK (کمپنی کی کُل ملکیتی ذیلی کمپنیاں) کو غیر فنڈڈ کریڈٹ لائنز جو کہ 2 ملین امریکی ڈالر (تقریباً 211 ملین روپے پاکستانی کے مساوی ہیں) کی کارپوریٹ گارنٹی اور بینک گارنٹی مہیا کی جائیں بطور بینک سیکیورٹی بجواب GTM USA کارپوریشن۔ USA، اسکائی ہوم کارپوریشن۔ USA اور GTM (یورپ) لمیٹڈ۔ UK۔"

"مزید طے پایا ہے کہ کمپنی کے چیف ایگزیکٹو آفیسر یا کمپنی سیکریٹری کو اختیار تفویض کیا جاتا ہے کہ وہ اس قرارداد کو منظور کرنے اور اس سلسلے میں تمام ضروری اقدامات کو انجام دینے کے لیے ضروری اقدامات بروئے کار لائیں۔"

کمپنیز ایکٹ 2017ء کے سیکشن (3)134 کے تحت تمام شیئر ہولڈرز کو اس نوٹس کے ہمراہ خصوصی کاروبار سے متعلق آگاہی فراہم کر دی گئی ہے۔

بحکم بورڈ

کراچی: 23 ستمبر 2017ء

محمد سلیم غفار۔ کمپنی سیکریٹری

نوٹس:

1۔ کمپنی کی حصص منتقلی کی کتب 20 اکتوبر 2017ء تا 28 اکتوبر 2017ء (بشمول دونوں ایام) بند رہیں گی۔ اس دوران کوئی حصص ٹرانسفر رجسٹریشن کے لیے قبول نہیں کیا جائے گا۔ ہمارے شیئر رجسٹرار میسرز ٹیکنو وژن (پرائیویٹ) لمیٹڈ، F-8 متصل ہوٹل فاران نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی پر 19 اکتوبر 2017ء کو کاروبار کے اختتام تک موصول ہونے والے ٹرانسفرز کو شیئر ہولڈرز کے لیے حتمی نقد منافع منقسمہ کی ادائیگی کے لیے بروقت تصور کیا جائے گا۔

2۔ وہ اراکین جو اجلاس میں شرکت کرنے اور ووٹ ڈالنے کے حق دار ہیں وہ دوسرے اراکین کو اپنی جگہ اجلاس میں شرکت کرنے، بولنے اور ووٹ ڈالنے کے لیے بطور پراکسی مقرر کر سکتا ہے۔ پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ شدہ دفتر پر موصول ہو جائیں۔ پراکسی کا کمپنی ممبر ہونا لازمی ہے۔

3۔ سی ڈی سی اکاؤنٹ ہولڈرز/سب اکاؤنٹ ہولڈرز سے درخواست ہے کہ وہ اپنی شناخت کے لیے سالانہ اجلاس عام میں اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ معہ آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ نمبر ساتھ لائیں۔ اگر پراکسیز ان شیئر ہولڈرز کی جانب سے دی گئی ہیں تو بینیفشل اونرز کے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں بھی جمع کرائیں۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز قرارداد/پاور آف اٹارنی معہ نامزد کے دستخط کے نمونے اجلاس کے وقت پیش کیے جائیں۔ نامزد کو اجلاس میں شرکت کے وقت اپنی شناخت کے لیے اپنا اصل کمپیوٹرائزڈ شناختی کارڈ پیش کرنا ہوگا۔

4۔ S.R.O 83(1)2012 مورخہ 5 جولائی 2012ء میں موجود SECP کے ڈائریکٹو کو پورا کرنا ہے کہ منافع منقسمہ کے وارنٹس کے ساتھ رجسٹرڈ شیئر ہولڈرز یا بااختیار کی صورت میں مجاز شخص کے CNIC نمبرز موجود ہوں۔ مستقبل میں منافع منقسمہ کے وارنٹس کے اجراء کے لیے شیئر ہولڈرز کے CNIC نمبر کا ہونا ضروری ہے بصورت دیگر SECP کے حکم مورخہ 3 جون 2016ء کے مطابق منافع منقسمہ کی ادائیگی روک دی جائے گی لہذا جن شیئر ہولڈرز نے اب تک اپنے CNIC کی نقل فراہم نہیں کی ہے ان سے التماس کی جاتی ہے کہ وہ ہمارے شیئر رجسٹرار کو اپنے CNIC کی تصدیق شدہ کاپیاں جمع کرائیں۔

5۔ کمپنیز ایکٹ 2017ء کے سیکشن 244 میں درکار ضروریات کی تکمیل کے مطابق لسٹڈ کمپنی کے لیے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی الیکٹرانک ذرائع استعمال کرتے ہوئے شیئر ہولڈرز کی جانب سے مہیا کردہ بینک اکاؤنٹ میں براہ راست جمع کروائے۔ اس سلسلے میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سال 2017ء کے سرکلر نمبر 18 بتاریخ یکم اگست 2017ء کی تعمیل میں شیئر ہولڈرز سے التماس کی جاتی ہے کہ وہ کمپنی کے شیئر رجسٹرار کو تحریری طور پر اپنے بینک اکاؤنٹ کی متعلقہ تفصیلات فراہم کریں (اگر پہلے مہیا نہیں کی گئی ہوں تو)۔ سی ڈی سی اکاؤنٹ ہولڈرز اپنی درخواست براہ راست اپنے بروکر (پارٹیسپنٹ) / سی ڈی سی انویسٹرز اکاؤنٹ سروس کو جمع کروائیں۔ ممبر کی درست بینک اکاؤنٹ کی تفصیلات مورخہ 20 اکتوبر 2017ء سے قبل اپ ڈیٹ نہ ہونے کی صورت میں ایسے اراکین کے ڈیویڈنڈ کی ترسیل روک دی جائے گی۔

6۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ SRO 787(1) 2014 کمپنیوں کو یہ سہولت دی ہے کہ وہ ممبران کی تحریری اجازت سے مالیاتی گوشوارے بذریعہ ای میل ارسال کر سکیں۔ وہ اراکین جو آڈٹ شدہ گوشوارے بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ وہ اپنی تحریری منظوری کے ساتھ اپنا ای میل ایڈریس کمپنی کے شیئر رجسٹرار کو بھیج دیں۔ CDC شیئر ہولڈرز سے درخواست ہے کہ وہ اپنا ای میل ایڈریس اور منظوری براہ راست اپنے بروکر (Participant)/ سی ڈی سی انویسٹرز اکاؤنٹ سروس کو جمع کروائیں۔

7۔ SECP کے نوٹیفکیشن نمبر 634(1)2014 مورخہ 10 جولائی 2014ء کے مطابق شیئر ہولڈرز کی معلومات اور جائزے کے لیے 30 جون 2017ء کو ختم ہونے والے سال کے لیے کمپنی کے جانچ شدہ مالیاتی گوشوارے اور بیانات کمپنی کی ویب سائٹ www.gulahmed.com پر اپ لوڈ کر دی گئی ہیں۔

8۔ فنانس ایکٹ 2017ء جو کہ یکم جولائی 2017ء سے موثر ہے اس کے مطابق انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت منافع منقسمہ کی ادائیگی میں سے انکم ٹیکس کی کٹوتی کی شرح پر نظر ثانی کی گئی ہے جو کہ مندرجہ ذیل ہے۔

الف) انکم ٹیکس ریٹرنز کے فائلرز کے لیے 15.00 فیصد ب) انکم ٹیکس ریٹرنز کے نان فائلرز کے لیے 20.00 فیصد

ایسے شیئر ہولڈرز جو فائلرز ہیں انہیں چاہیے کہ وہ اس بات کی یقین دہانی کر لیں کہ ان کے نام FBR کی ویب سائٹ پر موجود ایکٹو ٹیکس پیئرز لسٹ میں موجود ہیں ورنہ انہیں نان فائلر تصور کیا جائے گا اور ان کے نقد منافع منقسمہ پر ٹیکس کی کٹوتی 15.00 فیصد کے بجائے 20 فیصد کے حساب سے کی جائے گی۔

9۔ FBR نے واضح کر دیا ہے کہ جہاں شیئرز مشترکہ اکاؤنٹس / ناموں کے ساتھ ہیں اس میں ہر اکاؤنٹ / مشترکہ ہولڈر کو انفرادی طور پر فائلر یا نان فائلر تصور کیا جائے گا اور ان کی شیئر ہولڈنگ کے مطابق ٹیکس کاٹا جائے گا۔ جو شیئر ہولڈرز مشترکہ شیئر ہولڈنگ اسٹیٹس رکھتے ہیں ان سے درخواست ہے کہ وہ 19 اکتوبر 2017ء تک مندرجہ ذیل فارمیٹ کے تحت اپنے شیئر ہولڈنگ تناسب کے بارے میں کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

فولیو/سی ڈی سی اکاؤنٹ نمبر	شیئر ہولڈرز کا نام (بنیادی/مشترکہ ہولڈرز)	شیئرز یا فیصد کی تعداد (تناسب)	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	دستخط

اگر شیئر ہولڈنگ کا تناسب موصول نہیں ہوتا ہے تو ہر مشترکہ شیئر ہولڈر کے شیئرز کا تناسب مساوی تصور کیا جائے گا اور وِدہولڈنگ ٹیکس بھی اسی کے مطابق کاٹا جائے گا۔

10۔ منافع منقسمہ آمدنی پر وِدہولڈنگ ٹیکس سے مستثنیٰ ہونے کے لیے ٹیکس سے مستثنیٰ سرٹیفکیٹ کی درست نقل کمپنی کے شیئر رجسٹرار کو بک کی بندش سے پہلے فراہم کرنی ہوگی ورنہ قابل اطلاق شرح کے مطابق منافع منقسمہ پر ٹیکس کاٹا جائے گا۔

11۔ کارپوریٹ شیئر ہولڈرز جو سی ڈی سی اکاؤنٹس رکھتے ہیں انہیں اپنے سی ڈی سی (Participants) کے ساتھ اپنے نیشنل ٹیکس نمبر کو اپ ڈیٹ رکھنا ہوگا جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کمپنی یا ٹیکنو وژن (پرائیویٹ) لمیٹڈ کو اپنے این ٹی این سرٹیفکیٹ کی کاپی بھیجیں۔ شیئر ہولڈرز اپنے NTN یا NTN سرٹیفکیٹ بھیجتے ہوئے اپنی کمپنی کا نام اور اپنا فولیو نمبر ضرور درج کریں۔

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent directors and directors representing the minority interest on its Board of Directors (the Board). At present, the Board includes:

Independent Directors
Dr. Amjad Waheed
Ehsan A. Malik

Executive Directors
Zain Bashir
Mohammed Zaki Bashir

Non-Executive Directors
Mohomed Bashir
Ziad Bashir
S.M. Nadim Shafiqullah

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the financial year 2017. Election of Directors was held on March 31, 2017 and the members in their Extraordinay General Meeting elected the directors as mentioned in serial no. 1.

5. The Company has prepared a "Code of Conduct and Ethics" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the Board/shareholders.

8. All the meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors of the Board are well aware of their duties and responsibilities as outlined by corporate laws and listing regulations. All the directors, except chairman, have attended and completed directors' training course conducted by Pakistan Institute of Corporate Governance (PICG). The Chairman has the prescribed education and experience required for exemption under clause 5.19.7 of PSX Rules accordingly he is exempted from attending directors' training program pursuant to the clause (xi) of the CCG.

10. No new appointment of Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary had been made during the financial year 2017. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit and any changes thereto has been approved by the Board. Subsequent to year end new CFO was appointed whose appointment including remuneration and terms and conditions of employment has been duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three Members, all members are non-executive directors and the Chairman of the Committee is a non-executive director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the Chairman of the Committee is a non-executive director.

18. 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.

19. 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), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company, and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and the Stock Exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange Limited.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi
September 23, 2017

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Gul Ahmed Textile Mills Limited ("the Company") for the year ended June 30, 2017 to comply with the requirement of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. 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 Code.

As part of our audit of 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the company for the year ended June 30, 2017.

Karachi
September 23, 2017

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of GUL AHMED TEXTILE MILLS LIMITED (the Company) as at June 30, 2017 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;

b) in our opinion:

  i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

  ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed Companies Ordinance 1984, 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, 2017 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, 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.

Karachi
September 23, 2017

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

BALANCE SHEET
AS AT JUNE 30, 2017

GulAhmed SINCE 1953

	Note	2017	2016
		Rupees (000s)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	3,564,955	2,970,796
Reserves	5	7,348,962	5,747,443
		10,913,917	8,718,239
NON-CURRENT LIABILITIES			
Long term financing	6	7,146,403	4,630,604
Deferred liabilities			
Deferred taxation	7	298,358	309,308
Staff retirement benefits	8	23,864	35,749
		322,222	345,057
		7,468,625	4,975,661
CURRENT LIABILITIES			
Trade and other payables	9	5,583,378	5,007,102
Accrued mark-up/profit	10	138,898	114,368
Short term borrowings	11	11,935,343	12,866,493
Current maturity of long term financing	6	678,511	487,400
		18,336,130	18,475,363
CONTINGENCIES AND COMMITMENTS	12		
		36,718,672	32,169,263

The annexed notes 1 - 46 form an integral part of these unconsolidated financial statements.

	Note	2017	2016
		Rupees (000s)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	15,969,256	12,050,465
Intangible assets	14	77,736	13,474
Long term investment	15	58,450	58,450
Long term loans and advances	16	40,092	21,820
Long term deposits	17	192,629	155,518
		16,338,163	12,299,727
CURRENT ASSETS			
Stores, spare parts and loose tools	18	988,216	903,447
Stock-in-trade	19	12,469,962	13,854,292
Trade debts	20	3,345,046	2,364,302
Loans and advances	21	688,979	715,875
Short term prepayments	22	152,664	218,928
Other receivables	23	1,143,099	475,709
Tax refunds due from Government	24	648,960	911,957
Taxation - net		673,701	117,249
Cash and bank balances	25	269,882	307,777
		20,380,509	19,869,536
		36,718,672	32,169,263

The annexed notes 1 - 46 form an integral part of these financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees (000s)	
Sales	26	39,904,322	32,274,556
Cost of sales	27	32,858,482	24,968,291
Gross profit		7,045,840	7,306,265
Distribution cost	28	3,483,858	3,242,285
Administrative expenses	29	2,304,764	1,833,967
Other operating expenses	30	58,377	137,554
		5,846,999	5,213,806
		1,198,841	2,092,459
Other income	31	487,338	152,538
Operating profit		1,686,179	2,244,997
Finance cost	32	877,417	910,488
Profit before taxation		808,762	1,334,509
Taxation	33	(9,660)	193,079
Profit after taxation		818,422	1,141,430
			Restated
Earnings per share - basic and diluted (Rs.)	34	2.50	3.92

The annexed notes 1 - 46 form an integral part of these unconsolidated financial statements.

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

GulAhmed
SINCE 1953

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees (000s)	
Profit after taxation		818,422	1,141,430
Other comprehensive income			
Items that will not be reclassified to profit and loss account subsequently			
Remeasurement gain/(loss) on defined benefit plan	8.1	(11,705)	8,376
Related tax effect	7	1,290	(952)
		(10,415)	7,424
Total comprehensive income		808,007	1,148,854

The annexed notes 1 - 46 form an integral part of these unconsolidated financial statements.

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees (000s)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		808,762	1,334,509
Adjustments for:			
Depreciation	13.1.1	1,574,474	1,120,417
Amortisation	14.1	6,588	5,189
Provision for gratuity	8.2	31,029	34,342
Finance cost	32	877,417	910,488
Provision for slow moving/obsolete stores, spares and loose tools	18.1	15,645	14,645
Impairment allowance against doubtful trade debts	20.3	38,307	34,825
Property, plant and equipment scrapped	13.1	425	1,014
Unclaimed liabilities written back	31	(49,685)	(10,917)
Net (gain)/loss on disposal of property plan and equipment	13.1.3	(244,830)	18,843
		2,249,370	2,128,846
Cash flows from operating activities before adjustments of working capital		3,058,132	3,463,355
Changes in working capital:			
Decrease/(increase) in current assets			
Stores, spare parts and loose tools		(100,414)	(219,030)
Stock-in-trade		1,384,330	(2,570,474)
Trade debts		(1,019,051)	(485,255)
Loans and advances		26,896	(361,751)
Short term prepayments		66,264	(122,130)
Other receivables		(667,390)	(144,310)
Tax refunds due from Government - Net		380,246	16,812
		70,881	(3,886,138)
Increase/(decrease) in current liabilities			
Trade and other payables		623,363	(205,509)
		694,244	(4,091,647)
Cash generated from/(used) in operations		3,752,376	(628,292)
Gratuity paid		(54,619)	(34,168)
Finance cost paid		(852,887)	(1,002,601)
Income tax paid		(673,701)	(349,154)
Increase in long term loans and advances		(18,272)	(8,961)
Increase in long term deposits		(37,111)	(61,946)
		(1,636,590)	(1,456,830)
Net cash used in operating activities		2,115,786	(2,085,122)

	Note	2017	2016
		Rupees (000s)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(5,579,951)	(4,210,709)
Addition to intangible assets		(70,850)	(7,182)
Proceeds from sale of property, plant and equipment		331,091	58,655
Net cash used in investing activities		(5,319,710)	(4,159,236)
		(3,203,924)	(6,244,359)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		3,427,770	2,681,678
Repayments of long term financing		(720,860)	(685,414)
Proceeds from issue of right shares		1,485,398	1,199,744
Dividend paid		(95,129)	(789,492)
Net cash generated from financing activities		4,097,179	2,406,516
Net increase/(decrease) in cash and cash equivalents		893,255	(3,837,843)
Cash and cash equivalents - at the beginning of the year		(12,558,716)	(8,720,873)
Cash and cash equivalents - at the end of the year	36	(11,665,461)	(12,558,716)

The annexed notes 1 - 46 form an integral part of these unconsolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Note	Share capital	Reserves: Capital reserve - share premium	Reserves: Revenue reserves: General reserve	Reserves: Revenue reserves: Unappropriated profit	Reserves: Sub total reserves	Total
		Rupees (000s)					
Balance as at June 30, 2015		2,285,228	-	4,230,000	654,244	4,884,244	7,169,472
Transfer to general reserve		-	-	250,000	(250,000)	-	-
Transactions with owners							
Final dividend for the year ended June 30, 2015		-	-	-	(342,785)	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015		-	-	-	(228,523)	(228,523)	(228,523)
Issuance of right shares		685,568	514,176	-	-	514,176	1,199,744
Interim dividend for the nine months ended March 31, 2016		-	-	-	(228,523)	(228,523)	(228,523)
Total comprehensive income for the year ended June 30, 2016							
Profit after taxation		-	-	-	1,141,430	1,141,430	1,141,430
Other comprehensive income		-	-	-	7,424	7,424	7,424
		-	-	-	1,148,854	1,148,854	1,148,854
Balance as at June 30, 2016		**2,970,796**	**514,176**	**4,480,000**	**753,267**	**5,747,443**	**8,718,239**
Transfer to general reserve		-	-	500,000	(500,000)	-	-
Transaction with owners							
Final dividend for the year ended June 30, 2016		-	-	-	(97,727)	(97,727)	(97,727)
Issuance of right shares	4.3 & 5	594,159	891,239	-	-	891,239	1,485,398
Total comprehensive income for the year ended June 30, 2017							
Profit after taxation		-	-	-	818,422	818,422	818,422
Other comprehensive loss		-	-	-	(10,415)	(10,415)	(10,415)
		-	-	-	808,007	808,007	808,007
Balance as at June 30, 2017		**3,564,955**	**1,405,415**	**4,980,000**	**963,547**	**7,348,962**	**10,913,917**

The annexed notes 1 - 46 form an integral part of these unconsolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND ITS OPERATIONS

1.1 Gul Ahmed Textile Mills Limited (The Company) was incorporated on April 1, 1953 in Pakistan as a private limited company, subsequently converted into public limited company on January 7, 1955 and is listed in Pakistan Stock Exchange Limited. The Company is a composite textile mill 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	Date of Incorporation	Percentage of Holding	Country of Incorporation
Gul Ahmed International Limited FZC	November 27, 2002	100%	U.A.E.
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	100%	U.K.
GTM USA Corp. - Indirect subsidiary	March 19, 2012	100%	U.S.A.
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	100%	U.S.A.

All four sister subsidiaries are engaged in trading of textile related products.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These unconsolidated financial statements comprise of unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 unconsolidated 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 unconsolidated financial statements have been prepared following accrual basis of accounting except for cash flow statement.

2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the requirements of the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, as are notified under the Repealed Companies Ordinance, 1984 (the Ordinance), provisions of and directives issued under the Repealed Companies Ordinance, 1984. In case the requirements differ, provisions or directives of the Repealed Companies Ordinance, 1984 shall prevail.

Companies Act, 2017 (the Act) has been promulgated during the year and Companies Ordinance 1984 has been repealed. The Act introduces new disclosure and presentation requirements; however the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 / 2017 dated July 20, 2017 has notified its decision that the Companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of repealed Companies Ordinance 1984. Accordingly these unconsolidated financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance 1984.

2.3 Functional and presentation currency

These unconsolidated financial statements have been prepared in Pak Rupees, which is the Company's functional and presentation currency.

2.4 **Critical accounting estimates and judgments**

The preparation of unconsolidated 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. 8.3 to the unconsolidated 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 respective period.

f) **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.

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 allowance against trade debts, advances and other receivables**

The Company reviews the recoverability of its 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 information, ageing 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 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.

2.5 **New and revised standards and interpretations**

(a) **New and amended Standards and Interpretations became effective:**

Following new / amended standards and amendments / clarifications issued by IASB have become effective for annual periods beginning on or after January 1, 2016.

IAS 1 Presentation of Financial Statements (Effective for annual periods beginning on or after January 1, 2016)

Disclosure Initiative (Amendments to IAS 1) introduces certain clarifications related to consideration of materiality, clarifications related to aggregation and disaggregation of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income and the amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. This does not have any significant impact on the Company's unconsolidated financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (Effective for annual periods beginning on or after January 1, 2016)

This amendment introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. This standard is not relevant to the Company's unconsolidated financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer Plants (Effective for annual periods beginning on or after January 1, 2016)

Bearer plants are now in the scope of IAS 16 for measurement and disclosure purposes. Therefore, a Company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less cost to sell under IAS 41. A bearer plant is a plant that is used in the supply of agricultural produce, is expected to bear / produce for more than one period, and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This amendment is not relevant to the Company's unconsolidated financial statements.

IAS 19 'Employee Benefits' - Discount rate regional market issue (Effective from accounting period beginning on or after January 1, 2016)

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is a currency that the liabilities are denominated in, is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, Government bonds in that relevant currency should be used. The amendment is retrospective, but limited to the earliest period presented. The amendment does not have any significant impact on the Company's uncosolidated financial statements.

IAS 27 (Revised 2011) – 'Separate Financial Statements' (Effective from annual period beginning on or after January 01, 2016)

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The Company already carries investment in its subsidiary at cost, therefore amendment does not have any significant impact on the Company's unconsolidated financial statements.

IAS 34 'Interim Financial Reporting' - Disclosure of information 'elsewhere in the interim financial report' (Effective from annual period beginning on or after January 1, 2016)

This amendment clarifies what is meant by the reference in the standard to 'Disclosure of information elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. This amendment is retrospective. This amendment will only have effect on the disclosure in Company's interim financial information.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - Changes in methods of disposal (Effective from annual period beginning on or after January 1, 2016)

The amendment adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa, and cases in which held-for-distribution accounting is discontinued. The amendment is prospective and it is unlikely that this will have any significant impact on the Company's unconsolidated financial statements.

IFRS 7 'Financial Instruments: Disclosures' (Effective from annual period beginning on or after January 1, 2016)

The amendments add additional guidance to clarify whether a servicing contract is continued involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies that the additional disclosure required by the amendment to IFRS 7, 'Disclosure - Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. It is unlikely that the amendment will have any significant impact on the Company's unconsolidated financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Venture ' and IFRS 12' Disclosure of Interest in other entities (Effective from annual period beginning on or after January 1, 2016)

Investment Entities: Applying the consolidation exception clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statement is available to a parent entity which is a subsidiary of an investment entity ; (c) how an entity that is not an investment entity should apply the equity method of accounting for its investments in an associate or joint venture that is an investment entity and (d) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Amendments to IFRS 11 'Joint Arrangements' (Effective from annual period beginning on or after January 1, 2016)

Accounting for acquisition of interest in joint operations - Amendments to IFRS 11 'Joint Arrangements' clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require investors to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendment is not relevant to the Company's unconsolidated financial statements.

IAS 28 (Revised 2011) – 'Investments in Associates and Joint Ventures' (Effective from accounting period beginning on or after January 1, 2016)

This Standard supersedes IAS 28 'Investments in Associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is not relevant to the Company's financial statements.

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

The following standards, amendments and interpretations of approved accounting standards that have been published that are mandatory to the Company's accounting period beginning on or after the dates mentioned below:

IAS 7 'Statement of Cash Flows' (Effective for annual periods beginning on or after 1 January 2017)

This standard has been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flow and non-cash changes. The amendments are unlikely to have any material impact on the Company's unconsolidated financial statements.

IAS 12 'Income Taxes' (Effective for annual periods beginning on or after 1 January 2017)

This standard has been amended to clarify:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. The amendments are unlikely to have any material impact on the Company's unconsolidated financial statements.

IAS 40 'Investment Property' amendments to clarify transfers or property to, or from, investment property (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. TThe amendment is not relevant to the Company's unconsolidated financial statements.

IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment) (Effective for annual periods beginning on or after 1 January 2018)

The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendment is not relevant to the Company's unconsolidated financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (Effective for annual periods beginning on or after 1 January 2018)

The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises non monetary assets or non monetary liability arising from payment or receipt of advance consideration. In case there are multiple payments or receipts in advance, the entity should determine a date of the transaction for each payment or receipt of advance consideration. This IFRIC is not likely to have a material impact on Company's unconsolidated financial statements.

IFRIC 23 'Accounting for uncertainties in income taxes' (Effective for annual periods beginning on or after 1 January 2019)

This Amendment clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. This IFRIC is not likely to have a material impact on Company's unconsolidated financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Completed) (Effective for annual periods beginning on or after 1 January 2018)

The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the ""overlay approach""); an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the ""deferral approach""). The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contract standard is applied. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

Annual improvements to IFRS standards 2014-2016 cycle

The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 12 Disclosure of Interests in Other Entities amendments resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Company's unconsolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures amendments resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

This amendment clarifies that the election to measure an investment in an associate or a joint venture that is held by an entity and that is a venture capital organization, or other qualifying entity, at fair value through profit or loss is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.The amendment is not relevant to the Company's unconsolidated financial statements.

(c) **New Standards issued by IASB but not yet been notified by SECP**

International Financial Reporting Standards (IFRSs)	IASB effective date annual periods beginning on or after
IFRS 1 - First Time Adoption of IFRS	January 1, 2013
IFRS 9 - Financial Instruments	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019
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 balance sheet 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 profit and loss account.

3.2 Staff retirement benefits

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, 2017. The results of valuation are summarized in note no. 8.

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

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 profit and loss account.

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 balance sheet 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 adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Company takes into account the current Income Tax law and decisions taken by the Taxation Authorities.

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 unconsolidated 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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, 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, net of transaction cost incurred, and are subsequently recorded at amortized cost using the effective interest rate method.

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 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.9 Property, plant and equipment

3.9.1 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 accumlated 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 profit and loss account 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 profit and loss account as incurred.

Depreciation

Depreciation is charged on all depreciable assets using reducing balance method except for structure on leasehold land / rented property and specific office equipments (i.e. I.T. equipment and mobile phones) which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 13.1. Depreciation is charged in additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecgonation. 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 benefis 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 profit and loss account.

3.9.2 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet 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 the assets start operation.

3.10 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. 14.1.

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.

3.11 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase. Investments of the Company are currently classified under following categories:

(a) Investment in subsidiary

Investment in subsidiary company is stated at cost in these separate financial statements in accordance with the provision of IAS-27.

(b) Investment at fair value through profit and loss

These are investments designated as held-for-trading at the inception. Investments under this category are classified in current assets. These investments are initially recorded at fair value and are remeasured at each reporting date. Gains or losses arising from changes in the fair value are recognised in profit and loss account in the period in which they arise. Gains or losses on disinvestments are also recognised in profit and loss account.

3.12 Loans and receivables

Financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. These are measured at amortized cost less impairment, if any.

3.13 Stores, spare parts and loose tools

Stores, spare parts and loose tools, 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 balance sheet date.

3.14 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 balance sheet date.

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

3.15 Trade debts

Trade debts are carried at original invoice amount being fair value of the goods sold/services rendered. Export trade debts are translated into Pak Rupees at the rates ruling on the balance sheet date. Debts considered irrecoverable are written off and impairment allowance is made for debts considered doubtful.

3.16 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:

- Sale is recognized when the goods are dispatched to the customer and in case of export when the goods are shipped. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.
- 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.

3.17 Financial Instruments

Financial instruments carried on the balance sheet include investments, 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. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit and loss".

Any gain or loss on subsequent measurement of the financial asset, except for available-for-sale investments, if any, is charged / credited to the profit and loss account.

3.18 Derecognition of Financial Instruments

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses control, if it realizes that the rights to benefits specified in contract expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on derecognition of financial asset or liability is also included to the profit and loss account.

3.19 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognized as expense in profit and loss account. 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, if no impairment loss had been recognized.

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 profit and loss account. 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.

3.20 Derivative financial instruments

The Company uses derivative financial instruments to hedge its risks associated with interest and exchange rate fluctuations. Derivative financial instruments, that do not qualify for hedge accounting, are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of the derivative financial instruments is taken to the profit and loss account.

3.21 Offsetting of financial assets and liabilities

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

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

3.22 Cash and cash equivalents

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

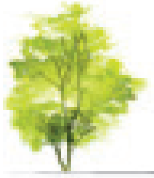
3.23 Dividend and appropriation to reserves

Final dividend distributions to the Company's shareholders are recognized as a liability in the 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 statement of changes in equity in the period in which such appropriations are approved.

3.24 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 Authorized capital

2017	2016		2017	2016
Number of Shares			Rupees (000s)	
400,000,000	400,000,000	Ordinary shares of Rs.10 each	4,000,000	4,000,000

4.2 Issued, subscribed and paid - up capital

2017	2016		2017	2016
Number of Shares			Rupees (000s)	
192,161,738	132,745,817	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	1,921,617	1,327,458
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid under scheme of arrangement for amalgamation	54,473	54,473
158,886,461	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	1,588,865	1,588,865
356,495,525	297,079,604		3,564,955	2,970,796

4.2.1 As at June 30, 2017, Gul Ahmed Holdings (Private) Limited, the holding company of Gul Ahmed Textile Mills Ltd, held 239,226,714 (2016: 199,355,596) ordinary shares of Rs. 10 each, constituting 67.10% (2016: 67.10%) of total paid-up capital.

4.2.2 As at June 30, 2017, number of shares held by the associated companies and undertakings, other than holding company, aggregated to 10,895,903 (2016: 9,079,919) ordinary shares of Rs. 10 each.

4.2.3 As per the Honorable Sindh High Court's order, the Company has held 1,541,432 shares, 69,138 shares and 398,434 shares out of the total bonus shares issued during the year 2015 to Gul Ahmed Holdings (Private) Limited, the associate 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

	Note	2017	2016
		Number of Shares	
Number of shares outstanding at the beginning of the year		297,079,604	228,522,772
Add: 20% (2016: 30%) Issue of Right shares during the year	5.1	59,415,921	68,556,832
		356,495,525	297,079,604

5 RESERVES

	Note	2017	2016
		Rupees (000s)	
Capital Reserve			
- Share premium Reserve	5.1 & 5.2	1,405,415	514,176
Revenue Reserve			
- General Reserve	5.3	4,980,000	4,480,000
- Unappropriated Profit		963,547	753,267
		5,943,547	5,233,267
	5.1	7,348,962	5,747,443

5.1 During the year, the Company issued shares, against right shares subscription money received amounting to Rs. 1,485 million (2016:Rs. 1,199 million), as approved by the Board of Directors of the Company on February 28, 2017 at premium to the existing shareholders at a ratio of 20 ordinary shares for every 100 shares held (2016:30 ordinary shares for every 100 shares held) . The total amount of premium on the rights issue amounts to Rs. 891 million at the rate of Rs. 15/- per share (2016: Rs. 514 million at the rate of Rs. 7.5/- per share).

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

5.3 This represents appropriation of profit in past years to meet future exigencies.

6 LONG TERM FINANCING

	Note	2017	2016
		Rupees (000s)	
From Banking Companies - Secured	6.1	5,017,703	3,639,931
From Non-Banking Financial Institutions - Secured	6.2	2,807,211	1,478,073
		7,824,914	5,118,004
Current portion shown under current liabilities		(678,511)	(487,400)
		7,146,403	4,630,604

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017 Rupees (000s)	2016 Rupees (000s)
6.1 **Banking Companies**						
Allied Bank Limited Loan	6.5, 6.7	32 quarterly July-2010	9,256	Three months KIBOR Ask rate + 0.50% payable quarterly	37,034	74,058
Askari Bank Limited Loan 1 Under LTFF scheme	6.4, 6.7	20 quarterly October-2016	8,346	8.50 % p.a. payable quarterly	141,882	166,920
Askari Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	49,788	58,578
Askari Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	19,192	21,325
Askari Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly May-2018	63	3 % p.a. payable quarterly	1,259	1,259
Askari Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	1,703	3 % p.a. payable quarterly	47,675	47,675
Askari Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,069	3 % p.a. payable quarterly	29,935	29,935
Askari Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	929	3 % p.a. payable quarterly	26,005	26,005
Askari Bank Limited Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	1,816	3 % p.a. payable quarterly	50,842	50,842
Askari Bank Limited Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	1,210	3 % p.a. payable quarterly	33,871	33,871
Askari Bank Limited Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly May-2019	96	3 % p.a. payable quarterly	2,680	2,680
Askari Bank Limited Loan 11 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	180	3 % p.a. payable quarterly	5,030	5,030
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	108,920	147,820
Bank Al-Habib Limited Loan Under LTFF scheme	6.6	16 half yearly October-2019	13,519	2.75 % p.a. payable quarterly	216,296	-
Bank Al-Falah Limited Loan 1 Islamic Banking	6.4,6.8	9 half yearly July-2014	1,147	Six months KIBOR Ask rate + 1.25% payable half yearly	3,442	5,736
Bank Al-Falah Limited Loan 2 Islamic Banking	6.4,6.8	9 half yearly August-2014	1,472	Six months KIBOR Ask rate + 1.25% payable half yearly	4,417	7,361
Bank Al-Falah Limited Loan 3 Islamic Banking	6.4,6.8	9 half yearly September-2014	8,172	Six months KIBOR Ask rate + 1.25% payable half yearly	24,516	40,859
Bank Al-Falah Limited Loan 4 Islamic Banking	6.4,6.8	9 half yearly October-2014	10,285	Six months KIBOR Ask rate + 1.25% payable half yearly	30,856	51,425
Bank Al-Falah Limited - Loan 5 Islamic Banking	6.4,6.8	09 half yearly March-2014	9,439	Six months KIBOR Ask rate + 1.25% payable half yearly	18,878	37,755
Bank Al-Falah Limited - Loan 6 Islamic Banking	6.4,6.8	09 half yearly April-2014	6,457	Six months KIBOR Ask rate + 1.25% payable half yearly	12,915	25,830
Bank of Punjab - Loan 1 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	84	3 % p.a. payable quarterly	2,358	2,358
Bank of Punjab - Loan 2 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	1,143	3 % p.a. payable quarterly	31,998	32,075
Bank of Punjab - Loan 3 Under LTFF scheme	6.3, 6.7	28 quarterly October-2018	2,144	3 % p.a. payable quarterly	60,040	-
Bank of Punjab - Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly November-2018	3,085	3 % p.a. payable quarterly	86,380	-

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017 Rupees (000s)	2016 Rupees (000s)
Bank of Punjab - Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	6,904	3 % p.a. payable quarterly	193,323	-
Bank of Punjab - Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,644	3 % p.a. payable quarterly	46,035	-
Bank of Punjab - Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	7,692	3 % p.a. payable quarterly	215,382	-
Bank of Punjab - Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	6,128	3 % p.a. payable quarterly	171,579	-
Bank of Punjab - Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	3,212	3 % p.a. payable quarterly	89,924	-
Bank of Punjab - Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	195	3 % p.a. payable quarterly	5,469	-
Habib Bank Limited Loan 1 Under LTFF scheme	6.5, 6.7	16 half yearly July-2011	11,054	10.00% p.a. payable quarterly	-	66,326
Habib Bank Limited Loan 2 Under LTFF scheme	6.5, 6.7	16 half yearly August-2011	562	10.00% p.a. payable quarterly	-	3,375
Habib Bank Limited Loan 3 Under LTFF scheme	6.5, 6.7	16 half yearly October-2011	709	10.00% p.a. payable quarterly	-	4,260
Habib Bank Limited Loan 4 Under LTFF scheme	6.5, 6.7	16 half yearly March-2012	277	10.00% p.a. payable quarterly	-	1,937
Habib Bank Limited Loan 5 Under LTFF scheme	6.5, 6.7	16 half yearly August-2012	3,536	10.25% p.a. payable quarterly	-	28,326
Habib Bank Limited Loan 6 Under LTFF scheme	6.5, 6.7	20 quarterly September-2016	5,804	9.00% p.a. payable quarterly	-	116,050
Habib Bank Limited Loan 7 Under LTFF scheme	6.5, 6.7	20 quarterly November-2016	1,698	9.00% p.a. payable quarterly	-	33,950
Habib Bank Limited Loan 8	6.5, 6.8	04 half yearly October-2017	15,586	Three months KIBOR Ask rate + 0.5% payable half yearly	62,345	-
Habib Bank Limited Loan 9	6.5, 6.8	05 half yearly October-2017	332	Three months KIBOR Ask rate + 0.5% payable half yearly	1,660	-
Habib Bank Limited Loan 10	6.5, 6.8	06 half yearly October-2017	4,132	Three months KIBOR Ask rate + 0.5% payable half yearly	24,789	-
Habib Bank Limited Loan 11	6.5, 6.8	09 half yearly October-2017	16,666	Three months KIBOR Ask rate + 0.5% payable half yearly	150,000	-
Habib Bank Limited Loan 12 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly October-2018	14,747	3 % p.a. payable quarterly	471,900	-
Habib Bank Limited Loan 13 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2018	82	3 % p.a. payable quarterly	2,613	-
Habib Bank Limited Loan 14 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	221	3 % p.a. payable quarterly	7,072	-
Habib Bank Limited Loan 15 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	95	3 % p.a. payable quarterly	3,036	-
Habib Bank Limited Loan 16 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2019	174	3 % p.a. payable quarterly	5,564	-
MCB Bank Limited Loan 1	6.5	10 half yearly February-2017	1,486	Three months KIBOR Ask rate + 2.25% payable half yearly	13,374	14,860
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	142,776	158,640
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	13,869	15,410
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	21,825	24,251
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	51,957	57,730
MEEZAN Bank Limited Loan Islamic Banking	6.5, 6.8	10 quarterly March-2017	74,455	Three months KIBOR Ask rate +1% payable quarterly	647,460	744,555

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017 Rupees (000s)	2016 Rupees (000s)
National Bank of Pakistan Loan 1	6.3	10 half yearly February-2016	49,598	Six months KIBOR Ask rate + 0.75% payable half yearly	396,784	495,981
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	116,700	116,700
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	109,012	109,012
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	3,570	3,570
National Bank Of Pakistan Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly September-2018	7,131	2.80% p.a. payable quarterly	142,618	142,618
National Bank Of Pakistan Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	5,699	2.80% p.a. payable quarterly	113,970	-
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	14,156	-
NIB Bank Limited Loan 1	6.3	16 quarterly March-2014	829	Three months KIBOR Ask rate + 1.50% payable quarterly	1,659	4,975
NIB Bank Limited Loan 2	6.3	16 quarterly June-2014	2,827	Three months KIBOR Ask rate + 1.50% payable quarterly	8,484	22,619
NIB Bank Limited Loan 3	6.3	16 quarterly June-2015	168	Three months KIBOR Ask rate + 1.50% payable quarterly	1,183	2,023
SONERI Bank Loan 1 Under LTFF scheme	6.3, 6.7	16 quarterly March-2018	14,457	5% p.a. payable quarterly	231,310	231,310
United Bank Limited Loan 1	6.3	12 half yearly September-2013	269	Six months KIBOR Ask rate + 1.00% payable half yearly	1,075	1,612
United Bank Limited Loan 2	6.3	12 half yearly October-2013	1,235	Six months KIBOR Ask rate + 1.00% payable half yearly	4,941	7,411
United Bank Limited Loan 3	6.3	12 half yearly December-2013	5,892	Six months KIBOR Ask rate + 1.00% payable half yearly	23,565	35,792
United Bank Limited Loan 4	6.3	12 half yearly January-2014	11,913	Six months KIBOR Ask rate + 1.00% payable half yearly	59,562	83,387
United Bank Limited Loan 5 Under LTFF scheme	6.4, 6.7	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	18,020	18,020
United Bank Limited Loan 6 Under LTFF scheme	6.4, 6.7	10 half yearly August-2017	398	6.50% p.a. payable quarterly	3,985	3,985
United Bank Limited Loan 7 Under LTFF scheme	6.4, 6.7	10 half yearly September-2017	215	6.50% p.a. payable quarterly	2,150	2,150
United Bank Limited Loan 8 Under LTFF scheme	6.4, 6.7	10 half yearly October-2017	102	6.50% p.a. payable quarterly	1,020	1,020
United Bank Limited Loan 9	6.4	10 half yearly November-2017	2,385	5% p.a. payable quarterly	23,850	23,850
United Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	10 half yearly December-2017	89	6.50% p.a. payable quarterly	890	890
United Bank Limited Loan 11 Under LTFF scheme	6.4, 6.7	10 half yearly February-2018	318	5% p.a. payable quarterly	3,187	3,187
United Bank Limited Loan 12 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	4,182	5% p.a. payable quarterly	41,822	41,822

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017 Rupees (000s)	2016 Rupees (000s)
United Bank Limited Loan 13 Under LTFF scheme	6.4, 6.7	10 half yearly April-2018	1,827	5% p.a. payable quarterly	18,270	18,270
United Bank Limited Loan 14 Under LTFF scheme	6.4, 6.7	10 half yearly May-2018	954	4% p.a. payable quarterly	9,546	9,546
United Bank Limited Loan 15 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	12,111	5% p.a. payable quarterly	121,114	121,114
Samba Bank Limited Loan 1 Under LTFF scheme	6.3, 6.7	10 half yearly September-2019	15,710	3% p.a. payable quarterly	157,099	-
Total from Other Banks					**5,017,703**	**3,639,931**

6.2 **Non-Banking Financial Institutions - Secured**

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017 Rupees (000s)	2016 Rupees (000s)
Pair Investment Company 1 Under LTFF scheme	6.5, 6.7	12 half yearly May-2018	11,417	3.5% p.a. payable half yearly	137,000	137,000
Pair Investment Company 2 Under LTFF scheme	6.5, 6.7	12 half yearly June-2018	11,346	3.5% p.a. payable half yearly	136,150	136,150
Pair Investment Company 2 Under LTFF scheme	6.5, 6.7	12 half yearly October-2019	17,798	3% p.a. payable half yearly	213,579	-
Pair Investment Company 2 Under LTFF scheme	6.5, 6.7	12 half yearly December-2019	236	3% p.a. payable half yearly	2,831	-
Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2018	10,093	3% p.a. payable quarterly	322,990	322,990
Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2018	816	3% p.a. payable quarterly	26,120	26,120
Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2018	2,479	3% p.a. payable quarterly	79,340	79,340
Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2018	8,312	3% p.a. payable quarterly	265,986	265,986
Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2018	417	3% p.a. payable quarterly	13,330	13,330
Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly April-2018	31	3% p.a. payable quarterly	985	-
Pak Kuwait Investment Pvt. Ltd Loan 7 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly May-2018	1,218	3% p.a. payable quarterly	38,970	38,970
Pak Kuwait Investment Pvt. Ltd Loan 8 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly May-2018	71	3% p.a. payable quarterly	2,279	-
Pak Brunei Investment Company Loan 1 Under LTFF scheme	6.3, 6.4, 6.7	16 quarterly December-2018	28,637	2.5% p.a payable quarterly	458,187	458,187
Pak Brunei Investment Company Loan 2 Under LTFF scheme	6.3, 6.4, 6.7	16 quarterly May-2019	2,419	2.5% p.a payable quarterly	38,710	-
Pak Brunei Investment Company Loan 3 Under LTFF scheme	6.3, 6.4, 6.7	16 quarterly July-2019	5,468	2.5% p.a payable quarterly	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	275,083	-
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	237,121	-
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	221,667	-

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017	2016
					Rupees (000s)	
Pak Oman Investment Company Loan 4 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly May-2019	238	2.75% p.a payable quarterly	7,627	-
Pak Oman Investment Company Loan 5 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly May-2019	60	2.75% p.a payable quarterly	1,908	-
Pak Oman Investment Company Loan 6 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly June-2019	7,144	2.75% p.a payable quarterly	228,624	-
Pak Oman Investment Company Loan 7 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly June-2019	351	2.75% p.a payable quarterly	11,228	-
		Total from Non-Banking Financial Institutions			2,807,211	1,478,073

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.

7 DEFERRED TAXATION

	Note	2017	2016
		Rupees (000s)	
Opening		309,308	350,339
Credit to profit and loss account		(9,660)	(41,983)
(Credit)/charge to other comprehensive income		(1,290)	952
		298,358	309,308
Deferred tax arises due to:			
Taxable temporary difference in respect of			
Accelerated tax depreciation allowance		348,865	352,990
Deductible temporary differences in respect of			
Provision for gratuity		(2,631)	(4,062)
Impairment allowance against doubtful trade debts		(29,915)	(26,477)
Provision for slow moving items/obsolete items of stores, spare parts and loose tools		(14,479)	(13,143)
		(47,025)	(43,682)
Tax credit	7.2	(3,482)	
		298,358	309,308

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

7.2 The Company has available tax credit of Rs. 246.939 million (2016: 228.897 million) under section 65 of the Income Tax Ordinance as well as minimum tax credit of Rs. 22.342 that can be utilized against future tax liability; however as a matter of prudence tax credits only to the extent of Rs. 3.482 million (2016: Nil) has been recognized as deferred tax assets.

8 STAFF RETIREMENT BENEFITS

	Note	2017	2016
		Rupees (000s)	
8.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability			
Opening balance		35,749	43,951
Charge for the year	8.2	31,029	34,342
Remeasurement loss/(gain) charged in other comprehensive income		11,705	(8,376)
Benefits paid during the year		(54,619)	(34,168)
Closing balance		23,864	35,749
8.2 Charge for the year recognized in profit and loss account			
Current service cost		30,417	31,722
Interest cost		612	2,620
	29.1	31,029	34,342

8.3 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation:

	2017	2016
Discount rate used	7.25% p.a	7.25% p.a
Expected increase in salary for year end obligation	N/A	6.25 % p.a
Average expected remaining working life time of employees	5 years	5 years
Mortality rates	SLIC 2001-2005 Set back 1 Year	SLIC 2001-2005 Set back 1 Year

8.4 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 with time.

(b) **Demographic Risk**

Mortality Rate - 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 Rate - 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.

8.5 **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 of service. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2017. The disclosure is based on information included in that actuarial report.

8.6 **Sensitivity Analysis**

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

	2017	2016
	Rupees (000s)	
Discount Rate + 100 bps	22,739	34,171
Discount Rate - 100 bps	25,143	37,543
Salary increase + 100 bps	25,143	37,543
Salary increase - 100 bps	22,719	34,142

9 TRADE AND OTHER PAYABLES

		Note	2017	2016
			Rupees (000s)	
Creditors	- Due to related parties		93,828	46,679
	- Others		1,884,883	2,465,508
			1,978,711	2,512,187
Provisions and accrued expenses		9.1.1, 9.1.2, 9.1.3 & 12.7	2,962,399	1,941,938
Advance from customers			490,925	328,988
Workers' profit participation fund		9.3	42,981	75,029
Workers' welfare fund		9.4	35,108	27,235
Unclaimed dividend			5,169	2,140
Dividend Payable		9.2	9,042	9,473
Taxes withheld			30,509	71,378
Payable to employees' provident fund			14,989	14,270
Others			13,545	24,464
			5,583,378	5,007,102

9.1.1 Accrued expenses include Infrastructure cess amounting to Rs. 190 million (2016: Rs. 133 million). The Company alongwith other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi. However, in view of the uncertainties in such matters, full amount has been expensed out in the unconsolidated financial statements.

9.1.2 The Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated 31 August, 2015 regarding increase in the Gas rate tariff. The Honorable Sindh High Court has already passed interim orders to suspend the operation of the notification and payments of bills on regular basis at the tariff prevailing prior to the issuance of the impugned notification and restrained from taking any coercive action against the Company; thereafter Honorable Sindh High Court has given the decision in favor of the Company. 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 the year the Oil and Gas Regulatory

Authority (OGRA) has issued another notification dated 30-12-2016 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 has granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. Accordingly, the Company has provided banker's verified cheques of Rs. 186.443 million as security to Nazir of High Court Sindh and also, as a matter of prudence, full provision of Rs. 237.857 million (June 30, 2016: 98.689 million) in the unconsolidated financial statements.

9.1.3 The Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of Industry tariff rate to the Company, since the Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Company. However, in view of the uncertainties in such matter, full provision of Rs. 346.173 million (2016: Rs. 139.585 million) has been made in the unconsolidated financial statements.

9.2 Dividend payable includes the dividend amount Rs. 9.042 million (2016: Rs.7.033 million) held by the Company, as refered in Note no. 4.2.3 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. 6.936 million and Rs. 0.31 million (2016: Rs. 5.395 million and Rs. 0.24 million) of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively.

9.3 **Workers' profit participation fund**

	Note	2017	2016
		Rupees (000s)	
Opening balance		75,029	49,498
Allocation for the year	30	42,981	71,671
Interest for the year	9.3.1	6,495	3,358
		124,505	124,527
Payments made during the year		(81,524)	(49,498)
Closing balance		42,981	75,029

9.3.1 The company retains Workers' Profit Participation Fund for its business operations till the date of allocation to the workers. Interest is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilised by the Company till the date of allocation / payment to workers.

9.4 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. The Honorable Sindh High Court decided the matter in favor of the Government. The Company along with the petitioner filed an appeal in the Supreme Court of Pakistan against the above decision. During the year the Honorable Supreme Court has passed a judgment on 10th November 2016 declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. During the year, a review petition has been filed in the Honorable Supreme Court against the judgment. Therefore the Company as a matter of prudence has maintained the provisions made in the unconsolidated financial statements.

10 ACCRUED MARK-UP/PROFIT

	2017	2016
	Rupees (000s)	
Mark-up/profit on long term financing	53,365	46,852
Mark-up/profit on short term borrowings	85,533	67,516
	138,898	114,368

10.1 This includes profit of Rs. 2.48 million and Rs. 9.12 million (2016:Rs. 6.83 million Rs. 13.93 million) accrued against long term financing and short term borrowings respectively under Shariah Compliant arrangements.

10.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 3.566 million (2016: Rs.2.528 million)

11 **SHORT TERM BORROWINGS - SECURED**

	Note	2017	2016
		Rupees (000s)	
Short term bank borrowings			
Foreign currency		3,725,267	894,500
Local currency		2,909,300	7,525,100
	11.1	6,634,567	8,419,600
Short term running finance		5,300,776	4,446,893
		11,935,343	12,866,493

11.1 Short term bank borrowing includes Istisna (Shariah Compliant) amounting to Rs. 1,094 million (2016: Rs. 2,702 million) in local currency and Rs. 581 (2016: Rs. 114) in foreign currency. Istisna is an Islamic mode of finance.

11.2 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. 7,712 million (2016: Rs. 2,975 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, amounting to Rs. 457 million (2016: Rs.622 million) .

11.3 Foreign currency mark-up/profit rates range from 1.15% to 2.00% (2016: 1.15% to 2.00%) per annum. Local currency mark-up/profit rates range from 6.00% to 8.00% (2016: 3.00% to 9.96%) per annum.

12 **CONTINGENCIES AND COMMITMENTS**

12.1 The Company owns and possesses a plot of land measuring 44 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2016: 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 some claimants 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. The Company is confident that its title to the land is secure and accordingly no provision in this behalf has been made in these unconsolidated financial statements.

12.2 The Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 33.409 million (2016: Rs. 33.409 million) against sale of property included in other receivables note no. 23. The Company's management and its legal counsel are of the opinion that the case will be decided in the Company's favor and as such no provision has been made there against.

12.3 The Company has filed a Petition in the Honorable Sindh High Court 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. 50.827 million (2016: Rs. 50.827 million). This demand has been 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. No provision has been made there against in these unconsolidated financial statements as the Company is confident of the favorable outcome of the Petition.

12.4 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 of Rs.10 million (2016: Rs. 10 million) and against which part payment of Rs. 2.57 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. No provision has been made there against in these unconsolidated financial statements as the Company is confident of the favorable outcome of the Petition. Also refer note no.21.2.

12.5 The Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 17.851 million (2016: Rs. 17.851 million) against a customer for the sale of fabric included in trade debts note no. 20. However, in view of the uncertainties in such matters, full provision has been made in the unconsolidated financial statements.

12.6 The Company along with several other companies has filed a Constitution Petition in the Honorable Sindh High Court against a notice issued by the Employment Old Age Benefit Institution (EOBI) to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Company. No provision of the amount involved i.e., Rs. 145.389 million (2016: Rs. 98.778 million) has been made in these unconsolidated financial statements as the Company is confident of the favorable outcome of the Petition.

12.7 On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. The Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015 and hence the Company has not paid GIDC under the above referred laws. Further as the Company is confident that the case will be decided in favor of the Appellants hence no provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these unconsolidated financial statements amounting to Rs. 868.221 million (2016: Rs. 868.221 million).

The Honorable High Court of Sindh vide its judgment dated 26 October, 2016 have held GIDC Act 2015 ultra vires the Constitution. However the management on prudent basis has recognized the provision under the GIDC Act, 2015 commencing from May 22, 2015 to the balance sheet date amounting to Rs. 1,137 million (2016: Rs. 584.934 million) in these unconsolidated financial statements.

12.8 **Guarantees**

(a) Rs. 767 million (2016: Rs. 706 million) against guarantees issued by banks 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. 698 million (2016: Rs. 638 million).

(b) Post dated cheques Rs. 1,406 million (2016 : Rs. 1,000 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.

(c) Bills discounted Rs. 2,073 million (2016: Rs. 2,267 million).

(d) Corporate guarantee of Rs.94.222 million (2016: Rs. 93.365 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK.

12.9 **Commitments**

(a) The Company is committed for capital expenditure as at June 30, 2017 of Rs. 181.4 million (2016: Rs. 2,103 million).

(b) The Company is committed for non capital expenditure items under letters of credits as at June 30, 2017 of Rs. 1442.6 million (2016: Rs. 819 million).

(c) The Company is committed to minimum rental payments for each of following period as follows:

	2017	2016
	Rupees (000s)	
Not more than one year	484,547	497,517
More than one year not more than five years	1,588,408	1,670,611
More than five years	477,159	994,367
	2,550,114	3,162,495

13 **PROPERTY, PLANT AND EQUIPMENT**

	Note	2017	2016
		Rupees (000s)	
Operating fixed assets	13.1	13,657,771	10,505,376
Capital work in progress (CWIP)	13.2	2,311,485	1,545,089
		15,969,256	12,050,465

13.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
		Rupees (000s)						
Movement in net book value during the year ended June 30, 2017								
Opening net book value (NBV)		227,564	1,980,100	7,542,247	50,732	233,014	471,719	10,505,376
Direct additions (at cost)		-	-	84,481	3,801	131,901	204,955	425,138
Transfer from CWIP	13.2	-	1,473,196	2,915,128	93	-	-	4,388,417
Disposal at NBV	13.1.2	(4,923)	-	(53,148)	-	(712)	(27,478)	(86,261)
Scraped at NBV		-	-	-	(425)	-	-	(425)
Depreciation charge	13.1.1	-	(373,919)	(1,009,926)	(5,907)	(65,380)	(119,342)	(1,574,474)
Closing net book value		**222,641**	**3,079,377**	**9,478,782**	**48,294**	**298,823**	**529,854**	**13,657,771**
Net book value as at June 30, 2017								
Cost		222,641	5,093,073	17,183,085	108,023	677,229	946,977	24,231,028
Accumulated depreciation		-	(2,013,696)	(7,704,303)	(59,729)	(378,406)	(417,123)	(10,573,257)
Net book value		**222,641**	**3,079,377**	**9,478,782**	**48,294**	**298,823**	**529,854**	**13,657,771**
Movement in net book value during the year ended June 30, 2016								
Opening net book value (NBV)		227,564	1,519,714	6,404,852	46,233	167,222	335,888	8,701,473
Direct additions (at cost)		-	28,861	128,617	10,554	100,462	242,379	510,873
Transfer from CWIP	13.2	-	662,167	1,818,692	-	11,100	-	2,491,959
Disposal at NBV	13.1.2	-	-	(61,895)	-	(690)	(14,913)	(77,498)
Scraped at NBV		-	-	-	(531)	(483)	-	(1,014)
Depreciation charge	13.1.1	-	(230,642)	(748,019)	(5,524)	(44,597)	(91,635)	(1,120,417)
Closing net book value		**227,564**	**1,980,100**	**7,542,247**	**50,732**	**233,014**	**471,719**	**10,505,376**
Net book value as at June 30, 2016								
Cost		227,564	3,619,877	14,676,918	104,554	549,516	836,022	20,014,451
Accumulated depreciation		-	(1,639,777)	(7,134,671)	(53,822)	(316,502)	(364,303)	(9,509,075)
Net book value		**227,564**	**1,980,100**	**7,542,247**	**50,732**	**233,014**	**471,719**	**10,505,376**
Depreciation rate % per annum		-	10 to 20	10 to 20	10 to 12	15 to 33	20	

13.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2017	2016
		Rupees (000s)	
Cost of goods manufactured	27.1	1,196,737	854,834
Distribution cost	28	208,502	154,214
Administrative expenses	29	169,235	111,369
		1,574,474	1,120,417

13.1.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Land	4,923	4,923	210,756	205,833	Negotiation	Naseem Exports (Pvt) Ltd Suit # 613, 6Th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi
	4,923	4,923	210,756	205,833		
Plant and machinery						
Ring Spinning Frames	134,375	6,849	5,700	(1,149)	Negotiation	A.J Textile Mills Ltd. Plot # 90-B, Industrial Jampud Road, Peshawar
Ring Spinning Frames	9,610	355	400	45	Negotiation	Acro Spinning & Weaving Mills Limited 36 KM Bhawalpur Road Adda Sadiq Wala Basti Malook Multan Cant.Mumtazabad Town, Multan
Murata Autocoro Machine	33,667	6,617	3,000	(3,617)	Negotiation	Ahmed Raza Dyeing (Fixed Asset) Plot # 176 & 177,Love lane Bridge Off Nishtar Road Garden West Near Pakistan Quarters Jamshed Town Karachi
Simplex Frame	68,907	17,291	16,800	(491)	Negotiation	Gadoon Textile Mills Limited Plot#.200-201 Industrial Estate Gadoon Amazai, District Swabi
Autocoro Machines	83,018	8,528	21,000	12,472	Negotiation	Gadoon Textile Mills Limited Plot#.200-201 Industrial Estate Gadoon Amazai, District Swabi
Card Crosrol	17,569	2,700	1,000	(1,700)	Negotiation	Mashaallah Traders (Fixed Asset) Shop # 41-42, Data Market Dar-ul-Ahsan Town, Sammundari Road, Faisalabad
Air Compressor	6,293	2,051	1,976	(75)	Negotiation	MATCO Pvt. Ltd. 1-B, 1st Floor, Aman Chamber, C/7, Block 7/8, K.C.H.S.U, Shaheed-e-Millat Road, Karachi
Air Dryer	964	324	312	(12)	Negotiation	MATCO Pvt. Ltd. 1-B, 1st Floor, Aman Chamber, C/7, Block 7/8, K.C.H.S.U, Shaheed-e-Millat Road, Karachi
Drawing & Finishing Breaker	10,108	629	735	106	Negotiation	Rahman Cotton Mills Limited Malakand Road Takht-I Bhai, Peshawar
Ring Spinning Frames	83,230	4,822	4,800	(22)	Negotiation	National Spinning Mills Plot # A-9, S.I.T.E, Kotri, Hyderabad
Finishing	12,243	1,018	1,254	236	Negotiation	Sultan Machinery SHOP # 15, MADINA MOSQUE, NOOR SQUARE SHOP # 15, HYDERABAD
Ring Spinning Frames	11,326	440	600	160	Negotiation	Nagina Cotton Mills Ltd. 2nd Floor Shaikh Sultan Trust Bldg. No. 2, 26 Civil Land Beaumont Road, Karachi
Autoconer	18,738	1,280	3,138	1,858	Negotiation	Gulf Tex Machine FZCO, INDONESIA
Written down value below Rs. 50,000	3,394	244	212	(32)	Negotiation	Various
	493,442	53,148	60,927	7,779		

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Office equipment						
Split A-C	1,677	285	319	34	Negotiation	Zeeshan Refrigeration Services Shop # 5, Maryam Centre Block-6, Federal B Area, Karachi
Smart UPS	504	86	96	10	Negotiation	Siddiq Electronics Shop # 8/91, Commerical Area , Main Road, Liquatabad, Karachi
Security System	310	53	59	6	Negotiation	Siddiq Electronics Shop # 8/91, Commerical Area , Main Road, Liquatabad, Karachi
Written down value below Rs. 50,000	1,697	288	321	33	Negotiation	Various
	4,188	712	795	83		
Vehicles						
Honda Atlas - BAL-376	1,530	707	1,000	293	Company Policy	Abdul Sattar Patni-Employee House No 22/2,10th Commercial Street Phase No 4, D.H.A., Karachi
Honda Atlas - AZQ-472	1,364	572	1,137	565	Negotiation	Adeel Shahid House # A-905, Block-12, Gulberg, F.B Area, Karachi
Suzuki Swift ATY-761	1,092	234	495	261	Negotiation	Adeel Vilani House No A-303, Al Aman Apartment, Block-14, Gulshan-e-Iqbal Karachi
Suzuki Cultus AWE-408	958	298	480	182	Company Policy	Anis Ahmed-Employee House No-A-79,Sector x-6, Gulshan-e-Maymar, Karachi
Suzuki Alto - AWA-362	746	228	376	148	Company Policy	Asad Ullah Aali-Employee House No. R-179, Model Town, Karachi
Suzuki Cultus - BBA-984	1,098	517	779	262	Negotiation	Asif Raza Malik House No R-80, Sector Sc-2, North Karachi
Suzuki Cultus - AUD 934	890	226	580	354	Negotiation	Atiq us zama House No. R-586, Sector 7-D/3, Shadman Town, North Karachi Karachi
Honda City - AYE-530	1,657	672	1,450	778	Insurance Claim	EFU Life Insurance Ltd Tower Branch No-105Th Floor K.D.L.B.Building W.W Road, Karachi
Suzuki Alto ATJ-519, ATJ-867	1,359	276	544	268	Company Policy	Faisal Imran Azad-Employee House No. B-105, Block-6, Rashid Minhas Road, Gulshane-e-Iqbal Karachi
Toyota Corolla XLI - AVL-575	1,434	363	718	355	Company Policy	Farida Yasin-Employee Flat No A-209, Block# 4, Saima Heaven, Gulshan-e-Iqbal, Karachi
Corolla Saloon AGH-228	1,219	69	666	597	Negotiation	Gul Dad House No. Hk-579, KPT Building, New Qadri, Karachi
Honda City ATY-549	1,303	330	966	636	Negotiation	Gul Dad House No. Hk-579, KPT Building, New Qadri, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Cultus VXRi - ATT-903	864	175	566	391	Negotiation	Gul Dad House No. Hk-579, KPT Building, New Qadri, Karachi
Suzuki Cultus VXRi - ATT-902	864	151	591	440	Negotiation	Ilyas Khokhar House No. A-32, Block 10-A, Gulshan-e-Iqbal Karachi
Suzuki Mehran VXR - AWJ-628	595	163	338	175	Negotiation	Imran Khan House No 95, Sector 6E Mujahidabad, Orangi Town, Karachi
Suzuki Alto VXR ARG-045, AUL-407	1,314	239	857	618	Negotiation	Javed Hashim Meghani House # A-4 Rainbow Apartment, Block, M, North Nazimabad, Karachi
Suzuki Alto VXR AWA-361	746	200	376	176	Company Policy	Iqbal Ahmed-Employee House # 7, Block # 18/7, Area 37/A, Landhi # 2, Karachi
Honda Civic VTI - ASJ-574	1,865	339	372	33	Company Policy	Mehmood Hussain-Employee Landhi No 3, Malir, Karachi
Toyota Corolla XLI - AUN-959	1,388	315	346	31	Company Policy	Mehmood Hussain-Employee Landhi No 3, Malir, Karachi
Hiroof Pickup CT-0396	552	112	415	303	Negotiation	Memona Bano House No. 427, Block No. 10, Samanabad F.B.Area, Karachi
Suzuki Cultus VXRi - AWH-046	948	259	613	354	Negotiation	Mohammad Saleem Hashim Meghani Flat No 108, Saylani Apartment Ghulam Hussain Qasim Road, Karachi
Suzuki Mehran VXR - AWK-201	595	163	334	171	Negotiation	Mohammad Saleem Hashim Meghani Flat No 108, Saylani Apartment Ghulam Hussain Qasim Road, Karachi
Suzuki Cultus VXLI - AST-415	877	178	439	261	Company Policy	Muhammad Fayyaz Lodhi-Employee House No P-234, Peoples Colony, North Nazimabad, Karachi
Suzuki Alto VXR ASU-145	664	135	266	131	Company Policy	Muhammad Saleem-Employee House No B/189 Sector 35-A Zaman Town, Korangi Town,Karachi
Suzuki Alto VXR AUE-639, AQH-643	1,219	244	885	641	Negotiation	Mushtaq Ahmed Aowais R-78 Sector 16-A, Gulshan-e-Waseem Bufferzone, Karachi
Suzuki Bolan CU-0334	688	273	400	127	Negotiation	Mushtaq Ahmed Aowais R-78 Sector 16-A, Gulshan-e-Waseem Bufferzone, Karachi
Honda City I-Vtec - AUW-472	1,395	354	679	325	Company Policy	Shakil Marfani-Employee Flat No A-30/11-12, Johar Complex, University Road, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Alto VXR ATK 231	679	119	449	330	Negotiation	Mrs. Imran Ali Near Kothi Nind Singh Street No 3 Johar Town Main Channo District, Khanewal
Toyota Corolla Saloon AMU-918	1,313	136	836	700	Negotiation	Mrs. Imran Ali Near Kothi Nind Singh Street No 3 Johar Town Main Channo District, Khanewal
Suzuki Cultus VXR ARH-325	720	117	290	173	Negotiation	Muhammad Aamir House No. B-514, Sector - 11-E Karachi
Suzuki Mehran VXR AWK-203	595	163	352	189	Negotiation	Muhammad Adeel Akhter House No B-270, Block -6, Gulshan-e-Iqbal, Karachi
Toyota Corolla Altis AWP-091	1,988	543	1,206	663	Negotiation	Muhammad Adeel Akhter House No B-270, Block -6, Gulshan-e-Iqbal, Karachi
Suzuki Cultus VXR BAU-675	1,049	485	706	221	Negotiation	Muhammad Ali Akbar Khan House # A-171, F.B Area, Block-12, Karachi
Honda Citi MT ATV-469	1,289	221	1,059	838	Negotiation	Muhammad Akram Khan House No. 3/518, Liaqatabad, Karachi
Suzuki Cultus VXRi AWF-126	948	254	629	375	Negotiation	Muhammad Akram Khan House No. 3/518, Liaqatabad, Karachi
Hiroof Pickup CT-0397	552	112	479	367	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town Dakhana, New Karachi.
Suzuki Cultus VXR AMW-360	609	63	447	384	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town Dakhana, New Karachi.
Honda City BAR-586	1,542	725	1,069	344	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Mehran VXR Euro BAR-835	2,889	1,243	1,639	396	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Swift DLX BCC-105	1,313	730	954	224	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Mehran BAT-839	741	343	405	62	Negotiation	Muhammad Arshad House # 358, Sector 9/E, Jinnah Colony,Orangi Town, Karachi
Suzuki Mehran VXR AUM-134	553	126	223	97	Company Policy	Muhammad Ashraf-Employee House No. 20/F, Gujrat Line, Malir Cantt., Karachi
Toyota Corolla Altis ATM-215	1,939	393	1,185	792	Negotiation	Muhammad Bilal Khan House # B-34, Area Sir Syed Town, North Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Cultus VXRi AWL-189	975	266	630	364	Negotiation	Muhammad Fahad Plot No SC-13, Flat No.803,Block F, North Nazimabad, Karachi
Suzuki Alto VXR AUC-351	698	152	481	329	Negotiation	Muhammad Jaffar House No. A-32, Block 10-A, Gulshan-e-Iqbal, Karachi
Suzuki Cultus VXR AVC-435	925	198	463	265	Negotiation	Muhammad Mughees Ahmed Siddiqui House No R-124, Samanabd, F.B. Area, Block No-17, Karachi
Toyota Corolla GLI - BAM-270	1,709	744	1,100	356	Negotiation	Muhammad Shareef Khan Jadoon Mumtaz Genral Store, Muslimabad Colony, Landhi, Karachi
Suzuki Cultus VXLI AST-195	809	164	515	351	Negotiation	Nadeem International Plot No 164 Jogi Mor Main National Highway, Karachi
Suzuki Mehran VXR AST-497	517	105	341	236	Negotiation	Nadeem International Plot No 164 Jogi Mor Main National Highway, Karachi
Suzuki Cultus VXR ASG-651	817	166	513	347	Negotiation	Nadeem-Ur-Rehman House # E-14, KDA Center, View Apartment, Sector 15-A/1, Buffer Zone
Suzuki Alto AUL-651	708	161	284	123	Company Policy	Obaid Ansari-Employee House No. H-6/5, Iqbal Center M.A. Jinnah Road, Karachi
Suzuki Cultus AUC-233	883	193	578	385	Negotiation	Qari Nasir Khan House No. 8/210, Future Colony Landhi, Karachi
Suzuki Cultus VXRMC ARC-017	714	104	478	374	Negotiation	Rana Abdul Samad 2nd Floor, House No L-7, Metrovil No.3, Scheme No.33, Karachi
Suzki Alto VXR ASK-823	663	114	364	250	Company Policy	Razi Ur Rehman-Employee House No A-69, Block-D, North Nazimabad, Karachi
Suzuki Liana RXI ASU-372	1,097	215	440	225	Company Policy	Rizwan Khan-Employee Garnet Center Flat No. 506, Block No.8 Khayaban-e-Jami, Clifton, Karachi
Suzuki Mehran VXR AUN-402	553	126	223	97	Company Policy	Sabir Ali-Employee House No. 1/373, Street No 16 .Karachi
Alto VXR AUE-637	697	177	349	172	Negotiation	Samuel House No. 132, Street No. 3, Sector-D, Akhter Colony, Clifton Cantt. Karachi
Honda City MT AST-793	1,304	228	906	678	Negotiation	Sarib Wasim Baig House No. A-32, Block 10-A Gulshan-e-Iqbal, Karachi
Suzuki Cultus AWN-587	978	267	694	427	Negotiation	Shahid Zaman House # D-15, Block-A, North Nazimabad, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Toyata Corolla Altis AUH-541	1,966	481	952	471	Company Policy	Shahnaz Basit-Employee House No. 64/1, Street # 21, Khayaban-e-Badban, Karachi
Honda City MT ATN-615	1,364	248	879	631	Negotiation	Sheraz Khan House No B-98, Block-3, Metrovil, Site Area, Karachi
Toyota Corolla XLI AUD-761	1,334	303	987	684	Negotiation	Sheraz Khan House No B-98, Block-3, Metrovil, Site Area, Karachi
Suzuki Cultus VXRi AVP-901	937	205	577	372	Negotiation	Sultan Hassan Khan House No. A-908/12, F.B. Area, Karachi
Honda City BAU-187, AZC-704	3,515	1,519	2,525	1,006	Negotiation	Suzuki North Motors F-94, Block-B, North Nazimabad, Karachi
Suzuki Swift DX BBG-734, AYZ-483 BAS-981	3,812	1,724	2,684	960	Negotiation	Suzuki North Motors F-94, Block-B, North Nazimabad, Karachi
Toyota Corolla XLI - BAM-262	1,572	685	1,227	542	Negotiation	Syed Ali Ahmed House No. E-131, Block-7, Gulshan-e-Iqbal, Karachi
Suzuki Cultus VXLI ASS-426	885	179	487	308	Company Policy	Syed Junaid Aziz Bukhari-Employee House # C1-16/1, Second Floor Ropali Residency Block 19, Karachi
Toyota Corolla Gli BAL-169	1,819	792	1,296	504	Negotiation	Syed Muhammad Siddique Shah House No R-253, Green Park City, Quaidabad Bin Qasim Malir, Karachi
Suzuki Alto ASN-361	655	133	483	350	Negotiation	Syed Raees Ahmed House No. 53, New Joharabad Malir City, Karachi
Suzuki Mehran AUP-422	553	121	330	209	Negotiation	Tahir Ur Rehman House No. 2099,Bilal Colony, Landhi Malir, Karachi
Suzuki Alto ARG-046	606	97	305	208	Company Policy	Tariq Hamid-Employee House No. 2099,Bilal Colony Landhi Malir, Karachi
Suzuki Alto VXR AWM-267	780	213	437	224	Negotiation	Waqar Javed Meghani House # A-4 Rainbow Apartment, Block, M, North Nazimabad, Karachi
Suzuki Cultus VXR AQA-458	617	69	507	438	Negotiation	Waqar Javed Meghani House # A-4 Rainbow Apartment, Block, M, North Nazimabad, Karachi
Suzuki Mehran AWJ-573	595	182	302	120	Company Policy	Waqas Zahoor-Employee Flat No. H-139/9, F.C.Area, Liaquatabad No. 4, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Alto VXR AWM-418	757	215	423	208	Company Policy	Zahid Khan-Employee New Sindh Muslim Colony PECHS, House B-54, Steet No. 3, Block 6, Karachi
Suzuki Cultus VXR AZG-383, BBM-507 BBP-775	3,190	1,516	2,299	783	Negotiation	Zulfiqar Ahmed Khan House # B-160, Allama Iqbal Town Block-W, North Nazimabad, Karachi
Suzuki Mehran BBA-894	729	343	680	337	Insurance Claim	EFU Life Insurance Ltd Tower Branch No-105Th Floor K.D.L.B.Building W.W Road, Karachi
Suzuki Mehran BAL-418	731	318	620	302	Insurance Claim	EFU Life Insurance Ltd Tower Branch No-105th Floor K.D.L.B.Building W.W Road, Karachi
Suzuki Mehran AWG-128	595	159	372	213	Negotiation	Muhammad Saleem Khan House No. 8/510,Sector 7-A Bilal Colony, Karachi
Suzuki Cultus VXR BCG-749	1,105	614	772	158	Negotiation	Asif Raza Malik House No R-80, Sector Sc-2, North Karachi, Karachi
Written down value below Rs. 50,000	3,893	417	2,514	2,097	Negotiation	Various
	94,000	27,478	58,613	31,135		
2017	596,553	86,261	331,091	244,830		
2016	239,931	77,498	58,655	(18,843)		

13.1.3 Details of net loss on disposal of property, plant and equipment

	Note	2017	2016
		Rupees (000s)	
Other income - gain on disposal of property, plant and equipment	31	251,928	18,791
Other operating expenses - loss on disposal of property, plant and equipment	30	(7,098)	(37,634)
		244,830	(18,843)

13.2 Capital work in progress

	June 2017				June 2016			
	Machinery and store items held for capitalization	Civil Work	Other assets	Total	Machinery and store items held for capitalization	Civil Work	Other assets	Total
	Rupees (000s)							
Cost as at start	970,535	574,484	70	1,545,089	254,586	80,051	2,575	337,212
Capital expenditure incurred during the year	2,362,462	2,792,288	63	5,154,813	2,534,641	1,156,600	8,595	3,699,836
Transferred to property, plant and equipment	(2,915,128)	(1,473,196)	(93)	(4,388,417)	(1,818,692)	(662,167)	(11,100)	(2,491,959)
Cost as at end	**417,869**	**1,893,576**	**40**	**2,311,485**	**970,535**	**574,484**	**70**	**1,545,089**

14 INTANGIBLE ASSETS

	Note	2017	2016
		Rupees (000s)	
Computer Software			
Net carrying value basis as at June 30			
Opening net book value		13,474	11,481
Additions (at cost)		26,861	7,182
Amortisation charge	14.1	(6,588)	(5,189)
Closing net book value		33,747	13,474
Capital Work in progress - computer software under implementation phase		43,989	-
		77,736	13,474
Gross carrying value as at June 30			
Cost	14.3	201,981	175,120
Accumulated amortisation		(168,234)	(161,646)
Net book value		33,747	13,474

14.1 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	2017	2016
Distribution cost	28	1,322	507
Administrative expenses	29	5,266	4,682
		6,588	5,189

14.2 Remaining useful life range from one to four years

14.3 This includes cost of Rs. 153.48 million (2016: Rs. 149.32 million) in respect of assets which are fully amortized but are still in use of the Company.

15 LONG TERM INVESTMENT

	Note	2017	2016
		Rupees (000s)	
Gul Ahmed International Limited - FZC UAE	15.1	58,450	58,450

15.1 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 (2016:10,000) 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 three 100% fully owned subsidiary companies i.e GTM (Europe) limited, GTM USA Corp. and SKY Home Corporation for the year ended June 30, 2017 is Rs. 347 million (2016: Rs. 329 million).

16 LONG TERM LOANS AND ADVANCES

	Note	2017	2016
		Rupees (000s)	
Considered good			
- Due from executives (other than CEO and Directors)	16.2	60,566	35,618
- Due from non-executive employees		1,529	2,185
		62,095	37,803
Current portion being receivable within twelve months following the balance sheet date			
- Due from executives		(20,879)	(15,122)
- Due from non-executive employees		(1,124)	(861)
	21	(22,003)	(15,983)
		40,092	21,820

16.1 Loans and advances have been given for the purchase of cars, motorcycles and household equipments 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. 5.7 million (2016: Rs. 10.574 million) to executives and Rs. 0.905 million (2016: Rs. 0.465 million) to non-executive which carry no interest. The balance amount carries mark-up ranging from 6.5% to 14% (2016: 6.5% to 14%) Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

16.2 Reconciliation of carrying amount of loans to executives

	2017	2016
	Rupees (000s)	
Opening balance	35,618	20,725
Disbursement during the year	49,373	28,344
Transfer from non-executive to executive employees	229	-
Recovered during the year	(24,654)	(13,451)
Closing balance	60,566	35,618

16.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 64.2 million (2016: Rs. 35.168 million).

17 LONG TERM DEPOSITS

	2017	2016
	Rupees (000s)	
Considered good		
Security Deposit - Rent	188,934	149,964
Security Deposit - Utilities	2,336	5,335
Others	1,359	219
	192,629	155,518

17.1 These are interest free deposits kept with various parties under normal business terms.

		Note	2017	2016
			Rupees (000s)	
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		641,439	564,426
	Spare parts		470,153	450,956
	Loose tools		7,953	3,749
			1,119,545	1,019,131
	Provision for slow moving/obsolete items	18.1	(131,329)	(115,684)
			988,216	903,447

18.1 Movement in provision for slow moving/obsolete items

	Note	2017	2016
Opening balance		115,684	101,039
Charge for the year	29	15,645	14,645
Closing balance		131,329	115,684

		Note	2017	2016
19	**STOCK-IN-TRADE**			
	Raw materials		2,483,494	2,337,553
	Work-in-process		252,645	230,825
	Finished goods	19.1	9,733,823	11,285,914
			12,469,962	13,854,292

19.1 Finished goods include stock of waste valuing Rs. 82 million (2016: Rs. 59 million) determined at net realizable value.

		Note	2017	2016
			Rupees (000s)	
20	**TRADE DEBTS**			
	Export debtors - secured Considered good	20.1	2,312,977	1,516,559
	Local debtors - unsecured			
	- Considered good	20.1	1,032,069	847,743
	- Considered doubtful		271,342	233,035
			1,303,411	1,080,778
			3,616,388	2,597,337
	Impairment allowance against doubtful trade debts	20.3	(271,342)	(233,035)
			3,345,046	2,364,302

20.1 Includes amounts due from related parties as under:

	2017	2016
Export debtors - secured		
Gul Ahmed International Ltd. (FZC) - UAE - wholly owned subsidiary	-	28,032
GTM (Europe) Limited - indirect wholly owned subsidiary	230,484	380,881
GTM USA Corporation - indirect wholly owned subsidiary	92,661	51,519
	323,145	460,432
Local debtors - unsecured		
Swisstex Chemicals (Private) Limited - Associated company	2,564	2,587
	325,709	463,019

20.2 The maximum aggregate month end balance due from related parties during the year was Rs. 746 million (2016: Rs. 463 million).

20.2.1 Ageing analysis of the amounts due from related parties is as follows:

	Upto 1 month	1-6 months	More than 6 months	As at June 2017
	Rupees (000s)			
GTM (Europe) Limited	224,292	3,276	2,916	230,484
GTM USA Corporation	92,661	-	-	92,661
Swisstex Chemicals (Private) Limited	-	1,906	658	2,564
	316,953	5,182	3,574	325,709

	Upto 1 month	1-6 months	More than 6 months	As at June 2016
	Rupees (000s)			
Gul Ahmed International Ltd.(FZC)-UAE	28,032	-	-	28,032
GTM (Europe) Limited	379,674	1,082	125	380,881
GTM USA Corporation	51,519	-	-	51,519
Swisstex Chemicals (Private) Limited	1,160	-	1,427	2,587
	460,385	1,082	1,552	463,019

20.3 Movement in impairment allowance against doubtful trade debts

	Note	2017	2016
		Rupees (000s)	
Opening balance		233,035	198,210
Charge for the year	29	38,307	34,825
Closing balance		271,342	233,035

		Note	2017	2016
			Rupees (000s)	
21	**LOANS AND ADVANCES**			
	Considered Good Current portion being receivable within twelve months following the balance sheet date			
	- Executives		20,879	15,122
	- Other employees		1,124	861
		16	22,003	15,983
	Advances to suppliers	21.1	664,406	697,322
	Others	21.2	2,570	2,570
			688,979	715,875

21.1 Advances to suppliers includes following to related parties:

	Note	2017	2016
		Rupees (000s)	
Arwen Tech. (Private) Limited		11,343	-
LITE Development and Management Company		500	-
GTM (Europe) Limited - UK		-	2,611
GTM USA Corporation-USA		-	245
		11,843	2,856

21.2 This represents amount of Rs. 2.57 million (2016: Rs. 2.57 million) paid to Nazir Sindh High Court, Karachi in compliance with the Order of the Honorable Sindh High Court in respect of ground rent suit as mentioned in Note 12.4.

		Note	2017	2016
			Rupees (000s)	
22	**SHORT TERM PREPAYMENTS**			
	Prepaid rent		128,913	162,135
	Other prepayments		23,751	56,793
			152,664	218,928
23	**OTHER RECEIVABLES**			
	Duty drawback local taxes and levies		983,868	354,615
	Mark-up rate subsidy receivable		6,918	6,918
	Receivable against sale of property	12.2	33,409	33,409
	Receivable against bank guarantee margin		48,867	36,142
	Others		70,037	44,625
			1,143,099	475,709
24	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		623,773	796,465
	Income tax		25,187	115,492
			648,960	911,957
25	**CASH AND BANK BALANCES**			
	Cash in hand		24,626	158,887
	Balances with banks in current accounts			
	- Local currency		228,940	86,845
	- Foreign currency		16,316	62,045
		25.2	245,256	148,890
			269,882	307,777

25.1 Bank balances include amounts held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 30 million (2016: Rs. 65 million).

25.2 This includes an amount of Rs. 187.7 million (2016: Rs. 53.5 million) placed with Shariah compliant financial institution.

		Note	2017	2016
			Rupees (000s)	
26	**SALES**			
	Local	26.1	13,938,812	12,397,822
	Export			
	Direct export		24,873,479	19,299,079
	Indirect export		301,610	443,211
			25,175,089	19,742,290
	Duty drawback		936,906	272,628
			40,050,807	32,412,740
	Brokerage and commission		(146,485)	(138,184)
			39,904,322	32,274,556

26.1 Sales are exclusive of sales tax amounting to Rs. 583.822 million (2016: Rs. 475.857 million).

26.2 Sales include revenue from processing services of Rs. 325.470 million (2016: Rs. 456.081 million).

		Note	2017	2016
			Rupees (000s)	
27	**COST OF SALES**			
	Opening stock of finished goods		11,285,913	8,970,687
	Cost of goods manufactured	27.1	31,306,392	27,283,518
			42,592,305	36,254,205
	Closing stock of finished goods		(9,733,823)	(11,285,914)
			32,858,482	24,968,291

27.1 **Cost of goods manufactured**

	Note	2017	2016
Raw materials consumed	27.2	9,673,988	7,671,158
Stores, spares parts and loose tools consumed		4,569,426	4,057,004
Staff cost	29.1	5,994,437	5,155,417
Fuel, power and water		2,638,195	2,529,862
Insurance		123,106	133,709
Repair and maintenance		671,357	782,227
Depreciation	13.1.1	1,196,737	854,834
Other manufacturing expenses		183,404	182,600
Purchases and processing charges		6,470,687	6,114,128
Cost of samples shown under distribution cost		(193,125)	(203,630)
		31,328,212	27,277,309
Work-in-process			
Opening		230,825	237,034
Closing	19	(252,645)	(230,825)
		(21,820)	6,209
		31,306,392	27,283,518

	Note	2017	2016
		Rupees (000s)	
27.2 Raw materials consumed			
Opening stock		2,337,553	2,076,097
Purchases during the year		9,819,929	7,932,614
Closing stock	19	(2,483,494)	(2,337,553)
		9,673,988	7,671,158

28 DISTRIBUTION EXPENSES

	Note	2017	2016
		Rupees (000s)	
Staff cost	29.1	1,043,638	922,308
Freight and shipment expenses		452,688	257,699
Insurance		19,245	26,415
Advertisement and publicity		720,402	941,647
Cost of samples transferred from cost of goods manufactured		193,859	203,630
Rent, rates and taxes		699,048	602,839
Depreciation	13.1.1	208,502	154,214
Amortisation	14.1	1,322	507
Export development surcharge		64,520	49,327
Other expenses		80,634	83,699
		3,483,858	3,242,285

29 ADMINISTRATIVE EXPENSES

	Note	2017	2016
		Rupees (000s)	
Staff cost	29.1	773,699	531,774
Rent, rates and taxes		244,538	175,147
Repairs and maintenance		49,427	67,358
Vehicle up keep and maintenance		134,170	117,604
Utilities		150,167	140,876
Conveyance and traveling		200,544	187,851
Printing and stationery		48,356	53,662
I.T expenses		53,010	48,652
Postage and telecommunication		147,721	116,308
Legal and consultancy fees		77,925	57,365
Depreciation	13.1.1	169,235	111,369
Amortisation	14.1	5,266	4,682
Auditors' remuneration	29.2	2,574	2,250
Donations	29.3	10,687	12,753
Insurance		18,753	20,900
Impairment allowance for doubtful trade debts	20.3	38,307	34,825
Provision for slow moving/obsolete items	18.1	15,645	14,645
Other expenses		164,740	135,946
		2,304,764	1,833,967

29.1 Staff cost

	Cost of sales		Distribution cost		Administrative expense		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees (000s)							
- Salaries, wages & benefits	5,855,192	5,012,297	1,019,430	900,881	741,991	508,098	7,616,613	6,421,276
Retirement benefits								
- Gratuity	31,029	34,342	-	-	-	-	31,029	34,342
- Contribution to provident fund	83,218	69,848	23,575	20,561	29,913	21,410	136,706	111,819
	114,247	104,190	23,575	20,561	29,913	21,410	167,735	146,161
- Staff compensated absences	24,998	38,930	633	866	1,795	2,266	27,426	42,062
	5,994,437	5,155,417	1,043,638	922,308	773,699	531,774	7,811,774	6,609,499

29.2 Auditor's remuneration

	2017	2016
	Rupees (000s)	
Audit fee	1,700	1,500
Review fee of half yearly accounts	160	110
Fee for consolidation of holding and subsidiaries	220	200
Review fee of statement of compliance with code of corporate governance	65	55
Other certification fee	-	39
Sindh sales tax on services	172	112
Out of pocket expenses	257	234
	2,574	2,250

29.3 Donation includes donation to the following organizations in which a director is / was a director:

Name of Director	Interest in Donee	Name of Donee	2017	2016
			Rupees (000s)	
Zain Bashir and Ziad Bashir	Directors	LITE Development and Management Company	-	175
			-	175

		Note	2017	2016
			Rupees (000s)	
30	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	9.3	42,981	71,671
	Workers' welfare fund		7,873	27,235
	Loss on sale of property, plant and equipment	13.1.3	7,098	37,634
	Property, plant and equipment scrapped		425	1,014
			58,377	137,554
31	**OTHER INCOME**			
	Income from financial assets			
	Mark-up income from loans and advances		3,448	1,371
	Exchange gain on realization of export receivables		161,283	102,974
			164,731	104,345
	Income from non-financial assets			
	Gain on sale of property, plant and equipment		251,928	18,791
	Scrap sales		19,368	18,428
	Unclaimed liabilities written back		49,685	10,917
	Others		1,626	57
			322,607	48,193
			487,338	152,538
32	**FINANCE COST**			
	Mark-up on long term financing	32.1 & 32.4	286,782	288,156
	Mark-up on short term borrowings	32.2, 32.3 & 32.4	434,911	508,241
	Interest on workers' profit participation fund		6,495	3,358
	Bank charges and commission		149,229	110,733
			877,417	910,488

32.1 It includes mark-up on long term financing obtained from related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. Nil (2016: Rs. 26.2 million).

32.2 Includes mark-up on short term borrowings charged by related parties as under:

	Note	2017	2016
		Rupees (000s)	
Habib Metropolitan Bank Limited - associated company		15,961	19,725
Silk Bank Limited - associated company		-	3,162
		15,961	22,887

32.3 It includes exchange gain of Rs. 0.108 million (2016: exchange gain of Rs. 25 million) on short term borrowing in foreign currency.

32.4 This includes Rs. 70.23 million and Rs. 91.86 million (2016:Rs. 57.68 million and Rs. 90.66 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

		Note	2017	2016
			Rupees (000s)	
33	**TAXATION**			
	Current			
	- for the year		430,468	381,563
	- prior		-	3,157
			430,468	384,720
	Less: Tax credit		(430,468)	(149,658)
	Deferred tax credit		(9,660)	(41,983)
		33.1	(9,660)	193,079

33.1 Reconciliation between accounting profit and tax expense

	2017	2016
Net Profit for the year before taxation	808,762	1,334,509
Tax rate (%)	31%	32%
Tax on accounting profit	250,716	427,043
Tax effect of		
Tax credits / Rebates	(433,950)	(149,658)
Minimum tax	21,181	-
Prior year	-	3,157
Final tax regime	129,355	(82,516)
Super tax	36,329	33,453
Inadmissibles	1,161	1,566
Tax rate	(10,061)	(9,978)
Others	(4,391)	(29,988)
	(260,376)	(233,964)
Tax expense	(9,660)	193,079

		Note	2017	2016
34	**EARNINGS PER SHARE - basic and diluted**			
	Profit for the year		818,422	1,141,430
				Restated
	Weighted average number of shares	34.1	326,749,674	291,240,885
	Earnings per share (Rs.)	34.2	2.50	3.92

34.1 Weighted average number of shares in issue during last year have been restated to take the effect of right shares issued during current year.

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

35 **SEGMENT INFORMATION**

The Company's Operations have been divided in three segments based on the nature of process and internal reporting. Following are the three 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) **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.

35.1 Segment profitability

	Spinning		Weaving		Processing, Home Textile and Apparel		Elimination of Inter Segment Transactions		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees (000s)									
Sales	5,891,311	6,713,590	14,616,447	11,350,959	37,872,306	30,860,992	(18,475,742)	(16,650,985)	39,904,322	32,274,556
Cost of sales	5,721,866	6,494,297	14,407,250	11,048,028	31,205,108	24,076,951	(18,475,742)	(16,650,985)	32,858,482	24,968,291
Gross profit	169,445	219,293	209,197	302,931	6,667,198	6,784,041	-	-	7,045,840	7,306,265
Distribution and administrative expenses	194,449	226,781	80,024	16,839	5,514,149	4,832,632	-	-	5,788,622	5,076,252
(Loss)/profit before tax and before charging following	(25,004)	(7,488)	129,173	286,092	1,153,049	1,951,409	-	-	1,257,218	2,230,013
Other operating expenses									58,377	137,554
Other income									(487,338)	(152,538)
Finance cost									877,417	910,488
									448,456	895,504
Profit before taxation									808,762	1,334,509
Taxation									(9,660)	193,079
Profit after taxation									818,422	1,141,430
Depreciation and Amortisation Expense	445,817	204,847	128,230	138,597	1,007,015	782,162	-	-	1,581,062	1,125,606

35.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Elimination of Inter Segment Transactions		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees (000s)									
Assets	7,814,061	6,217,673	2,812,567	1,323,364	23,905,825	23,997,451	2,186,219	630,775	36,718,672	32,169,263
Liabilities	3,379,543	2,314,802	1,683,482	694,563	5,600,130	6,775,396	15,141,600	13,666,263	25,804,755	23,451,024
Addition to operating fixed assets	2,412,160	1,078,672	25,375	45,596	1,531,062	1,722,462	844,958	156,102	4,813,555	3,002,832

35.3 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.

35.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into a 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.

35.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 9,594 million (2016: Rs. 7,158 million).

35.6 Information by geographical area

	2017	2016	2017	2016
	Revenue		Non - current assets	
	Rupees (000s)			
Pakistan	14,093,937	12,702,849	16,279,713	12,241,277
Germany	5,446,767	4,384,073	-	-
United States	3,705,599	2,899,830	-	-
Netherlands	3,159,645	1,790,750	-	-
Italy	2,607,073	1,433,697	-	-
United Kingdom	2,531,440	2,140,329	-	-
Spain	1,746,675	1,517,638	-	-
France	1,353,330	1,638,947	-	-
Sweden	982,564	740,890	-	-
China	804,055	552,880	-	-
United Arab Emirates	441,222	196,784	58,450	58,450
Other Countries	3,032,015	2,275,889	-	-
	39,904,322	32,274,556	16,338,163	12,299,727

36 CASH AND CASH EQUIVALENTS

	Note	2017	2016
		Rupees (000s)	
Cash and bank balances	25	269,882	307,777
Short term borrowings	11	(11,935,343)	(12,866,493)
		(11,665,461)	(12,558,716)

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	Rupees (000s)							
Managerial remuneration	9,680	7,260	776,234	793,174	9,020	6,765	631,687	647,472
House rent allowance	3,872	2,904	310,474	317,250	3,608	2,706	251,943	258,257
Other allowances	1,651	1,238	199,323	202,212	1,085	739	146,110	147,934
Contribution to provident fund	806	605	57,066	58,477	751	564	45,216	46,531
	16,009	12,007	1,343,097	1,371,113	14,464	10,774	1,074,956	1,100,194
Number of persons	1	1	658	660	1	1	533	535

37.1 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.

37.2 The Chief Executive is also provided with free residential telephones.

37.3 Aggregate amount charged in the accounts for the year for meeting fee to four Non Executive Directors and the Chairman was Rs. 2.7 million (2016: four Non Executive Directors and Chairman Rs. 1.9 million).

37.4 Executive means an employee other than the Chief Executive and Executive Directors, including Chief Financial Officer, Company Secretary and Head of Internal Audit and any other employee whose monthly gross salary exceeds five hundred thousand rupees in the financial year.

38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of Transactions	2017	2016
		Rupees (000s)	
Parent Company	Dividend Paid	-	534,106
	Subscription of Right Shares	996,778	818,192
Subsidiaries and indirect subsidiaries	Sales of goods	1,945,889	1,195,985
	Purchase of goods	-	1,396
	Commission paid	145,236	142,793
Associated companies and other related parties	Purchase of goods	9,638	37,173
	Sale of goods	6,829	1,160
	Rent paid	69,237	71,558
	Fees paid	-	1,500
	Commission/Discount	-	847
	Donation paid	-	175
	Bills discounted	7,572,544	4,590,010
	Commission/Bank charges paid	47,999	31,693
	Mark-up / interest charged	15,961	49,097
	Company's contribution to provident fund	136,706	113,463
	Dividend paid	9,080	24,388
	Subscription of Right Shares	45,422	36,961
Relationship with the Company	**Nature of Outstanding Balances**		
Subsidiaries and indirect subsidiaries	Corporate guarantee issued in favour of subsidiary company	94,222	93,365
	Trade and other payables	90,958	35,933
	Long term investment	58,450	58,450
	Trade debts	323,145	460,432
	Advances to suppliers	-	2,856
Associated companies and others related parties	Deposit with banks	30,019	65,153
	Borrowings from Banks	457,000	622,639
	Bank guarantee	767,125	637,583
	Trade and other payables	2,870	10,746
	Trade debts	2,564	2,587
	Accrued mark-up	3,566	2,528
	Advances to suppliers	11,843	-
	Loans to key management personnel & executive	60,566	35,618
	Payable to employee's provident fund	14,989	14,270
	Prepaid Rent	38,716	35,197

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 16 and 36 respectively.

Related parties status of outstanding receivables and payables as at June 30, 2017 are also included in respective notes to the financial statements.

39 CAPACITY AND PRODUCTION

	Unit	2017			2016		
		Rupees (000s)					
		Capacity	Production	Working	Capacity	Production	Working
Spinning	Kgs. (20 Counts converted)	44,128	38,476	3 shifts	48,237	32,440	3 shifts
Weaving	Sq. meters (50 Picks converted)	159,205	108,781	3 shifts	159,205	111,940	3 shifts

In view of prevailing market conditions, management has preferred to buy certain qualities rather than producing materials which has resulted in reduction in active production.

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

40 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Company as at June 30, 2017 are as follows:

	2017						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	Rupees (000s)						
Financial assets							
Loans and receivables							
Loans and advances	18,618	36,873	55,491	3,385	3,219	6,604	62,095
Long term deposits	-	-	-	-	192,629	192,629	192,629
Trade debts	-	-	-	3,345,046	-	3,345,046	3,345,046
Other receivables	-	-	-	152,313	-	152,313	152,313
Cash and bank balances	-	-	-	269,882	-	269,882	269,882
	18,618	36,873	55,491	3,770,626	195,848	3,966,474	4,021,965
Financial liabilities							
Long term financing	678,511	7,146,403	7,824,914	-	-	-	7,824,914
Staff retirement benefits	-	-	-	-	23,864	23,864	23,864
Short term borrowings	11,935,343	-	11,935,343	-	-	-	11,935,343
Trade and other payables	42,981	-	42,981	4,983,855	-	4,983,855	5,026,836
Accrued mark-up/profit	-	-	-	138,898	-	138,898	138,898
	12,656,835	7,146,403	19,803,238	5,122,753	23,864	5,146,617	24,949,855
Off balance sheet items							
Guarantees	-	-	-	861,347	-	861,347	861,347
Bills discounted	-	-	-	2,072,350	-	2,072,350	2,072,350
Commitments	-	-	-	2,108,652	2,065,567	4,174,219	4,174,219
	-	-	-	5,042,349	2,065,567	7,107,916	7,107,916

Financial assets and liabilities of the Company as at June 30, 2016 were as follows:

	2016						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	Rupees (000s)						
Loans and receivables							
Loans and advances	10,878	15,886	26,764	5,105	5,934	11,039	37,803
Long term deposits	-	-	-	-	155,518	155,518	155,518
Trade debts	-	-	-	2,364,302	-	2,364,302	2,364,302
Other receivables	-	-	-	114,176	-	114,176	114,176
Cash and bank balances	-	-	-	307,777	-	307,777	307,777
	10,878	15,886	26,764	2,791,360	161,452	2,952,812	2,979,576
Financial liabilities							
Long term financing	487,400	4,630,604	5,118,004	-	-	-	5,118,004
Staff retirement benefits	-	-	-	-	35,749	35,749	35,749
Short term borrowings	12,866,493	-	12,866,493	-	-	-	12,866,493
Trade and other payables	75,029	-	75,029	4,504,472	-	4,504,472	4,579,501
Accrued mark-up/profit	-	-	-	114,368	-	114,368	114,368
	13,428,922	4,630,604	18,059,526	4,618,840	35,749	4,654,589	22,714,115
Off balance sheet items							
Guarantees	-	-	-	799,437	-	799,437	799,437
Bills discounted	-	-	-	2,266,673	-	2,266,673	2,266,673
Commitments	-	-	-	3,419,160	2,664,978	6,084,138	6,084,138
	-	-	-	6,485,270	2,664,978	9,150,248	9,150,248

41 **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, interest rate 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 management. 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:

41.1 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 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, interest rate risk and other price risk. The Company is exposed to currency risk and interest rate 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:

	2017	2016
	USD 000s	
Trade debts	22,070	14,485
Cash and bank balances	156	593
Borrowings from financial institutions	(35,479)	(8,527)
Trade and other payables	(418)	(1,589)
Net exposure	(13,671)	4,962

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

Foreign currency commitments outstanding at year end are as follows:

	2017	2016
	000s	
USD	13,557	7,420
EURO	1,067	7,191
JPY	-	912,410
CHF	32	1,993

The following significant exchange rates were applied during the year:

	2017	2016
Rupee per USD		
Average rate	104.9	104.80
Reporting date rate (Buying / Selling)	105 / 104.80	104.90 / 104.70

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2017 would have increased/ decreased the equity and profit/ loss after tax by Rs. 48.7 million (2016: Rs. 38.84 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2016.

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. 55 million (2016: Rs. 26 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs.19,803 million (2016: Rs. 18,060 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, 2017, if interest rates 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 29.9 million (2016: Rs 10.75 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2017, if interest rates 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. 81.13 million (2016: Rs. 128.67 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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 interest rate at the balance sheet would not effect profit and loss account 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.

41.2 **Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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	2017	2016
		Rupees (000s)	
Long term loans and advances	16	62,095	37,803
Long term deposit	17	192,629	155,518
Trade debts	20	3,345,046	2,364,302
Other receivables		152,313	114,176
Bank balances	25	245,256	148,890
		3,997,339	2,820,689

The Company manages credit risk as follows:

Loans and advances

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 no impairment allowance is provided for in accounts.

Long Term Deposits

These are receivable mainly against rental property and utilities against which chances of default are remote, hence no impairment allowance is required 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 and/or by obtaining advance against sales and/or through letter of credits and/or by providing for doubtful debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments.

The Company actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers. The Company does not expect these customers will fail to meet their obligations except for some doubtful debtors against which adequate allowance for impairment has been made in these unconsolidated financial statements.

The Company has established an allowance for impairment of the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. This allowance is based on the management assessment of a specific loss component that relates to individually significant exposures. The movement in allowance for impairment in respect of trade debts during the year can be assessed by reference to note 20.3.

Aging of trade debts considered goods is as follows:

	Note	2017	2016
		Rupees (000s)	
1 to 6 months		3,256,165	2,199,435
6 months to 1 year		60,769	158,242
1 year to 3 years		28,112	6,625
	20	3,345,046	2,364,302

The Company believes that no impairment allowance is necessary in respect of trade debts that are past due other than the amount provided.

Other receivables

The Company believes that no impairment allowance is necessary in respect of receivables that are past due. The Company actively monitors and pursues for the recovery and the Company expects that the recovery will be made soon and can be assessed by reference to note 22.

Bank balances

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have stable credit rating.

The bank balances along with credit ratings are tabulated below:

	Note	2017	2016
		Rupees (000s)	
AAA		11,759	12,946
AA+		40,268	70,251
AA		6,220	18,693
A+		184,575	554
A		1,544	45,830
A-		890	205
AA-		-	411
	25	245,256	148,890

Given these high credit ratings, management does not expect that any counterparty will fail to meet their obligations.

Financial assests 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 counterparty default rates.

The management believed that there are no finanacial assets that are impaired except against which adequate impairment allowance has been made as a matter of prudence.

41.3 Liquidity risk

Liquidity risk represents 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 40.

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, 2017, the Company has Rs. 19,647 million (2016: Rs. 15,842 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 7,712 million (2016: Rs. 2,975 million) and also has Rs. 270 million (2016: Rs. 308 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

41.4 Capital risk management

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2017 and 2016 were as follows:

	2017	2016
	Rupees (000s)	
Total borrowings	19,760,257	17,984,497
Cash and bank	(269,882)	(307,777)
Net debt	19,490,375	17,676,720
Total equity	10,913,917	8,718,239
Total equity and debt	30,404,292	26,394,959
Gearing ratio (%)	64	67

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.

42 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 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 balance sheet 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.

43 PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2017	2016
		Un-Audited	Audited
Size of the fund - Total assets (Rs. 000s)		1,003,332	852,842
Cost of investments made (Rs. 000s)		893,485	724,333
Percentage of investments made		89.05%	84.93%
Fair value of investments (Rs. 000s)	40.1	922,163	778,184

43.1 The break-up of fair value of investment is:

	2017		2016	
	Rupees (000s)	Percentage	Rupees (000s)	Percentage
	Un-Audited		Audited	
Shares in listed companies	63,041	6.84%	78,479	10.09%
Government securities	134,908	14.63%	437,017	56.16%
Debt securities	28,939	3.14%	130,651	16.79%
Mutual funds	363,739	39.44%	63,679	8.18%
Balance in saving accounts	331,536	35.95%	68,358	8.78%
	922,163	100%	778,184	100%

43.2 The investment out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

44 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 12,912 (2016: 15,279) and average number of employees during the year were 14,667 (2016: 12,690).

45 EVENT AFTER BALANCE SHEET DATE

45.1 Subsequent Appropriations

The Board of Directors of the Company in its meeting held on September 23, 2017 has proposed the following:

a) **Dividend**
Your directors have decided to pay cash dividend @ Rs. 1.00 per share i.e. 10% for the year ended June 30, 2017.

b) **Transfer from Unappropriated Profit**
An amount of Rs. 400 million to be transferred to general reserve from unappropriated profit.

45.2 Through the Finance Act, 2017 Income Tax has been levied at the rate of 7.5% of accounting profit before tax on every public company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year. Since the Board of Directors has recommended 10% cash dividend (Rs. 356.496 milion) for the year ended June 30, 2017 (refer note 45.1) which exceeds the above stated limits, hence there will be no such tax liability.

46 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 23 September 2017.

47 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

ATTENDANCE AT BOARD MEETINGS

FOR THE YEAR ENDED JUNE 30, 2017

Name of Directors	Board		Audit Committee		Human Resource & Remuneration Committee	
	Required	Attended	Required	Attended	Required	Attended
Mohomed Bashir	4	4	5	5	2	2
Zain Bashir	4	4	-	-	2	2
Mohammed Zaki Bashir	4	4	-	-	-	-
Ziad Bashir	4	4	-	-	-	-
S.M. Nadim Shafiqullah	4	4	5	5	2	2
Dr. Amjad Waheed	4	4	5	5	-	-
Ehsan A. Malik	4	4	-	-	-	-

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2017

No. of Shareholders	Shareholding				Shares held
725	From	1	To	100	26,135
1,331	From	101	To	500	511,208
1,159	From	501	To	1,000	966,225
1,630	From	1,001	To	5,000	4,253,595
421	From	5,001	To	10,000	3,264,964
142	From	10,001	To	15,000	1,858,356
98	From	15,001	To	20,000	1,793,563
62	From	20,001	To	25,000	1,445,390
33	From	25,001	To	30,000	941,034
19	From	30,001	To	35,000	627,522
21	From	35,001	To	40,000	810,551
13	From	40,001	To	45,000	560,090
32	From	45,001	To	50,000	1,572,140
12	From	50,001	To	55,000	637,586
13	From	55,001	To	60,000	761,491
5	From	60,001	To	65,000	318,382
2	From	65,001	To	70,000	134,375
8	From	70,001	To	75,000	595,072
6	From	75,001	To	80,000	475,495
3	From	80,001	To	85,000	246,352
2	From	85,001	To	90,000	176,400
4	From	90,001	To	95,000	371,930
16	From	100,001	To	105,000	1,609,200
3	From	110,001	To	115,000	340,716
4	From	115,001	To	120,000	470,878
5	From	120,001	To	125,000	612,740
1	From	130,001	To	135,000	132,000
3	From	135,001	To	140,000	416,506
3	From	140,001	To	145,000	426,000
4	From	145,001	To	150,000	596,000
2	From	155,001	To	160,000	315,765
1	From	160,001	To	165,000	160,500
2	From	170,001	To	175,000	349,500
1	From	175,001	To	180,000	180,000
1	From	180,001	To	185,000	181,000
2	From	185,001	To	190,000	379,213
1	From	190,001	To	195,000	194,281
6	From	195,001	To	200,000	1,195,969
1	From	200,001	To	205,000	201,000
1	From	205,001	To	210,000	207,000
1	From	210,001	To	215,000	215,000
1	From	215,001	To	220,000	220,000
5	From	240,001	To	245,000	1,200,566
2	From	250,001	To	255,000	504,400
1	From	255,001	To	260,000	259,200
2	From	260,001	To	265,000	527,200
1	From	275,001	To	280,000	276,439
1	From	285,001	To	290,000	288,600
1	From	290,001	To	295,000	291,000
2	From	295,001	To	300,000	598,200

PATTERN OF SHAREHOLDING

FOR THE YEAR ENDED JUNE 30, 2017

No. of Shareholders	Shareholding				Shares held
2	From	325,001	To	330,000	653,400
1	From	335,001	To	340,000	340,000
1	From	345,001	To	350,000	348,113
1	From	370,001	To	375,000	374,500
1	From	385,001	To	390,000	386,000
2	From	395,001	To	400,000	797,400
1	From	400,001	To	405,000	400,749
2	From	430,001	To	435,000	862,000
1	From	435,001	To	440,000	438,000
1	From	460,001	To	465,000	462,514
1	From	465,001	To	470,000	470,000
2	From	500,001	To	505,000	1,000,500
2	From	515,001	To	520,000	1,035,500
2	From	560,001	To	565,000	1,125,537
1	From	580,001	To	585,000	583,500
1	From	585,001	To	590,000	589,300
1	From	595,001	To	600,000	600,000
1	From	635,001	To	640,000	640,000
1	From	715,001	To	720,000	716,000
1	From	745,001	To	750,000	746,000
1	From	765,001	To	770,000	768,500
1	From	825,001	To	830,000	828,000
1	From	850,001	To	855,000	854,800
1	From	955,001	To	960,000	960,000
1	From	995,001	To	1,000,000	999,826
1	From	2,005,001	To	2,010,000	2,009,004
1	From	1,060,001	To	1,065,000	1,062,000
1	From	1,075,001	To	1,080,000	1,080,000
1	From	1,090,001	To	1,095,000	1,090,500
1	From	1,205,001	To	1,210,000	1,208,935
1	From	1,285,001	To	1,290,000	1,288,314
1	From	1,355,001	To	1,360,000	1,358,900
1	From	1,435,001	To	1,440,000	1,440,000
1	From	1,495,001	To	1,500,000	1,496,000
1	From	1,835,001	To	1,840,000	1,840,000
1	From	3,255,001	To	3,260,000	3,256,000
1	From	4,805,001	To	4,810,000	4,808,868
1	From	5,790,001	To	5,795,000	5,793,200
1	From	7,195,001	To	7,200,000	7,195,263
1	From	9,435,001	To	9,440,000	9,437,866
1	From	10,520,001	To	10,525,000	10,524,600
1	From	10,700,001	To	10,705,000	10,702,493
1	From	239,225,001	To	239,230,000	239,226,714
5,864					356,495,525

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2017

GulAhmed
SINCE 1953

Categories of Shareholders	Number	Shares held	Percentage
Individuals	5,692	52,941,850	14.85
Investment Companies & Mutual Funds	96	266,568,504	74.78
Insurance Companies	10	11,019,615	3.09
Joint Stock Companies	41	14,615,152	4.10
Modaraba Companies	1	75	-
Financial Institutions	4	452,817	0.13
Foreign Investors	11	9,816,974	2.75
Charitable Institutions	6	891,131	0.25
Government Departments	3	189,407	0.05
	5,864	356,495,525	100.00

ADDITIONAL INFORMATION

Categories of Shareholders	Number	Shares held
Associated Companies, Undertakings and Related Parties		
Gul Ahmed Holdings (Private) Limited	1	239,226,714
Swisstex Chemicals (Private) Limited	1	10,702,493
Trustee - Gul Ahmed Textile Mills Limited Employees Provident Fund Trust	1	194,281
NIT and ICP		
IDBP (ICP UNIT)	1	2,064
IDBL (ICP UNIT)	1	2,822
CDC - Trust National Investment (Unit) Trust	1	17,902
CDC - Trustee National Investment (Unit) Trust	1	7,195,263
Mutual Funds		
CDC - Trustee AKD Opportunity Fund	1	583,500
CDC - Trustee Alfalah GHP Alpha Fund	1	1,394
CDC - Trustee Alfalah GHP Stock Fund	1	2,991
CDC - Trustee Alfalah GHP Value Fund	1	91,800
CDC - Trustee APF-Equity sub Fund	1	16,000
CDC - Trustee Atlas Stock Market Fund	1	19,500
CDC - Trustee Faysal Balanced Growth Fund	1	60,000
CDC - Trustee First Capital Mutual Fund	1	50,000
CDC - Trustee First Dawood Mutual Fund	1	25,000
CDC - Trustee Lakson Equity Fund	1	999,826
CDC - Trustee Lakson Tactical Fund	1	159,765
CDC - Trustee MCB Pakistan Stock Market Fund	1	1,358,900
CDC - Trustee NAFA Stock Fund	1	5,793,200
CDC - Trustee PICIC Growth Fund	1	640,000
CDC - Trustee PICIC Investment Fund	1	340,000
CDC - Trustee UBL Asset Allocation Fund	1	432,000
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	438,000
CDC - Trustee UBL Stock Advantage Fund	1	1,208,935
CDC - Trustee NAFA Asset Allocation Fund	1	854,800
Golden Arrow Selected Stocks Fund Limited	1	300,000
Banks, NBFI, DFI and Investment Companies	70	6,553,847
Insurance Companies	10	11,019,615
Joint Stock Companies	40	3,912,659
Modaraba Companies	1	75
Financial Institutions	4	452,817
Foreign Investors	11	9,816,974
Charitable Institutions	6	891,131
Government Departments	3	189,407

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017

Categories of Shareholders	Number	Shares held
Directors		
Mohomed Bashir (Chairman)	1	1,288,314
Zain Bashir (Vice Chairman)	1	4,840
Mohammad Zaki Bashir (Chief Executive)	1	4,840
Ziad Bashir	1	4,840
S. M. Nadim Shafiqullah	1	16,146
Dr. Amjad Waheed	1	13,899
Ehsan A. Malik	1	3,000
Directors'/CEO's Spouse		
Tania Zain Bashir	1	4,840
Shareholders holding 5% or more Voting Interest		
Gul Ahmed Holdings (Private) Limited	1	239,226,714

Details of trading in the shares by:

The following trading was carried out by CFO while no trading was carried by Directors, CEO, Company Secretary, their spouses and minor children during the year under review except below mentioned Right Shares subscribed:

Directors	
Mohomed Bashir (Chairman)	9,08,643 Right Shares
Zain Bashir (Vice Chairman)	811 Right Shares
Mohammad Zaki Bashir (Chief Executive)	811 Right Shares
Ziad Bashir	811 Right Shares
S. M. Nadim Shafiqullah	2,691 Right Shares
Dr. Amjad Waheed	2,316 Right Shares
Ehsan A. Malik	500 Right Shares
Directors'/CEO's Spouse	
Tania Zain	811 Right Shares
Chief Financial Officer	
Mohammed Salim Sattar	11,583 Shares Sold

CONSOLIDATED FINANCIAL STATEMENTS 2017

GROUP DIRECTOR'S REPORT

The directors are leased to present their report together with the audited Consolidated Financial Statement of the Group for the year ended June 30, 2017

The Group
The Group Companies of Gul Ahmed International Limited (FZE) – UAE, GTM (Europe) Limited – UK, GTM USA Corp. – USA and Sky Home Corp. – USA, wholly owned subsidiaries of Gul Ahmed Textile Mills Limited. All the subsidies are related in trading of textile related products.

Group Results
The Consolidated financial results of the group are given below:

	Rupees (000s)
Profit before tax	835,853
Taxation	5,764
Profit after tax	830,089
Un-appropriated profit brought forward	884,012
Amount available for appropriation	1,714,101
Appropriation	
Transfer to general reserves	500,000
Transfer to statutory reserve	2,281
Amount carried to other comprehensive Income	10,415
Cash dividend	97,727
Amount carried forward	1,103,678
	1,714,101
Earnings per share (Rs.)	2.54

Pattern of Shareholding
Gul Ahmed International Limited (FZE) - UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited (Parent Company), GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZE) – UAE, and GTM USA Corp. is a wholly owned subsidiary of GTM Europe Limited, Sky Home Corporation incorporated in United States of America (USA) is a wholly owned subsidiary of GTM (Europe) Limited

Parent Company is a subsidiary of Gul Ahmed Holdings (Private) Limited holding 239,226,714 (2016: 199,355,596) shares of Rs. 10 each constituting 67.10% (2016:67.10%) of total Paid up Capital.

Subsequent Effects
The directors of the Group in their meeting held on 23rd September 2017 have proposed the following:

1. Cash dividend: Pay cash dividend @ Re. 1 per share i.e. 10% of the year ended June 30, 2017.
2. Reserves: An amount of Rs. 400 million to be transferred to general reserves from un-appropriated profit.

Karachi
September 23, 2017

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Gul Ahmed Textile Mills Limited (the Holding Company) and its subsidiary companies namely Gul Ahmed International Limited (FZC), GTM (Europe) Limited, GTM USA Corp. and Sky Home Corp. (the subsidiary companies) as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of the subsidiary companies have been audited by the other firm of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiary companies, is based solely on the report of such other auditors.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the international standards on auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Gul Ahmed Textile Mills Limited and its subsidiary companies as at June 30, 2017 and the results of their operations for the year then ended.

Karachi
September 23, 2017

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

GulAhmed SINCE 1953

	Note	2017	2016
		Rupees (000s)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	4	3,564,955	2,970,796
Reserves	5	7,630,703	6,010,215
		11,195,658	8,981,011
NON-CURRENT LIABILITIES			
Long term financing	6	7,146,403	4,630,604
Deferred Liabilities			
Deferred taxation	7	316,420	323,908
Staff retirement benefits	8	31,033	41,346
		347,453	365,254
		7,493,856	4,995,858
CURRENT LIABILITIES			
Trade and other payables	9	5,773,604	5,377,637
Accrued mark-up / profit	10	138,898	114,368
Short term borrowings	11	11,935,343	12,866,493
Current maturity of long term financing	6	678,511	487,400
Income tax payable		3,043	-
		18,529,399	18,845,898
CONTINGENCIES AND COMMITMENTS	12		
		37,218,913	32,822,767

	Note	2017	2016
		Rupees (000s)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	15,992,062	12,069,608
Intangible assets	14	85,876	20,492
Long term loans and advances	15	40,092	21,820
Long term deposits	16	195,249	158,136
Deferred taxation	7	98	996
		16,313,377	12,271,052
CURRENT ASSETS			
Stores, spare parts and loose tools	17	988,216	903,447
Stock-in-trade	18	12,661,087	14,057,202
Trade debts	19	3,640,608	2,786,782
Loans and advances	20	693,880	729,911
Short term prepayments	21	168,810	227,788
Other receivables	22	1,143,099	475,709
Tax refunds due from Government	23	648,960	913,960
Taxation - net		673,701	117,249
Cash and bank balances	24	287,175	339,666
		20,905,536	20,551,714
		37,218,913	32,822,767

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees (000s)	
Sales	25	40,818,778	33,187,676
Cost of sales	26	33,400,752	25,521,668
Gross profit		7,418,026	7,666,008
Distribution cost	27	3,530,626	3,285,630
Administrative expenses	28	2,601,701	2,096,296
Other operating expenses	29	58,429	137,554
		6,190,756	5,519,480
		1,227,270	2,146,528
Other income	30	487,870	154,673
Operating profit		1,715,140	2,301,201
Finance cost	31	879,287	915,843
Taxation		835,853	1,385,358
Provision for taxation	32	5,764	203,119
Profit after taxation		830,089	1,182,239
			Restated
Earnings per share - basic and diluted (Rs.)	33	2.54	4.06

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

GulAhmed
SINCE 1953

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees (000s)	
Profit after taxation		830,089	1,182,239
Other comprehensive income			
Items that will not be reclassified to profit and loss account subsequently			
Remeasurement (loss)/gain on defined benefit plan	8.1	(11,705)	8,376
Related tax effect	7	1,290	(952)
		(10,415)	7,424
Items that will be reclassified to profit and loss account subsequently			
Exchange difference on translation of foreign subsidiaries		7,302	9,076
Total comprehensive income		826,976	1,198,739

The annexed notes 1 - 46 form an integral part of these consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees (000s)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		835,853	1,385,358
Adjustments for:			
Depreciation	13.1.1	1,578,851	1,125,358
Amortisation	14.1	9,125	7,130
Provision for gratuity	8.2	33,280	36,585
Finance cost	31	879,287	915,843
Provision for slow moving/obsolete items	17.1	15,645	14,645
Impairment allowance of doubtful trade debts	19.3	38,307	34,825
Property, plant and equipment scrapped	13.1	425	1,014
Unclaimed liabilities written back	30	(49,685)	(10,917)
Net (gain) / loss on disposal of property plant and equipment	13.1.3	(245,310)	18,619
		2,259,925	2,143,102
Cash flows from operating activities before adjustments of working capital		3,095,778	3,528,460
Changes in working capital:			
Decrease/(increase) in current assets			
Stores, spare parts and loose tools		(100,414)	(219,030)
Stock-in-trade		1,396,115	(2,596,004)
Trade debts		(892,133)	(669,534)
Loans and advances		36,031	(380,664)
Short term prepayments		58,978	(112,824)
Other receivables		(667,390)	(144,310)
Tax refunds due from Government - Net		382,249	14,809
		213,436	(4,107,557)
Increase/(decrease) in current liabilities			
Trade and other payables		443,056	(15,073)
		656,492	(4,122,630)
		3,752,270	(594,170)
Adjustments for:			
Gratuity paid	8.1	(55,298)	(35,696)
Finance cost paid		(854,757)	(1,007,956)
Income tax paid		(681,722)	(351,605)
Increase in long term loans and advances		(18,272)	(8,961)
Increase in long term deposits		(37,113)	(64,564)
		(1,647,162)	(1,468,782)
Net cash generated from/(used in) operating activities		2,105,108	(2,062,952)

	Note	2017	2016
		Rupees (000s)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(5,590,166)	(4,225,010)
Addition to intangible assets		(74,509)	(11,788)
Proceeds from sale of property, plant and equipment		333,746	59,553
Net cash used in investing activities		(5,330,929)	(4,177,245)
		(3,225,821)	(6,240,197)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		3,427,770	2,681,678
Repayments of long term financing		(720,860)	(685,414)
Proceeds from issue of right shares		1,485,398	1,199,744
Dividend paid		(95,129)	(789,492)
Net cash generated from financing activities		4,097,179	2,406,516
Exchange difference on translation of foreign subsidiaries		7,302	9,076
Net increase/(decrease) in cash and cash equivalents		878,659	(3,824,605)
Cash and cash equivalents - at the beginning of the year		(12,526,827)	(8,702,222)
Cash and cash equivalents - at the end of the year	35	(11,648,168)	(12,526,827)

The annexed notes 1 - 46 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 CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Note	Share capital	Reserves						Total
			Capital reserve - share premium	General reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary (Note 5.4)	Unappropriated profit	Sub total reserves	
		Rupees (000s)							
Balance as at June 30, 2015		**2,285,228**	**-**	**4,230,000**	**107,172**	**13,680**	**746,279**	**5,097,131**	**7,382,359**
Transfer to									
General reserve		-	-	250,000	-	-	(250,000)	-	-
Statutory reserve		-	-	-	-	2,099	(2,099)	-	-
		-	-	250,000	-	2,099	(252,099)	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2015		-	-	-	-	-	(342,785)	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015		-	-	-	-	-	(228,523)	(228,523)	(228,523)
Issuance of right shares	4.3 & 5	685,568	514,176	-	-	-	-	514,176	1,199,744
Interim dividend for the nine months ended March 31, 2016		-	-	-	-	-	(228,523)	(228,523)	(228,523)
		685,568	514,176	-	-	-	(799,831)	(285,655)	399,913
Total comprehensive income for the year ended June 30, 2016									
Profit after taxation		-	-	-	-	-	1,182,239	1,182,239	1,182,239
Other comprehensive income		-	-	-	9,076	-	7,424	16,500	16,500
		-	-	-	9,076	-	1,189,663	1,198,739	1,198,739
Balance as at June 30, 2016		2,970,796	514,176	4,480,000	116,248	15,779	884,012	6,010,215	8,981,011
Transfer to									
General reserve		-	-	500,000	-	-	(500,000)	-	-
Statutory reserve		-	-	-	-	2,281	(2,281)	-	-
		-	-	500,000	-	2,281	(502,281)	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2016		-	-	-	-	-	(97,727)	(97,727)	(97,727)
Issuance of right shares		594,159	891,239	-	-	-	-	891,239	1,485,398
Total comprehensive income for the year ended June 30, 2017									
Profit after taxation		-	-	-	-	-	830,089	830,089	830,089
Other comprehensive income		-	-	-	7,302	-	(10,415)	(3,113)	(3,113)
		-	-	-	7,302	-	819,674	826,976	826,976
Balance as at June 30, 2017		**3,564,955**	**1,405,415**	**4,980,000**	**123,550**	**18,060**	**1,103,678**	**7,630,703**	**11,195,658**

The annexed notes 1 - 46 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, 2017

1 LEGAL STATUS AND ITS OPERATIONS

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

- Gul Ahmed Textile Mills Limited
- Gul Ahmed International Limited (FZC) - UAE
- GTM (Europe) Limited - UK
- GTM USA Corp. - USA
- Sky Home Corp.- USA

Gul Ahmed Textile Mills Limited (The Holding Company) was incorporated on April 01, 1953 in Pakistan as a private limited company subsequently converted into a 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. and Sky Home Corp. are wholly owned subsidiaries of GTM (Europe) Limited.

All four subsidiaries are engaged in trading of textile related products.

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

Details of Subsidiaries

	Date of Incorporation	Percentage of Holding	Country of Incorporation
Gul Ahmed International Limited FZC	November 27, 2002	100%	U.A.E
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	100%	U.K
GTM USA Corp. - Indirect subsidiary	March 19, 2012	100%	U.S.A
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	100%	U.S.A

1.2 Basis of consolidation

The financial statements comprise of the financial statements of the Group.

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

The financial statements of the 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 and transactions are eliminated.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These consolidated financial statements comprise of consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement 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 cash flow statement.

2.2 **Statement of compliance**

These consolidated financial statements have been prepared in accordance with the requirements of the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, as are notified under the Repealed Companies Ordinance, 1984 (the Ordinance), provisions of and directives issued under the Repealed Companies Ordinance, 1984. In case the requirements differ, provisions or directives of the Repealed Companies Ordinance, 1984 shall prevail.

Companies Act, 2017 (the Act) has been promulgated during the year and Companies Ordinance 1984 has been repealed. The Act introduces new disclosure and presentation requirements; however the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 / 2017 dated July 20, 2017 has notified its decision that the Companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of repealed Companies Ordinance 1984. Accordingly these consolidated financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance 1984.

2.3 **Functional and presentation currency**

These consolidated financial statements have been prepared in Pak Rupees, which is the Holding Company's functional and presentation currency.

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 consolidated financial statements are as follows:

(a) **Defined benefit plan**

Actuarial assumptions have been adopted as disclosed in note no. 8.3 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 assets 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.

(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 allowance against trade debts, advances and other receivables**

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of doubtful debts and provision required there against on annual basis. While determining provision the Group considers financial health, market information, ageing of receivables, credit worthiness, credit rating, past records and business relationship.

(h) **Taxation**

The Group takes into account relevant provisions of the prevailing income tax laws 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.

2.5 **New and revised standards and interpretations**

(a) **New and amended Standards and Interpretations became effective:**

Following new / amended standards and amendments / clarifications issued by IASB have become effective for annual periods beginning on or after January 1, 2016.

IAS 1 Presentation of Financial Statements' (Effective for annual periods beginning on or after 1 January 2016)

Disclosure Initiative (Amendments to IAS 1) introduces certain clarifications related to consideration of materiality, clarifications related to aggregation and disaggregation of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income and the amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. This does not have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (Effective for annual periods beginning on or after January 1, 2016)

This amendment introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. This standard is not relevant to the Group's consolidated financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer Plants (Effective for annual periods beginning on or after January 1, 2016)

Bearer plants are now in the scope of IAS 16 for measurement and disclosure purposes. Therefore, a Company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less cost to sell under IAS 41. A bearer plant is a plant that is used in the supply of agricultural produce, is expected to bear / produce for more than one period, and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This amendment is not relevant to the Group's consolidated financial statements.

IAS 19 'Employee Benefits' - Discount rate regional market issue (Effective from accounting period beginning on or after January 1, 2016)

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is a currency that the liabilities are denominated in, is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, Government bonds in that relevant currency should be used. The amendment is retrospective, but limited to the earliest period presented. The amendment does not have any significant impact on the Group's cosolidated financial statements.

IAS 27 (Revised 2011) - 'Separate Financial Statements' (Effective from annual period beginning on or after January 1, 2016)

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The Group already carries investment in its subsidiary at cost, therefore amendment does not have any significant impact on the Group's consolidated financial statements.

IAS 34 'Interim Financial Reporting' - Disclosure of information 'elsewhere in the interim financial report' (Effective from annual period beginning on or after January 1, 2016)

This amendment clarifies what is meant by the reference in the standard to 'Disclosure of information elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. This amendment is retrospective. This amendment will only have effect on the disclosure in Group's interim financial information.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - Changes in methods of disposal (Effective from annual period beginning on or after January 1, 2016)

The amendment adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa, and cases in which held-for-distribution accounting is discontinued. The amendment is prospective and this do not have any significant impact on the Group's consolidated financial statements.

IFRS 7 'Financial Instruments: Disclosures' (Effective from annual period beginning on or after January 1, 2016)

The amendments add additional guidance to clarify whether a servicing contract is continued involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies that the additional disclosure required by the amendment to IFRS 7, 'Disclosure - Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. It has no significant impact on the Groups's consolidated financial statements.

Amendments to IFRS 10, 'Consolidated Financial Statements' and IAS 28,'Investments in Associates and Joint Venture' and IFRS 12 'Disclosure of Interest in other entities (Effective from annual period beginning on or after January 1, 2016)

Investment Entities: Applying the consolidation exception clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statement is available to a parent entity which is a subsidiary of an investment entity; (c) how an entity that is not an investment entity should apply the equity method of accounting for its investments in an associate or joint venture that is an investment entity and (d) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. The amendment do not have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 11 'Joint Arrangements' (Effective from annual period beginning on or after January 1, 2016)

Accounting for acquisition of interest in joint operations - Amendments to IFRS 11 'Joint Arrangements' clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require investors to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendment is not relevant to the Group's consolidated financial statements.

IAS 28 (Revised 2011) – 'Investments in Associates and Joint Ventures' (Effective from accounting period beginning on or after January 1, 2016)

This standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is not relevant to the Group's consolidated financial statements.

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

The following standards, amendments and interpretations of approved accounting standards that have been published that are mandatory to the Group's accounting period beginning on or after the dates mentioned below:

IAS 7 'Statement of Cash Flows' (Effective for annual periods beginning on or after 1 January 2017)

This standard has been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both

changes arising from cash flow and non-cash changes. The amendments are unlikely to have any material impact on the Group's consolidated financial statements.

IAS 12 'Income Taxes' (Effective for annual periods beginning on or after January 1, 2017)

This standard has been amended to clarify:
- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. The amendments are unlikely to have any material impact on the Group's consolidated financial statements.

IAS 40 'Investment Property' amendments to clarify transfers or property to, or from, investment property (Effective for annual periods beginning on or after January 1, 2018)

The amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment is not relevant to the Group's consolidated financial statements.

IFRS 2 'Classification and Measurement of Share Based Payment Transactions' (Amendment) (Effective for annual periods beginning on or after January 1, 2018)

The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendment is not relevant to the Group's consolidated financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (Effective for annual periods beginning on or after January 1, 2018)

The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises non monetary assets or non monetary liability arising from payment or receipt of advance consideration. In case there are multiple payments or receipts in advance, the entity should determine a date of the transaction for each payment or receipt of advance consideration. This IFRIC is not likely to have a material impact on Group's consolidated financial statements.

IFRIC 23 'The Accounting for Uncertainties in Income Taxes' (Effective for annual periods beginning on or after January 1, 2019)

This amendment clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. This IFRIC is not likely to have a material impact on Group's consolidated financial statements.

Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' [Completed] (Effective for annual periods beginning on or after January 1, 2018)

The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach"); an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach"). The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contract standard is applied. The amendments are not revelant to the Group's consolidated financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 12 'Disclosure of Interests in Other Entities' amendments resulting from annual improvements 2014–2016 cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after January 1, 2018)

The amendment clarifies that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Group's consolidated financial statements.

IAS 28 'Investments in Associates and Joint Ventures' amendments resulting from annual improvements 2014-2016 cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after January 1, 2018)

This amendment clarifies that the election to measure an investment in an associate or a joint venture that is held by an entity and that is a venture capital organization, or other qualifying entity, at fair value through profit or loss is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendment is not relevant to the Group's consolidated financial statements.

(c) **New Standards issued by IASB but not yet been notified by SECP:**

International Financial Reporting Standards (IFRSs)	IASB effective date annual periods beginning on or after
IFRS 1 - First Time Adoption of IFRS	January 1, 2013
IFRS 9 - Financial Instruments	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16- Leases	January 1, 2019
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 balance sheet date or as fixed under contractual arrangements.

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 recognized in the profit and loss account.

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 balance sheet 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 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 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, 2017. The results of valuation are summarized in note no. 8. Provision in respect of the staff retirement benefit obligation is made by subsidiary in accordance with relevant labour laws of their respective countries.

Current service cost, past service cost and interest cost are recognized in profit and loss account. Actuarial gains and losses arising at each valuation date are recognized fully in other comprehensive income.

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 its employees at the rate of 8.33% of the basic salary. The Holding Company's contribution is charged to profit and loss account.

3.3 Accumulated employee compensated absences

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

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 balance sheet 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 laws 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 adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Group takes into account the current Income Tax laws and decisions taken by the Taxation Authorities.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the 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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, 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 net of transaction cost incurred, and are subsequently recorded at amortized cost using the effective interest rate method.

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 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.9 Property, plant and equipment

3.9.1 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 accumlated 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 profit and loss account 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 profit and loss account as incurred.

Depreciation

Depreciation is charged on all depreciable assets using reducing balance method except for structure on leasehold land/rented property and specific office equipment (i.e. I.T. equipment and mobile phones) which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 13.1. 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 leasehold 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 profit and loss account.

3.9.2 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet 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 the assets starts operation.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Amortisation 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. 14.1.

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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs to sell or value in use.

3.11 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase.

Investment at fair value through profit and loss

These are investments designated as held-for-trading at the inception. Investments under this category are classified in current assets. These investments are initially recorded at fair value and are remeasured at each reporting date. Gains or losses arising from changes in the fair value are recognised in profit and loss account in the period in which they arise. Gains or losses on disinvestments are also recognised in profit and loss account.

3.12 Loans and receivables

Financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. These are measured at amortised cost less impairment, if any.

3.13 Stores, spare parts and loose tools

Stores, spare parts and loose tools, 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 balance sheet date.

3.14 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 upto balance sheet date.

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

3.15 Trade debts

Trade debts are carried at original invoice amount being fair value. Export trade debts are translated into Pak Rupees at the rates ruling on the balance sheet date. Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

3.16 Revenue recognition

Revenue is recognised 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 recognised on following basis:

- Sale is recognised when the goods are dispatched to the customer and in case of export when the goods are shipped. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.
- Profit on deposits with banks is recognised 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 recognised 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.

3.17 Financial Instruments

Financial instruments carried on the balance sheet 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. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit and loss.

Any gain or loss on subsequent measurement of the financial asset, except for available-for-sale investments, if any, is charged / credited to the profit and loss account.

3.18 Derecognition of Financial Instruments

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. The Group looses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on derecognition of financial asset or liability is also included to the profit and loss account.

3.19 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Group considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognised as an expense in profit and loss account. 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, if no impairment loss had been recognized.

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 profit and loss account. 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.

3.20 Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest and exchange rate fluctuations. Derivative financial instruments, that do not qualify for hedge accounting, are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of the derivative financial instruments is taken to the profit and loss account.

3.21 Offsetting of financial assets and liabilities

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

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

3.22 Cash and cash equivalents

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

3.23 Dividend and appropriation to reserves

Final dividend distributions to the Group's shareholders are recognised as a liability in the 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 recognised 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.

3.24 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.

4 SHARE CAPITAL

4.1 Authorized capital

2017	2016		2017	2016
Number of Shares			Number of Shares	
400,000,000	400,000,000	Ordinary shares of Rs.10 each	4,000,000	4,000,000

4.2 Issued, subscribed and paid-up capital

2017	2016		2017	2016
Number of Shares			Rupees (000s)	
192,161,738	132,745,817	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	1,921,617	1,327,458
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid under scheme of arrangement for amalgamation	54,473	54,473
158,886,461	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	1,588,865	1,588,865
356,495,525	297,079,604		3,564,955	2,970,796

4.2.1 As at June 30, 2017, Gul Ahmed Holdings (Private) Limited, the Parent Company of Gul Ahmed Textile Mills Ltd., held 239,226,714 (2016: 199,355,596) ordinary shares of Rs. 10 each, constituting 67.10% (2016: 67.10%) of total paid-up capital. This number is exclusive of shares held as stated in Note no. 4.2.3.

4.2.2 As at June 30, 2017, number of shares held by the associate companies, other than Gul Ahmed Holdings (Pvt) Ltd., aggregated to 10,896,774 (2016: 9,079,919) ordinary shares of Rs. 10 each.

4.2.3 As per the Honorable Sindh High Court's order, the Holding Company has held 1,541,432 shares, 69,138 shares and 398,434 shares out of the total bonus shares issued during the year 2015 to Gul Ahmed Holdings (Private) Limited, and Associate Company and other parties respectively, as these companies 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

	Note	2017	2016
		Number of Shares	
Number of shares outstanding at the beginning of the year		297,079,604	228,522,772
Add: 20% (2016: 30%) Issue of Right shares during the year	5.1	59,415,921	68,556,832
		356,495,525	297,079,604

5 RESERVES

	Note	2017	2016
		Rupees (000s)	
Capital Reserve			
- Share premium reserve	5.1 & 5.2	1,405,415	514,176
Revenue Reserve			
- General Reserve	5.3	4,980,000	4,480,000
- Unappropriated Profit		1,103,678	884,012
		6,083,678	5,364,012
Exchange difference on translation of foreign subsidiaries		123,550	116,248
Statutory reserve	5.4	18,060	15,779
		7,630,703	6,010,215

5.1 During the year, the Holding Company issued shares, against right shares subscription money received amounting to Rs. 1,485 million (2016:Rs. 1,199 million), as approved by the Board of Directors of the Company on February 28, 2017 at premium to the existing shareholders at a ratio of 20 ordinary shares for every 100 shares held (2016: 30 ordinary shares for every 100 shares held) . The total amount of premium on the rights issue amounts to Rs. 891 million at the rate of Rs. 15/- per share (2016: Rs. 514 million at the rate of Rs. 7.5/- per share).

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

5.3 This represents appropriation of profit in past years to meet future exigencies.

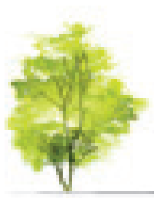
5.4 This represent reserve created by Gul Ahmed International Limited FZC, in accordance with Emiri decree No. 2 of 1995, issued by the ruler of Sharjah, U.A.E.

6 LONG TERM FINANCING

	Note	2017	2016
		Rupees (000s)	
From Banking Companies - Secured	6.1	5,017,703	3,639,931
From Non-Banking Financial Institutions - Secured	6.2	2,807,211	1,478,073
		7,824,914	5,118,004
Current portion shown under current liabilities		(678,511)	(487,400)
		7,146,403	4,630,604

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017	2016
					Rupees (000s)	
6.1 Banking Companies						
Allied Bank Limited Loan	6.5, 6.7	32 quarterly July-2010	9,256	Three months KIBOR Ask rate + 0.50% payable quarterly	37,034	74,058
Askari Bank Limited Loan 1 Under LTFF scheme	6.4, 6.7	20 quarterly October-2016	8,346	8.50 % p.a. payable quarterly	141,882	166,920
Askari Bank Limited Loan 2 Under LTFF scheme	6.4, 6.7	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	49,788	58,578
Askari Bank Limited Loan 3 Under LTFF scheme	6.4, 6.7	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	19,192	21,325
Askari Bank Limited Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly May-2018	63	3 % p.a. payable quarterly	1,259	1,259
Askari Bank Limited Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	1,703	3 % p.a. payable quarterly	47,675	47,675
Askari Bank Limited Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,069	3 % p.a. payable quarterly	29,935	29,935
Askari Bank Limited Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	929	3 % p.a. payable quarterly	26,005	26,005
Askari Bank Limited Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	1,816	3 % p.a. payable quarterly	50,842	50,842
Askari Bank Limited Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	1,210	3 % p.a. payable quarterly	33,871	33,871
Askari Bank Limited Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly May-2019	96	3 % p.a. payable quarterly	2,680	2,680
Askari Bank Limited Loan 11 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	180	3 % p.a. payable quarterly	5,030	5,030
AlBaraka Bank (Pakistan) Limited Loan Islamic Banking	6.4, 6.8	20 quarterly March-2016 payable quarterly	7,780	Three months KIBOR Ask rate + 1.10%	108,920	147,820
Bank Al-Habib Limited Under LTFF scheme	6.6	16 half yearly October-2019	13,519	2.75 % p.a. payable quarterly	216,296	-
Bank Al-Falah Limited Loan 1 Islamic Banking	6.4,6.8	9 half yearly July-2014	1,147	Six months KIBOR Ask rate + 1.25% payable half yearly	3,442	5,736
Bank Al-Falah Limited Loan 2 Islamic Banking	6.4,6.8	9 half yearly August-2014	1,472	Six months KIBOR Ask rate + 1.25% payable half yearly	4,417	7,361
Bank Al-Falah Limited Loan 3 Islamic Banking	6.4,6.8	9 half yearly September-2014	8,172	Six months KIBOR Ask rate + 1.25% payable half yearly	24,516	40,859
Bank Al-Falah Limited Loan 4 Islamic Banking	6.4,6.8	9 half yearly October-2014	10,285	Six months KIBOR Ask rate + 1.25% payable half yearly	30,856	51,425
Bank Al-Falah Limited Loan 5 Islamic Banking	6.4,6.8	09 half yearly March-2014	9,439	Six months KIBOR Ask rate + 1.25% payable half yearly	18,878	37,755
Bank Al-Falah Limited Loan 6 Islamic Banking	6.4,6.8	09 half yearly April-2014	6,457	Six months KIBOR Ask rate + 1.25% payable half yearly	12,915	25,830

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017	2016
					Rupees (000s)	
Bank of Punjab Loan 1 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	84	3 % p.a. payable quarterly	2,358	2,358
Bank of Punjab Loan 2 Under LTFF scheme	6.3, 6.7	28 quarterly September-2018	1,143	3 % p.a. payable quarterly	31,998	32,075
Bank of Punjab Loan 3 Under LTFF scheme	6.3, 6.7	28 quarterly October-2018	2,144	3 % p.a. payable quarterly	60,040	-
Bank of Punjab Loan 4 Under LTFF scheme	6.3, 6.7	28 quarterly November-2018	3,085	3 % p.a. payable quarterly	86,380	-
Bank of Punjab Loan 5 Under LTFF scheme	6.3, 6.7	28 quarterly December-2018	6,904	3 % p.a. payable quarterly	193,323	-
Bank of Punjab Loan 6 Under LTFF scheme	6.3, 6.7	28 quarterly January-2019	1,644	3 % p.a. payable quarterly	46,035	-
Bank of Punjab Loan 7 Under LTFF scheme	6.3, 6.7	28 quarterly February-2019	7,692	3 % p.a. payable quarterly	215,382	-
Bank of Punjab Loan 8 Under LTFF scheme	6.3, 6.7	28 quarterly March-2019	6,128	3 % p.a. payable quarterly	171,579	-
Bank of Punjab Loan 9 Under LTFF scheme	6.3, 6.7	28 quarterly April-2019	3,212	3 % p.a. payable quarterly	89,924	-
Bank of Punjab Loan 10 Under LTFF scheme	6.3, 6.7	28 quarterly June-2019	195	3 % p.a. payable quarterly	5,469	-
Habib Bank Limited Loan 1 Under LTFF scheme	6.5, 6.7	16 half yearly July-2011	11,054	10.00% p.a. payable quarterly	-	66,326
Habib Bank Limited Loan 2 Under LTFF scheme	6.5, 6.7	16 half yearly August-2011	562	10.00% p.a. payable quarterly	-	3,375
Habib Bank Limited Loan 3 Under LTFF scheme	6.5, 6.7	16 half yearly October-2011	709	10.00% p.a. payable quarterly	-	4,260
Habib Bank Limited Loan 4 Under LTFF scheme	6.5, 6.7	16 half yearly March-2012	277	10.00% p.a. payable quarterly	-	1,937
Habib Bank Limited Loan 5 Under LTFF scheme	6.5, 6.7	16 half yearly August-2012	3,536	10.25% p.a. payable quarterly	-	28,326
Habib Bank Limited Loan 6 Under LTFF scheme	6.5, 6.7	20 quarterly September-2016	5,804	9.00% p.a. payable quarterly	-	116,050
Habib Bank Limited Loan 7 Under LTFF scheme	6.5, 6.7	20 quarterly November-2016	1,698	9.00% p.a. payable quarterly	-	33,950
Habib Bank Limited Loan 8	6.5, 6.8	04 half yearly October-2017	15,586	Three months KIBOR Ask rate + 0.5% payable half yearly	62,345	-
Habib Bank Limited Loan 9	6.5, 6.8	05 half yearly October-2017	332	Three months KIBOR Ask rate + 0.5% payable half yearly	1,660	-
Habib Bank Limited Loan 10	6.5, 6.8	06 half yearly October-2017	4,132	Three months KIBOR Ask rate + 0.5% payable half yearly	24,789	-
Habib Bank Limited Loan 11	6.5, 6.8	09 half yearly October-2017	16,666	Three months KIBOR Ask rate + 0.5% payable half yearly	150,000	-
Habib Bank Limited Loan 12 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly October-2018	14,747	3 % p.a. payable quarterly	471,900	-
Habib Bank Limited Loan 13 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly November-2018	82	3 % p.a. payable quarterly	2,613	-



Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017	2016
					Rupees (000s)	
Habib Bank Limited Loan 14 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	221	3 % p.a. payable quarterly	7,072	-
Habib Bank Limited Loan 15 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly February-2019	95	3 % p.a. payable quarterly	3,036	-
Habib Bank Limited Loan 16 Under LTFF scheme	6.4, 6.5, 6.7	32 quarterly March-2019	174	3 % p.a. payable quarterly	5,564	-
MCB Bank Limited Loan 1	6.5	10 half yearly February-2017	1,486	Three months KIBOR Ask rate + 2.25% payable half yearly	13,374	14,860
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	142,776	158,640
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	13,869	15,410
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	21,825	24,251
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	51,957	57,730
Meezan Bank Limited Islamic Banking	6.5, 6.8	10 quarterly March-2017	74,455	Three months KIBOR Ask rate +1% payable quarterly	647,460	744,555
National Bank of Pakistan Loan 1	6.3	10 half yearly February-2016	49,598	Six months KIBOR Ask rate + 0.75% payable half yearly	396,784	495,981
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	116,700	116,700
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	109,012	109,012
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	3,570	3,570
National Bank of Pakistan Loan 5 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly September-2018	7,131	2.80% p.a. payable quarterly	142,618	142,618
National Bank of Pakistan Loan 6 Under LTFF scheme	6.4, 6.5, 6.7	20 quarterly October-2018	5,699	2.80% p.a. payable quarterly	113,970	-
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	14,156	-
NIB Bank Limited Loan 1	6.3	16 quarterly March-2014	829	Three months KIBOR Ask rate + 1.50% payable quarterly	1,659	4,975
NIB Bank Limited Loan 2	6.3	16 quarterly June-2014	2,827	Three months KIBOR Ask rate + 1.50% payable quarterly	8,484	22,619
NIB Bank Limited Loan 3	6.3	16 quarterly June-2015	168	Three months KIBOR Ask rate + 1.50% payable quarterly	1,183	2,023
Soneri Bank Loan 1 Under LTFF scheme	6.3, 6.7	16 quarterly March-2018	14,457	5% p.a. payable quarterly	231,310	231,310
United Bank Limited Loan 1	6.3	12 half yearly September-2013	269	Six months KIBOR Ask rate + 1.00% payable half yearly	1,075	1,612
United Bank Limited Loan 2	6.3	12 half yearly October-2013	1,235	Six months KIBOR Ask rate + 1.00% payable half yearly	4,941	7,411
United Bank Limited Loan 3	6.3	12 half yearly December-2013	5,892	Six months KIBOR Ask rate + 1.00% payable half yearly	23,565	35,792
United Bank Limited Loan 4	6.3	12 half yearly January-2014	11,913	Six months KIBOR Ask rate + 1.00% payable half yearly	59,562	83,387

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017	2016
					Rupees (000s)	
United Bank Limited Loan 5 Under LTFF scheme	6.4, 6.7	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	18,020	18,020
United Bank Limited Loan 6 Under LTFF scheme	6.4, 6.7	10 half yearly August-2017	398	6.50% p.a. payable quarterly	3,985	3,985
United Bank Limited Loan 7 Under LTFF scheme	6.4, 6.7	10 half yearly September-2017	215	6.50% p.a. payable quarterly	2,150	2,150
United Bank Limited Loan 8 Under LTFF scheme	6.4, 6.7	10 half yearly October-2017	102	6.50% p.a. payable quarterly	1,020	1,020
United Bank Limited Loan 9	6.4	10 half yearly November-2017	2,385	5% p.a. payable quarterly	23,850	23,850
United Bank Limited Loan 10 Under LTFF scheme	6.4, 6.7	10 half yearly December-2017	89	6.50% p.a. payable quarterly	890	890
United Bank Limited Loan 11 Under LTFF scheme	6.4, 6.7	10 half yearly February-2018	318	5% p.a. payable quarterly	3,187	3,187
United Bank Limited Loan 12 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	4,182	5% p.a. payable quarterly	41,822	41,822
United Bank Limited Loan 13 Under LTFF scheme	6.4, 6.7	10 half yearly April-2018	1,827	5% p.a. payable quarterly	18,270	18,270
United Bank Limited Loan 14 Under LTFF scheme	6.4, 6.7	10 half yearly May-2018	954	4% p.a. payable quarterly	9,546	9,546
United Bank Limited Loan 15 Under LTFF scheme	6.4, 6.7	10 half yearly March-2018	12,111	5% p.a. payable quarterly	121,114	121,114
Samba Bank Limited Loan 1 Under LTFF scheme	6.3, 6.7	10 half yearly September-2019	15,710	3% p.a. payable quarterly	157,099	-
		Total from other Banks			5,017,703	3,639,931

6.2 **Non-Banking Financial Institutions - Secured**

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017	2016
					Rupees (000s)	
Pair Investment Company 1 Under LTFF scheme	6.5, 6.7	12 half yearly May-2018	11,417	3.5% p.a. payable half yearly	137,000	137,000
Pair Investment Company 2 Under LTFF scheme	6.5, 6.7	12 half yearly June-2018	11,346	3.5% p.a. payable half yearly	136,150	136,150
Pair Investment Company 2 Under LTFF scheme	6.5, 6.7	12 half yearly October-2019	17,798	3% p.a. payable half yearly	213,579	-
Pair Investment Company 2 Under LTFF scheme	6.5, 6.7	12 half yearly December-2019	236	3% p.a. payable half yearly	2,831	-
Pak Kuwait Investment Pvt. Ltd. Loan 1 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2018	10,093	3% p.a. payable quarterly	322,990	322,990
Pak Kuwait Investment Pvt. Ltd. Loan 2 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly February-2018	816	3% p.a. payable quarterly	26,120	26,120
Pak Kuwait Investment Pvt. Ltd. Loan 3 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2018	2,479	3% p.a. payable quarterly	79,340	79,340
Pak Kuwait Investment Pvt. Ltd. Loan 4 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2018	8,312	3% p.a. payable quarterly	265,986	265,986
Pak Kuwait Investment Pvt. Ltd. Loan 5 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly March-2018	417	3% p.a. payable quarterly	13,330	13,330

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2017	2016
					Rupees (000s)	
Pak Kuwait Investment Pvt. Ltd. Loan 6 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly April-2018	31	3% p.a. payable quarterly	985	-
Pak Kuwait Investment Pvt. Ltd. Loan 7 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly May-2018	1,218	3% p.a. payable quarterly	38,970	38,970
Pak Kuwait Investment Pvt. Ltd. Loan 8 Under LTFF scheme	6.3, 6.4, 6.7	32 quarterly May-2018	71	3% p.a. payable quarterly	2,279	-
Pak Brunei Investment Company Loan 1 Under LTFF scheme	6.3, 6.4, 6.7	16 quarterly December-2018	28,637	2.5% p.a payable quarterly	458,187	458,187
Pak Brunei Investment Company Loan 2 Under LTFF scheme	6.3, 6.4, 6.7	16 quarterly May-2019	2,419	2.5% p.a payable quarterly	38,710	-
Pak Brunei Investment Company Loan 3 Under LTFF scheme	6.3, 6.4, 6.7	16 quarterly July-2019	5,468	2.5% p.a payable quarterly	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	275,083	-
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	237,121	-
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	221,667	-
Pak Oman Investment Company Loan 4 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly May-2019	238	2.75% p.a payable quarterly	7,627	-
Pak Oman Investment Company Loan 5 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly May-2019	60	2.75% p.a payable quarterly	1,908	-
Pak Oman Investment Company Loan 6 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly June-2019	7,144	2.75% p.a payable quarterly	228,624	-
Pak Oman Investment Company Loan 7 Under LTFF scheme	6.4, 6.7, 6.9	32 quarterly June-2019	351	2.75% p.a payable quarterly	11,228	-
		Total from Non-Banking Financial Institutions			2,807,211	1,478,073

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.

7 DEFERRED TAXATION

	Note	2017	2016
		Rupees (000s)	
Deferred tax liability	7.1	316,420	323,908
Deferred tax asset of an indirect subsidiary	7.2	(98)	(996)
		316,322	322,912

7.1 Deferred tax arises due to:

	Note	2017	2016
Taxable temporary differences in respect of			
Accelerated tax depreciation allowance		348,865	352,990
Provision for income of subsidiaries		18,062	14,600
		366,927	367,590
Deductible temporary differences in respect of			
Provision for gratuity		(2,631)	(4,062)
Impairment allowance for doubtful trade debts		(29,915)	(26,477)
Provision for slow moving items/obsolete of stores, spare parts and loose tools		(14,479)	(13,143)
		(47,025)	(43,682)
Tax credit	7.1.2	(3,482)	-
		316,420	323,908

7.1.1 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.

7.1.2 The Holding Company has available tax credit of Rs. 246.939 million (2016: 228.897 million) under section 65 of the Income Tax Ordinance as well as minimum tax credit of Rs. 22.342 that can be utilized against future tax liability; however as a matter of prudence tax credits only to the extent of Rs. 3.482 million (2016: Nil) has been recognized as deferred tax assets.

7.2 Deferred tax asset of an indirect subsidiary

	2017	2016
	Rupees (000s)	
Deductible temporary differences in respect of		
Accelerated tax depreciation allowance	(98)	(312)
Unused tax losses	-	(684)
	(98)	(996)

7.3 Movement in deferred taxation

	Liability	Asset	2017	2016
	Rupees (000s)			
Opening	323,908	(996)	322,912	356,354
Charged to profit and loss account	(6,198)	898	(5,300)	(34,394)
Charged to other comprehensive income	(1,290)	-	(1,290)	952
	316,420	(98)	316,322	322,912

8 STAFF RETIREMENT BENEFITS

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

	Note	2017	2016
		Rupees (000s)	
Opening balance		41,346	48,833
Charge for the year	8.2	33,280	36,585
Remeasurement loss/(gain) charged in other comprehensive income		11,705	(8,376)
Benefits paid during the year		(55,298)	(35,696)
Closing balance		31,033	41,346

8.2 Charge for the recognized in profit and loss account

	Note	2017	2016
Current service cost		30,417	31,722
Interest cost		612	2,620
		31,029	34,342
Charge in respect of obligation of the subsidiary company	8.5	2,251	2,243
	28.1	33,280	36,585

8.3 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation of the Holding Company's obligations:

	2017	2016
Discount rate used	7.25% p.a	7.25% p.a
Expected increase in salary for year end obligation	NA	6.25 % p.a
Average expected remaining working life time of employees	5 years	5 years
Mortality rates	SLIC 2001-2005 Set back 1 Year	SLIC 2001-2005 Set back 1 Year

8.4 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 with time.

b) **Demographic Risk**

Mortality Rate - 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 Rate - 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.

8.5 Provision in respect of the obligation of subsidiary company is made in accordance with applicable labour laws in U.A.E. Since the obligation is insignificant so no actuarial valuation is carried out by the subsidiary and provision is made using actual liability method.

8.6 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have attained the minimum qualifying period. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2016. The disclosure is based on information included in that actuarial report.

8.7 **Sensitivity Analysis**

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

	2017	2016
	Rupees (000s)	
Discount Rate + 100 bps	22,739	34,171
Discount Rate - 100 bps	25,143	37,543
Salary increase + 100 bps	25,143	37,543
Salary increase - 100 bps	22,719	34,142

9 **TRADE AND OTHER PAYABLES**

	Note	2017	2016
		Rupees (000s)	
Creditors - Due to related parties		2,870	10,746
- Others		2,164,014	2,866,479
		2,166,884	2,877,225
Provisions and accrued expenses	9.1.1, 9.1.2, 9.1.3 & 12.7	2,970,017	1,947,249
Advance from customers		485,360	329,173
Workers' profit participation fund	9.3	42,981	75,029
Workers' welfare fund	9.4	35,108	27,235
Unclaimed dividend		5,169	2,140
Dividend payable	9.2	9,042	9,473
Taxes withheld		30,509	71,378
Payable to employees' provident fund		14,989	14,270
Others		13,545	24,464
		5,773,604	5,377,637

9.1.1 Accrued expenses include Infrastructure cess amounting to Rs. 190 million (2016: Rs. 133 million). The Holding Company alongwith other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

9.1.2 The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated 31 August, 2015 regarding increase in the gas rate tariff. The Honorable Sindh High Court has already passed interim orders to suspend the operation of the notification and payments of bills on regular basis at the tariff prevailing prior to the issuance of the impugned notification and restrained from taking any coercive action against the Holding Company; thereafter Honorable Sindh High Court has given the decision in favor of the Holding Company. 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 Holding Company. During the year the Oil and Gas Regulatory Authority (OGRA) has issued another notification dated 30-12-2016, 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 has granted interim relief and instructed SSGC to revise bills at previous rate against security for the differential amount. Accordingly, the Holding Company has provided banker's verified cheques of Rs. 186.443 million as security to Nazir of High Court Sindh and also, as a matter of prudence, full provision of Rs. 237.857 million (June 30, 2016: 98.689 million) in the consolidated financial statements.

9.1.3 The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of industry tariff rate to the 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. However, in view of the uncertainties in such matter, full provision of Rs. 346.173 million (2016: Rs. 139.585 million) has been made in the consolidated financial statements.

9.2 Dividend payable includes the dividend amount Rs. 9.042 million (2016: Rs.7.033 million) held by the Holding Company, as refered in Note no. 4.2.3 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. 6.936 million and Rs. 0.31 million (2016: Rs. 5.395 million and Rs. 0.24 million) of Gul Ahmed Holdings (Private) Limited, and an Associate Company respectively.

9.3 **Workers' profit participation fund**

	Note	2017	2016
		Rupees (000s)	
Opening balance		75,029	49,498
Allocation for the year	29	42,981	71,671
Interest for the year	9.3.1	6,495	3,358
		124,505	124,527
Payments made during the year		(81,524)	(49,498)
Closing balance		42,981	75,029

9.3.1 The Holding Company retains Workers' Profit Participation Fund for its business operations till the date of allocation to the workers. Interest is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Holding Company till the date of allocation/payment to workers.

9.4 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. The Honorable Sindh High Court decided the matter in favor of the Government. The Holding Company along with the petitioner filed an appeal in the Honorable Supreme Court of Pakistan against the above decision. During the year, 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 thereby striking down the amendments introduced through these Finance Acts. During the year, a review petition has been filed 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.

10 **ACCRUED MARK-UP/PROFIT**

	Note	2017	2016
		Rupees (000s)	
Mark-up/profit on long term financing		53,365	46,852
Mark-up/profit on short term borrowings		85,533	67,516
		138,898	114,368

10.1 This includes Rs. 2.48 million and Rs. 9.12 million (2016: Rs. 6.83 million and Rs. 13.93 million) in long term financing and short term borrowings respectively under Shariah Compliant arrangements.

10.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 3.566 million (2016: Rs.2.528 million)

11 SHORT TERM BORROWINGS - SECURED

	Note	2017	2016
		Rupees (000s)	
Short Term Bank Borrowings			
Foreign currency		3,725,267	894,500
Local currency		2,909,300	7,525,100
	11.1	6,634,567	8,419,600
Short term running finance		5,300,776	4,446,893
		11,935,343	12,866,493

11.1 Short term bank borrowing includes Istisna (Shariah Compliant) amounting to Rs. 1,094 million (2016: Rs. 2,702 million) in local currency and Rs. 581 (2016: Rs.114) in foreign currency. Istisna is an Islamic mode of finance.

11.2 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. 7,712 million (2016: Rs. 2,975 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, amounting to Rs. 457 million (2016: Rs.623 million).

11.3 Foreign currency mark-up/profit rates range from 1.15% to 2.00% (2016: 1.15% to 2.00%) per annum. Local currency mark-up/profit rates range from 6.00% to 8.00% (2016: 3.00% to 9.96%) per annum.

12 CONTINGENCIES AND COMMITMENTS

12.1 The Holding Company owns and possesses a plot of land measuring 44 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2016: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 some claimants 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. The Holding Company is confident that its title to the land is secure and accordingly no provision in this behalf has been made in these consolidated financial statements.

12.2 The Holding Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 33.409 million (2016: Rs. 33.409 million) against sale of property included in other receivables note no.22. The Holding Company's management and its legal counsel are of the opinion that the case will be decided in the Holding Company's favor and as such no provision has been made there against.

12.3 The Holding Company has filed a petition in the Honorable Sindh High Court 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. 50.827 million (2016: Rs.50.827 million). This demand had 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. No provision has been made there against in these consolidated financial statements as the Holding Company is confident of the favorable outcome of the Petition.

12.4 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 of Rs.10 million (2016: Rs. 10 million) and against which part payment of Rs. 2.57 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Holding Company. No provision has been made there against in these consolidated financial statements as the Holding Company is confident of the favorable outcome of the Petition. Also refer note no. 20.2.

12.5 The Holding Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 17.851 million (2016: Rs. 17.851 million) against a customer for the sale of fabric included in trade debts note no. 19. However, in view of the uncertainties in such matters, full provision has been made in the consolidated financial statements.

12.6 The Holding Company along with several other companies has filed a Constitution Petition in the Honorable Sindh High Court against a notice issued by the Employees' Old Age Benefit Institution (EOBI) to the Holding Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Holding Company. No provision of the amount involved i.e., Rs. 145.389 million (2016: 98.778 million) has been made in these consolidated financial statements as the Holding Company is confident of the favorable outcome of the Petition.

12.7 On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015 and hence the Holding Company has not paid GIDC under the above referred laws. Further, as the Holding Company is confident that the case will be decided in favor of the Appellants hence no provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these consolidated financial statements amounting to Rs. 868.221 million (2016: Rs. 868.221 million).

The Honorable High Court of Sindh vide its judgment dated October 26, 2016 have held GIDC Act 2015 ultra vires the Constitution. However the management on prudent basis has recognized the provision under the GIDC Act, 2015 commencing from May 22, 2015 to the balance sheet date amounting to Rs. 1,137 million (2016: Rs. 584.934 million) in these consolidated financial statements.

12.8 **Guarantees**

(a) Rs. 767 million (2016: Rs. 706 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees include guarantees issued by related party amounting to Rs. 698 million (2016: Rs. 638 million).

(b) Post dated cheques Rs. 1,406 million (2016 : Rs. 1,000 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.

(c) Bills discounted Rs. 2,073 million (2016: Rs. 2,267million).

(d) Corporate guarantee of Rs. 94.222 million (2016: Rs. 93.365 million) has been issued to a bank by the Holding Company in favor of an indirect subsidiary Company - GTM (Europe) Limited - UK.

12.9 **Commitments**

(a) The Group is committed for capital expenditure as at June 30, 2017 of Rs. 181.4 million (2016: Rs. 2,103 million)

(b) The Group is committed for non capital expenditure items under letters of credits as at June 30, 2017 of Rs. 1,442.6 million (2016: Rs. 819 million).

(c) The Group is committed to minimum rental payments for each of following period as follows:

	Note	2017	2016
		Rupees (000s)	
Not more than one year		484,547	497,517
More than one year but not more than five years		1,593,683	1,670,611
More than five years		477,159	994,367
		2,555,389	3,162,495

13 PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
Operating fixed assets	13.1	13,680,577	10,524,519
Capital work in progress (CWIP)	13.2	2,311,485	1,545,089
		15,992,062	12,069,608

13.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
		Rupees (000s)						
Movement in net book value during the year ended June 30, 2017								
Opening net book value (NBV)		227,564	1,983,013	7,542,245	53,754	237,567	480,376	10,524,519
Direct additions (at Cost)		-	-	84,481	6,907	133,147	206,972	431,507
Transfer from CWIP	13.2	-	1,473,196	2,915,128	93	-	-	4,388,417
Disposal at NBV	13.1.2	(4,923)	-	(53,148)	(2,174)	(712)	(27,478)	(88,436)
Scraped at NBV		-	-	-	(425)	-	-	(425)
Depreciation charge	13.1.1	-	(375,376)	(1,009,926)	(6,360)	(66,087)	(121,103)	(1,578,851)
Foreign currency retranslation		-	1,164	-	508	818	1,356	3,846
Closing net book value		222,641	3,081,997	9,478,780	52,303	304,733	540,123	13,680,577
Net book value as at June 30, 2017								
Cost		222,641	5,096,275	17,865,369	123,899	720,805	1,076,246	25,105,235
Accumulated depreciation		-	(2,016,605)	(8,386,589)	(72,608)	(417,705)	(538,826)	(11,432,333)
Foreign currency retranslation		-	2,327	-	1,012	1,633	2,703	7,675
Net book value		222,641	3,081,997	9,478,780	52,303	304,733	540,123	13,680,577
Movement in net book value during the year ended June 30, 2016								
Opening net book value (NBV)		227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Direct additions (at Cost)		-	28,861	128,617	12,598	101,824	249,445	521,345
Transfer from CWIP		-	662,167	1,818,692	-	11,100	-	2,491,959
Reclassification made by subsidiary		-	3,202	-	(3,202)	-	-	-
Disposal at NBV	-	-	-	(61,895)	-	(690)	(15,587)	(78,172)
Scraped at NBV		-	-	-	(531)	(483)	-	(1,014)
Depreciation charge	13.1.1	-	(232,094)	(748,019)	(5,825)	(45,685)	(93,735)	(1,125,358)
Foreign currency retranslation		-	1,163	-	504	815	1,347	3,829
Closing net book value		227,564	1,983,013	7,542,245	53,754	237,567	480,376	10,524,519
Net book value as at June 30, 2016								
Cost		227,564	3,623,079	14,918,908	121,418	591,846	969,658	20,452,473
Accumulated depreciation		-	(1,641,229)	(7,376,663)	(68,168)	(355,094)	(490,629)	(9,931,783)
Foreign currency retranslation		-	1,163	-	504	815	1,347	3,829
Net book value		227,564	1,983,013	7,542,245	53,754	237,567	480,376	10,524,519
Depreciation rate % per annum		-	10 to 20	10 to 20	10 to 12	15 to 33	20 to 25	

13.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2017	2016
		Rupees (000s)	
Cost of goods manufactured	26.1	1,196,737	854,834
Distribution cost	27	208,502	154,214
Administrative expenses	28	173,612	116,310
		1,578,851	1,125,358

13.1.2 Details of operating assets sold (by negotiation except where stated)

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Land	4,923	4,923	210,756	205,832	Negotiation	Naseem Exports (Pvt.) Ltd. Suit # 613, 6Th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi
Plant and machinery						
Ring Spinning Frames	134,375	6,849	5,700	(1,149)	Negotiation	A.J Textile Mills Ltd. Plot# 90-B, Industrial Jampud Road, Peshawar
Ring Spinning Frames	9,610	355	400	45	Negotiation	Acro Spinning & Weaving Mills Limited 36 KM Bhawalpur Road Adda Sadiq Wala Basti Malook Multan Cant. Mumtazabad Town, Multan
Murata Autocoro Machine	33,667	6,617	3,000	(3,617)	Negotiation	Ahmed Raza Dyeing (Fixed Asset) Plot # 176 & 177, Love lane Bridge Off Nishtar Road Garden West Near Pakistan Quarterst Jamshed Town, Karachi
Simplex Frame	68,907	17,291	16,800	(491)	Negotiation	Gadoon Textile Mills Limited Plot# 200-201 Industrial Estate Gadoon Amazai, District Swabi
Autocoro Machines	83,018	8,528	21,000	12,472	Negotiation	Gadoon Textile Mills Limited Plot# 200-201 Industrial Estate Gadoon Amazai, District Swabi
Card Crosrol	17,569	2,700	1,000	(1,700)	Negotiation	Mashaallah Traders (Fixed Asset) Shop# 41-42, Data Market Dar-ul-Ahsan Town, Sammundari Road, Faisalabad
Air Compressor	6,293	2,051	1,976	(75)	Negotiation	MATCO Pvt. Ltd. 1-B, 1st Floor, Aman Chamber, C/7, Block 7/8, K.C.H.S.U, Shaheed-e-Millat Road, Karachi
Air Dryer	964	324	312	(12)	Negotiation	MATCO Pvt. Ltd., 1-B, 1st Floor, Aman Chamber, C/7, Block 7/8, K.C.H.S.U, Shaheed-e-Millat Road Karachi
Drawing & Finishing Breaker	10,108	629	735	106	Negotiation	Rahman Cotton Mills Limited Malakand Road Takht-I Bhai, Peshawar
Ring Spinning Frames	83,230	4,822	4,800	(22)	Negotiation	National Spinning Mills Plot# A-9, S.I.T.E, Kotri, Hyderabad
Finishing	12,243	1,018	1,254	236	Negotiation	Sultan Machinery Shop# 15, Madina Mosque, Noor Square Shop# 15, Hyderabad

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Ring Spinning Frames	11,326	440	600	160	Negotiation	Nagina Cotton Mills Ltd. 2nd Floor Shaikh Sultan Trust Bldg. No. 2, 26 Civil Land Beaumont Road, Karachi
Autoconer	18,738	1,280	3,138	1,858	Negotiation	Gulf Tex Machine FZCO, Indonesia
Written down value below Rs. 50,000	3,394	244	212	(32)	Negotiation	Various
	493,442	53,148	60,927	7,779		
Office equipment						
Split A-C	1,677	285	319	34	Negotiation	Zeeshan Refrigeration Services Shop # 5, Maryam Centre Block-6, Federal B Area, Karachi
Smart UPS	504	86	96	10	Negotiation	Siddiq Electronics Shop # 8/91, Commerical Area, Main Road, Liquatabad, Karachi
Security System	310	53	59	6	Negotiation	Siddiq Electronics Shop # 8/91, Commerical Area, Main Road, Liaquatabad, Karachi
Written down value below Rs. 50,000	1,697	288	321	33	Negotiation	Various
	4,188	712	795	83		
Vehicles						
Honda Atlas - BAL-376	1,530	707	1,000	293	Company Policy	Abdul Sattar Patni-Employee House No. 22/2,10th Commercial Street Phase No 4, D.H.A., Karachi
Honda Atlas - AZQ-472	1,364	572	1,137	565	Negotiation	Adeel Shahid House# A-905, Block-12, Gulberg F.B Area, Karachi
Suzuki Swift ATY-761	1,092	234	495	261	Negotiation	Adeel Vilani House No. A-303, Al Aman Apartment, Block-14, Gulshan-e-Iqbal Karachi
Suzuki Cultus AWE-408	958	298	480	182	Company Policy	Anis Ahmed-Employee House No. A-79,Sector x-6, Gulshan-e-Maymar, Karachi
Suzuki Alto - AWA-362	746	228	376	148	Company Policy	Asad Ullah Aali-Employee House No. R-179, Model Town, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Asif Raza Malik Sector		Suzuki Cultus - BBA-984	1,098	517	779	262 Negotiation House No R-80, Sc-2, North Karachi
Suzuki Cultus - AUD 934	890	226	580	354	Negotiation	Atiq us Zaman House No. R-586, Sector 7-D/3, Shadman Town, North Karachi, Karachi
Honda City - AYE-530	1,657	672	1,450	778	Insurance Claim	EFU Life Insurance Ltd Tower Branch No-105th Floor K.D.L.B.Building W.W Road, Karachi
Suzuki Alto ATJ-519, ATJ-867	1,359	276	544	268	Company Policy	Faisal Imran Azad-Employee House No. B-105, Block-6, Rashid Minhas Road, Gulshan-e-Iqbal, Karachi
Toyota Corolla XLI - AVL-575	1,434	363	718	355	Company Policy	Farida Yasin-Employee Flat No A-209, Block# 4, Saima Heaven, Gulshan-e-Iqbal, Karachi
Corolla Saloon AGH-228	1,219	69	666	597	Negotiation	Gul Dad House No. Hk-579, KPT Building, New Qadri, Karachi
Honda City ATY-549	1,303	330	966	636	Negotiation	Gul Dad House No. Hk-579, KPT Building, New Qadri, Karachi
Suzuki Cultus VXRi - ATT-903	864	175	566	391	Negotiation	Gul Dad House No. Hk-579, KPT Building, New Qadri, Karachi
Suzuki Cultus VXRi - ATT-902	864	151	591	440	Negotiation	Ilyas Khokhar House No. A-32, Block 10-A, Gulshan-e-Iqbal, Karachi
Suzuki Mehran VXR - AWJ-628	595	163	338	175	Negotiation	Imran Khan House No 95, Sector 6E Mujahidabad, Orangi Town, Karachi
Suzuki Alto VXR ARG-045, AUL-407	1,314	239	857	618	Negotiation	Javed Hashim Meghani House# A-4 Rainbow Apartment, Block, M, North Nazimabad, Karachi
Suzuki Alto VXR AWA-361	746	200	376	176	Company Policy	Iqbal Ahmed-Employee House# 7, Block# 18/7, Area 37/A, Landhi# 2, Karachi
Honda Civic VTI - ASJ-574	1,865	339	372	33	Company Policy	Mehmood Hussain-Employee Landhi No. 3, Malir, Karachi
Toyota Corolla XLI - AUN-959	1,388	315	346	31	Company Policy	Mehmood Hussain-Employee Landhi No. 3, Malir, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Hiroof Pickup CT-0096	552	112	415	303	Negotiation	Memona Bano House No. 427, Block No. 10, Samanabad F.B.Area, Karachi
Suzuki Cultus VXRi - AWH-046	948	259	613	354	Negotiation	Mohammad Saleem Hashim Meghani, Flat No 108, Saylani Apartment Ghulam Hussain Qasim Road, Karachi
Suzuki Mehran VXR - AWK-201	595	163	334	171	Negotiation	Mohammad Saleem Hashim Meghani, Flat No 108, Saylani Apartment Ghulam Hussain Qasim Road, Karachi
Suzuki Cultus VXLI - AST-415	877	178	439	261	Company Mr. Policy	Muhammad Fayyaz Lodhi-Employee House No P-234, Peoples Colony, North Nazimabad, Karachi
Suzuki Alto VXR ASU-145	664	135	266	131	Company Policy	Mr. Muhammad Saleem-Employee House No B/189 Sector 35-A, Zaman Town, Korangi Town
ALTO VXR AUE-639, AQH-643	1,219	244	885	641	Negotiation	Mr. Mushtaq Ahmed Aowais R-78 Sector 16-A, Gulshan-e-Waseem, Bufferzone, Karachi
Suzuki Bolan CU-0034	688	273	400	127	Negotiation	Mr. Mushtaq Ahmed Aowais R-78 Sector 16-A, Gulshan-e-Waseem Bufferzone, Karachi
HONDA CITY I-Vtec - AUW-472	1,395	354	679	325	Company Policy	Mr. Shakil Marfani-Employee Flat No A-30/11-12, Johar Complex, University Road
Suzuki Alto VXR ATK 231	679	119	449	330	Negotiation	Mrs. Imran Ali Near Kothi Nind Singh Street No 3, Johar Town Main Channo District Khanewal
Toyota Corolla Saloon AMU-918	1,313	136	836	700	Negotiation	Mrs. Imran Ali Near Kothi Nind Singh Street No 3, Johar Town Main Channo District Khanewal
Suzuki Cultus VXR ARH-325	720	117	290	173	Negotiation	Muhammad Aamir House No. B-514, Sector - 11-E, Karachi
Suzuki Mehran VXR AWK-203	595	163	352	189	Negotiation	Muhammad Adeel Akhter House No B-270, Block -6, Gulshan-e-Iqbal, Karachi
Toyota Corolla Altis AWP-091	1,988	543	1,206	663	Negotiation	Muhammad Adeel Akhter House No B-270, Block -6, Gulshan-e-Iqbal, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Cultus VXR BAU-675	1,069	485	706	221	Negotiation	Muhammad Ali Akbar Khan House# A-171, F.B Area, Block-12 Karachi
Honda Citi MT ATV-469	1,289	221	1,059	838	Negotiation	Muhammad Akram Khan House No. 3/518, Liaqatabad, Karachi
Suzuki Cultus VXRi AWF-126	948	254	629	375	Negotiation	Muhammad Akram Khan House No. 3/518, Liaqatabad, Karachi
Hiroof Pickup CT-0397	552	112	479	367	Negotiation	Muhammad Anwar House# R-121, Sector 5/C-2 Hilal Town Dakhana New Karachi.
Suzuki Cultus VXR AMW-360	609	63	447	384	Negotiation	Muhammad Anwar House# R-121, Sector 5/C-2 Hilal Town Dakhana New Karachi.
Honda City BAR-586	1,542	725	1,069	344	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Mehran VXR Euro BAR-835	2,889	1,243	1,639	396	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Swift DLX BCC-105	1,313	730	954	224	Negotiation	Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi
Suzuki Mehran BAT-839	741	343	405	62	Negotiation	Muhammad Arshad House # 358, Sector 9/E, Jinnah Colony,Orangi Town, Karachi
Suzuki Mehran VXR AUM-134	553	126	223	97	Company Policy	Muhammad Ashraf-Employee House No. 20/F, Gujrat Line, Malir Cantt., Karachi
Toyota Corolla Altis ATM-215	1,939	393	1,185	792	Negotiation	Muhammad Bilal Khan House# B-34,Area Sir Syed Town, North Karachi
Suzuki Cultus VXRi AWL-189	975	266	630	364	Negotiation	Muhammad Fahad Plot No. SC-13, Flat No.803,Block F, North Nazimabad, Karachi
ALTO VXR AUC-351	698	152	481	329	Negotiation	Muhammad Jaffar House No. A-32, Block 10-A, Gulshan-e-Iqbal, Karachi
Suzuki Cultus VXR AVC-435	925	198	463	265	Negotiation	Muhammad Mughees Ahmed Siddiqui, House No R-124, Samanabad, F.B. Area, Block No-17, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Toyota Corolla GLI - BAM-270	1,709	744	1,100	356	Negotiation	Muhammad Shareef Khan Jadoon, Mumtaz General Store, Muslimabad Colony, Landhi, Karachi
Suzuki Cultus VXLI AST-195	809	164	515	351	Negotiation	Nadeem International Plot No 164 Jogi Mor Main National Highway, Karachi
Suzuki Mehran VXR AST-497	517	105	341	236	Negotiation	Nadeem International Plot No 164 Jogi Mor Main National Highway, Karachi
Suzuki Cultus VXR ASG-651	817	166	513	347	Negotiation	Nadeem-Ur-Rehman House # E-14, KDA Center, View Apartment, Sector 15-A/1, Buffer Zone
Suzuki Alto AUL-651	708	161	284	123	Company Policy	Obaid Ansari-Employee House No. H-6/5, Iqbal Center M.A. Jinnah Road, Karachi
Suzuki Cultus AUC-233	883	193	578	385	Negotiation	Qari Nasir Khan House No. 8/210, Future Colony, Landhi, Karachi
Suzuki Cultus VXRMC ARC-017	714	104	478	374	Negotiation	Rana Abdul Samad 2nd Floor, House No L-7, Metrovil No.3, Scheme No.33, Karachi
Suzki Alto VXR ASK-823	663	114	364	250	Company Policy	Razi Ur Rehman-Employee House No A-69, Block-D, North Nazimabad, Karachi
Suzuki Liana RXI ASU-372	1,097	215	440	225	Company Policy	Rizwan Khan-Employee Garnet Center, Flat No. 506, Block No.8, Khayaban-e-Jami, Clifton, Karachi
Suzuki Mehran VXR AUN-402	553	126	223	97	Company Policy	Sabir Ali-Employee House No. 1/373, Street No 16 Karachi
Alto VXR AUE-637	697	177	349	172	Negotiation	Samuel House No. 132, Street No. 3, Sector-D, Akhter Colony, Clifton Cantt., Karachi
Honda City MT AST-793	1,304	228	906	678	Negotiation	Sarib Wasim Baig House No. A-32, Block 10-A Gulshan-e-Iqbal, Karachi
Suzuki Cultus AWN-587	978	267	694	427	Negotiation	Shahid Zaman House# D-15, Block-A, North Nazimabad, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Toyata Corolla Altis AUH-541	1,966	481	952	471	Company Policy	Shahnaz Basit-Employee House No. 64/1, Street # 21, Khayaban-e-Badban, Karachi
Honda City MT ATN-615	1,364	248	879	631	Negotiation	Sheraz Khan House No B-98, Block-3, Metrovil, Site Area, Karachi
Toyota Corolla XLI AUD-761	1,334	303	987	684	Negotiation	Sheraz Khan House No B-98, Block-3, Metrovil, Site Area, Karachi
Suzuki Cultus VXRi AVP-901	937	205	577	372	Negotiation	Sultan Hassan Khan House No. A-908/12, F.B. Area, Karachi
Honda City BAU-187, AZC-704	3,515	1,519	2,525	1,006	Negotiation	Suzuki North Motors F-94, Block-B, North Nazimabad, Karachi
Suzuki Swift DX BBG-734, AYZ-483	3,812	1,724	2,684	960	Negotiation	Suzuki North Motors F-94, Block-B, North Nazimabad, Karachi
Toyota Corolla XLI - BAM-262	1,572	685	1,227	542	Negotiation	Syed Ali Ahmed House No. E-131, Block-7, Gulshan-e-Iqbal, Karachi
Suzuki Cultus VXLI ASS-426	885	179	487	308	Company Policy	Syed Junaid Aziz Bukhari-Employee, House# C1-16/1, Second Floor, Ropali Residency, Block 19, Karachi
Toyota Corolla Gli BAL-169	1,819	792	1,296	504	Negotiation	Syed Muhammad Siddique Shah House No R-253, Green Park City, Quaidabad Bin Qasim Malir, Karachi
Suzuki Alto ASN-361	655	133	483	350	Negotiation	Syed Raees Ahmed House No. 53, New Joharabad Malir City, Karachi
Suzuki Mehran AUP-422	553	121	330	209	Negotiation	Tahir Ur Rehman House No. 2099,Bilal Colony, Landhi Malir, Karachi
Suzuki Alto ARG-046	606	97	305	208	Company Policy	Tariq Hamid-Employee House No. 2099,Bilal Colony Landhi Malir, Karachi
Suzuki Alto VXR AWM-267	780	213	437	224	Negotiation	Waqar Javed Meghani House# A-4 Rainbow Apartment, Block, M, North Nazimabad, Karachi
Suzuki Cultus VXR AQA-458	617	69	507	438	Negotiation	Waqar Javed Meghani House# A-4 Rainbow Apartment, Block, M, North Nazimabad, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Mehran AWJ-573	595	182	302	120	Company Policy	Waqas Zahoor-Employee Flat No. H-139/9, F.C.Area, Liaquatabad No. 4, Karachi
Suzuki Alto VXR AWM-418 No.	757	215	423	208	Company Policy	Zahid Khan-Employee New Sindh Muslim Colony PECHS, House B-54, Street 3, Block 6, Karachi
Suzuki Cultus VXR AZG-383, BBM-507 BBP-775	3,190	1,516	2,299	783	Negotiation	Zulfiqar Ahmed Khan House# B-160, Allama Iqbal Town, Block-W, North Nazimabad, Karachi
Suzuki Mehran BBA-894	729	343	680	337	Insurance Claim	EFU Life Insurance Ltd Tower Branch 105th Floor K.D.L.B.Building W.W Road, Karachi
Suzuki Mehran BAL-418	731	318	620	302	Insurance Claim	EFU Life Insurance Ltd Tower Branch No-105th Floor K.D.L.B.Building W.W Road, Karachi
Suzuki Mehran AWG-128	595	159	372	213	Negotiation	Muhammad Saleem Khan House No. 8/510, Sector 7-A Bilal Colony, Karachi
Suzuki Cultus VXR BCG-749	1,105	614	772	158	Negotiation	Asif Raza Malik House No R-80, Sector Sc-2, North Karachi, Karachi
Audi A3 LB59 NZU	3,192	-	532	532		Kirkfield Trading Limited United Kingdom.
Written down value below Rs. 50,000	3,893	417	2,514	2,097	Negotiation	Various
	97,192	27,478	59,145	31,667		
Furniture	3,177	2,175	2,123	(52)		Aber Al-Samou Medical Company - Riyadh - KSA
2017	602,922	88,436	333,746	245,310		
2016	243,140	78,172	59,553	(18,619)		

13.1.3 **Details of net gain on disposal of property, plant and equipment**

	Note	2017	2016
		Rupees (000s)	
Other income - gain on disposal of property plant and equipment	31	252,460	19,015
Other operating expenses - loss on disposal of property plant and equipment	30	(7,150)	(37,634)
		245,310	(18,619)

13.2 **Capital work in progress**

	June 2017				June 2016			
	Machinery and store items held for capitalization	Civil work	Other assets	Total	Machinery and store items held for capitalization	Civil work	Other assets	Total
	Rupees (000s)							
Cost as at start	970,535	574,484	70	1,545,089	254,586	80,051	2,575	337,212
Capital expenditure incurred during the year	2,362,462	2,792,288	63	5,154,813	2,534,641	1,156,600	8,595	3,699,836
Transferred to property, plant and equipment	(2,915,128)	(1,473,196)	(93)	(4,388,417)	(1,818,692)	(662,167)	(11,100)	(2,491,959)
Cost as at end	**417,869**	**1,893,576**	**40**	**2,311,485**	**970,535**	**574,484**	**70**	**1,545,089**

14 **INTANGIBLE ASSETS**

	Note	Computer Software	Trade Mark	2017	2016
		Rupees (000s)			
Net carrying value basis as at June 30					
Opening net book value		13,474	7,018	20,492	15,834
Additions (at cost)		26,861	1,177	28,038	9,312
Amortisation charge	14.1	(6,588)	(2,537)	(9,125)	(7,130)
Foreign currency retranslation difference		-	2,482	2,482	2,476
Closing net book value		33,747	8,140	41,887	20,492
Capital Work in progress - computer software under implementation phase		43,989	-	43,989	-
		77,736	8,140	85,876	20,492
Gross carrying value basis as at June 30					
Cost	14.3	201,981	20,140	222,121	194,083
Accumulated amortisation		(168,234)	(16,958)	(185,192)	(176,067)
Foreign currency retranslation difference		-	2,476	2,476	2,476
Net book value		33,747	5,658	39,405	20,492

14.1 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	2017	2016
		Rupees (000s)	
Distribution Cost	27	1,322	507
Administrative Expenses	28	7,803	6,623
		9,125	7,130

14.2 Remaining useful life range from one to ten years

14.3 This includes cost of Rs. 154.17 million (2016: Rs. 152.98 million) in respect of assets which are fully amortized but are still in use of the Group.

15 LONG TERM LOANS AND ADVANCES

	Note	2017	2016
		Rupees (000s)	
Considered good			
- Due from executives (other than CEO and Directors)	15.2	60,566	35,618
- Due from non-executive employees		1,529	2,185
		62,095	37,803
Current portion being receivable within twelve months			
- Due from executives		(20,879)	(15,122)
- Due from non-executive employees		(1,124)	(861)
	20	(22,003)	(15,983)
		40,092	21,820

15.1 Loans and advances have been given for the purchase of cars, motorcycles, household equipments and housing assistance in accordance with the terms of employment and are repayable in monthly installments.

Included in these are loans of Rs. 5.7 million (2016: Rs. 10.574 million) to executives and Rs. 0.905 million (2016: Rs. 0.465 million) to non-executive which carry no interest. The balance amount carries mark-up ranging from 6.5% to 14% (2016: 6.5% to 14%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

15.2 Reconciliation of carrying amount of loans to executives

	2017	2016
	Rupees (000s)	
Opening balance	35,618	20,725
Disbursement during the year	49,373	28,344
Transfer from non-executive to executive employees	229	-
Recovered during the year	(24,654)	(13,451)
Closing balance	60,566	35,618

15.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 64.2 million (2016: Rs. 35.168 million).

16 LONG TERM DEPOSITS

	2017	2016
	Rupees (000s)	
Considered good		
Security Deposit - Rent	188,934	149,964
Security Deposit - Utilities	2,336	5,335
Others	3,979	2,837
	195,249	158,136

16.1 These are interest free deposit kept with various parties under normal business terms.

	Note	2017	2016
		Rupees (000s)	
17 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		641,439	564,426
Spare parts		470,153	450,956
Loose tools		7,953	3,749
		1,119,545	1,019,131
Provision for slow moving/obsolete items	17.1	(131,329)	(115,684)
		988,216	903,447
17.1 Movement in provision for slow moving/obsolete items			
Opening balance		115,684	101,039
Charge for the year	28	15,645	14,645
Closing balance		131,329	115,684
18 STOCK-IN-TRADE			
Raw materials		2,483,494	2,337,553
Work-in-process		252,645	230,825
Finished goods		9,924,948	11,488,824
	18.1	12,661,087	14,057,202

18.1 Finished goods include stock of waste valuing Rs.82 million (2016: Rs. 59 million) determined at net realizable value.

19 TRADE DEBTS

	Note	2017	2016
		Rupees (000s)	
Export debtors - secured			
- Considered good		2,608,539	1,939,039
Local debtors - unsecured			
- Considered good	19.1	1,032,069	847,743
- Considered doubtful		271,342	233,035
		1,303,411	1,080,778
		3,911,950	3,019,817
Allowance for impairment of doubtful trade debts	19.3	(271,342)	(233,035)
		3,640,608	2,786,782

19.1 This include Rs.2.56 million (2016: Rs.2.59 million) due from Swisstex Chemical (Private) Limted, an associated company.

19.2 The maximum aggregate month end balance due from related parties during the year was Rs.3.9 million (2016: Rs. 2.6 million).

19.2.1 Aging analysis of the amounts due from related parties is as follows:

	Upto 1 month	1-6 months	More than 6 months	As at June 2017
	Rupees (000s)			
Swisstex Chemicals (Private) Limited	-	1,906	658	2,564

	Upto 1 month	1-6 months	More than 6 months	As at June 2016
	Rupees (000s)			
Swisstex Chemicals (Private) Limited	1,160	-	1,427	2,587

19.3 **Movement in allowance for impairment of doubtful trade debts**

	Note	2017	2016
		Rupees (000s)	
Opening balance		233,035	198,210
Charge for the year	28	38,307	34,825
Closing Balance		271,342	233,035

20 **LOANS AND ADVANCES**

	Note	2017	2016
		Rupees (000s)	
Considered Good			
Current portion being receivable within twelve months following the balance sheet date			
- Executives		20,879	15,122
- Other employees		1,124	861
	15	22,003	15,983
Advances to suppliers	20.1	669,307	711,358
Others		2,570	2,570
		693,880	729,911

20.1 Advances to suppliers includes following to related parties; - Rs.11.8 million with Arwen Tech (Pvt) Limited, Nil (2016: Rs. 2.611 million) with GTM (Europe) Limited and Rs. Nil (2016: Rs. 0.245 million) with GTM USA Corporation.

	2017	2016
	Rupees (000s)	
Arwen Tech. (Private) Limited	11,343	-
LITE Development and Management Company	500	-
	11,843	-

20.2 This represent amount of Rs. 2.57 million (2016: Rs. 2.57million) paid to Nazir Sindh High Court, Karachi in compliance with the Order of the Honourable Sindh High Court in respect of ground rent suit as mentioned in Note 12.4.

		Note	2017	2016
			Rupees (000s)	
21	**SHORT TERM PREPAYMENTS**			
	Prepaid rent		128,913	162,135
	Other prepayments		39,897	65,653
			168,810	227,788
22	**OTHER RECEIVABLES**			
	Duty drawback and local taxes and levies		983,868	354,615
	Mark-up rate subsidy receivable		6,918	6,918
	Receivable against sale of property	12.2	33,409	33,409
	Receivables against Bank Guarantee Margin		48,867	36,142
	Others		70,037	44,625
			1,143,099	475,709
23	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		623,773	798,468
	Income tax		25,187	115,492
			648,960	913,960
24	**CASH AND BANK BALANCES**			
	Cash in hand		24,713	158,998
	Balances with banks in current accounts			
	- Local currency		228,940	86,845
	- Foreign currency		33,522	93,823
		24.1 & 24.2	262,462	180,668
			287,175	339,666

24.1 Bank balances include amounts held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 30 million (2016: Rs.65 million)

24.2 This includes an amount of Rs. 187.7 million (2016: Rs.53.5 million) placed under Shariah compliant financial institutions

25 SALES

	Note	2017 Rupees (000s)	2016 Rupees (000s)
Local	25.1	13,938,812	12,397,822
Export			
Direct export		25,787,935	20,212,199
Indirect export		301,610	443,211
		26,089,545	20,655,410
Duty drawback		936,906	272,628
		40,965,263	33,325,860
Brokerage and commission		(146,485)	(138,184)
		40,818,778	33,187,676

25.1 Sales are exclusive of sales tax amounting to Rs. 583.822 million (2016: Rs. 475.857 million).

25.2 Sales include revenue from processing services of Rs. 325.470 million (2016: Rs.456.081 million).

26 COST OF SALES

	Note	2017 Rupees (000s)	2016 Rupees (000s)
Opening stock of finished goods		11,488,824	9,148,067
Cost of goods manufactured	26.1	31,306,392	27,283,518
Purchase of finished goods		530,484	578,907
		43,325,700	37,010,492
Closing stock of finished goods	18	(9,924,948)	(11,488,824)
		33,400,752	25,521,668

26.1 Cost of goods manufactured

	Note	2017	2016
Raw materials consumed	26.2	9,673,988	7,671,158
Stores, spare parts and loose tools consumed		4,569,426	4,057,004
Staff cost	28.1	5,994,437	5,155,417
Fuel, power and water		2,638,195	2,529,862
Insurance		123,106	133,709
Repair and maintenance		671,357	782,227
Depreciation	13.1.1	1,196,737	854,834
Other manufacturing expenses		183,404	182,600
Purchases and processing charges		6,470,687	6,114,128
Cost of samples shown under distribution cost		(193,125)	(203,630)
		31,328,212	27,277,309
Work-in-process			
Opening		230,825	237,034
Closing	18	(252,645)	(230,825)
		(21,820)	6,209
		31,306,392	27,283,518

26.2 Raw materials consumed

	Note	2017 Rupees (000s)	2016 Rupees (000s)
Opening stock		2,337,553	2,076,097
Purchases during the year		9,819,929	7,932,614
Closing stock	18	(2,483,494)	(2,337,553)
		9,673,988	7,671,158

27 DISTRIBUTION COST

	Note	2017	2016
Staff Cost	28.1	1,043,638	922,308
Freight and shipment expenses		452,688	257,699
Insurance		19,245	26,415
Advertisement and publicity		745,566	954,054
Cost of samples transferred from cost of goods manufactured		193,859	203,630
Rent, rates and taxes		699,048	602,839
Depreciation	13.1.1	208,502	154,214
Amortisation	14.1	1,322	507
Export development surcharge		64,520	49,327
Other expenses		102,238	114,637
		3,530,626	3,285,630

28 ADMINISTRATIVE EXPENSES

	Note	2017	2016
Staff Cost	28.1	922,300	681,905
Rent, rates and taxes		276,343	205,088
Repairs and maintenance		55,257	71,714
Vehicle up keep and maintenance		136,341	119,688
Utilities		151,594	143,453
Conveyance and traveling		226,268	206,165
Printing and stationery		48,859	54,558
I.T. expenses		57,663	51,857
Postage and telecommunication		156,010	122,359
Legal and consultancy fees		98,648	62,164
Depreciation	13.1.1	173,612	116,310
Amortisation	14.1	7,803	6,623
Auditors' remuneration	28.2	4,584	4,294
Donations	28.3	10,687	12,753
Insurance		23,403	25,786
Provision for doubtful trade debts	19.3	38,307	34,825
Provision for slow moving/obsolete items	17.1	15,645	14,645
Other expenses		198,377	162,109
		2,601,701	2,096,296

	Cost of sales		Distribution Cost		Administrative expense		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees (000s)							
28.1 Staff cost								
- Salaries, wages & benefits	5,855,192	5,012,297	1,019,430	900,881	892,153	655,986	7,766,775	6,569,164
Retirement benefits								
- Gratuity	31,029	34,342	-	-	-	2,243	31,029	36,585
- Contribution to provident fund	83,218	69,848	23,575	20,561	28,352	21,410	135,145	111,819
	114,247	104,190	23,575	20,561	28,352	23,653	166,174	148,404
- Staff compensated absences	24,998	38,930	633	866	1,795	2,266	27,426	42,062
	5,994,437	5,155,417	1,043,638	922,308	922,300	681,905	7,960,375	6,759,630

	2017	2016
	Rupees (000s)	
28.2 Auditor's remuneration		
Audit fee - Statutory audit of the Holding Company	1,700	1,500
Review fee of half yearly accounts	160	110
Fee for consolidation of holding and subsidiaries	220	200
Review fee of statement of compliance with code of corporate governance	65	55
Other certification fee	-	39
Sindh sales tax on services	172	112
Audit fee - Foreign Subsidiaries	2,010	2,044
Out of pocket expenses	257	234
	4,584	4,294

28.3 Donation includes donation to the following organizations in which a director is/was a director:

Name of Director	Interest in Donee	Name of Donee	2017	2016
			Rupees (000s)	
Zain Bashir and Ziad Bashir	Directors	LITE Development and Management Group	-	175
			-	175

		Note	2017	2016
			Rupees (000s)	
29	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	9.3	42,981	71,671
	Workers' welfare fund		7,873	27,235
	Loss on sale of property, plant and equipment		7,150	37,634
	Property, plant and equipment scrapped		425	1,014
			58,429	137,554
30	**OTHER INCOME**			
	Income from financial assets			
	Mark-up on loan and advances		3,448	1,371
	Exchange gain on realization of export receivables		161,283	102,974
			164,731	104,345
	Income from non-financial assets			
	Gain on sale of property, plant and equipment		252,460	19,015
	Scrap sales		19,368	18,428
	Unclaimed liabilities written back		49,685	10,917
	Others		1,626	1,968
			323,139	50,328
			487,870	154,673
31	**FINANCE COST**			
	Mark-up/profit on long term financing	31.1 & 31.4	286,782	288,156
	Mark-up/profit on short term borrowings	31.2, 31.3 & 31.4	435,602	512,458
	Interest on workers' profit participation fund		6,497	3,358
	Bank charges		150,406	106,076
	Commission		-	5,795
			879,287	915,843

31.1 Includes mark-up on long term financing obtained from related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. Nil (2016: Rs.26.2 million)

31.2 Includes mark-up on short term borrowings charged by related parties as under:

	2017	2016
Habib Metropolitan Bank Limited - Associated Company	15,961	19,725
Silk Bank Limited - Associated Company	-	3,162
	15,961	22,887

31.3 It includes net exchange gain of Rs. 0.108 million (2016: Rs. 23 million) on short term borrowing in foreign currency.

31.4 This includes Rs.70.23 million and Rs. 91.86 million (2016:Rs. 57.68 million and Rs. 90.66 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

		Note	2017	2016
			Rupees (000s)	
32	**TAXATION**			
	Current			
	- for the year		441,532	234,356
	- prior		-	3,157
			441,532	237,513
	Less: Tax credit		(430,468)	-
	Deferred		(5,300)	(34,394)
		32.1	5,764	203,119

32.1 Reconciliation between accounting profit and tax expense

	2017	2016
Net Profit for the year before taxation	835,853	1,385,358
Tax rate (%)	31%	32%
Tax on accounting profit	259,114	443,315
Tax effect of		
Tax credits/rebates	(433,950)	(149,658)
Minimum tax	21,181	
Prior year	-	3,157
Final tax regime	129,355	(82,516)
Super tax	36,329	33,453
Inadmissible	1,161	1,566
Tax rate	(10,061)	(10,608)
Subsidiaries - exemption and utilization of tax losses	3,564	(12,766)
Provision in respect of unappropriated profits of subsidiary	3,462	5,391
Others	(4,391)	(28,215)
	(253,350)	(240,196)
Tax expense	5,764	203,119

33	**EARNINGS PER SHARE - basic and diluted**	Note	2017	2016
	Profit for the year		830,089	1,182,239
				Restated
	Weighted average number of shares	33.1	326,749,674	291,240,885
	Earnings per share (Rs.)	33.2	2.54	4.06

33.1 Weighted average number of shares in issue during last year have been restated for the effect of right shares issued during current year.

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

34 **SEGMENT INFORMATION**

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

d) Subsidiary Companies: These subsidiaries are also in the textile business reselling products to the ultimate customers, imported from Parent Group.

Transactions among the business segments are recorded at cost.

34.1 Segment profitability

	Spinning		Weaving		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC) -UAE		GTM (Europe) Limited - UK		GTM USA Corp.		SKY Home Corporation		Elimination of Inter Segment Transactions		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees (000s)																	
Sales	5,891,311	4,713,590	14,616,447	11,350,959	37,872,306	30,860,992	866,828	813,141	1,463,568	761,047	529,949	536,314	-	-	(20,421,631)	(15,848,367)	40,818,778	33,187,676
Cost of sales	5,721,866	4,494,297	14,407,250	11,048,028	31,205,108	24,076,951	690,223	632,045	1,364,708	676,130	431,786	439,020	-	-	(20,420,187)	(15,844,803)	33,400,752	25,521,668
Gross profit	169,445	219,293	209,197	302,931	6,667,198	6,784,041	176,605	181,096	98,860	84,917	98,163	97,294	-	-	(1,444)	(3,564)	7,418,026	7,666,008
Distribution cost and administrative expenses	194,449	226,781	80,024	16,839	5,514,149	4,832,632	152,428	149,250	80,058	76,764	93,613	79,660	17,606	-	-	-	6,132,327	5,381,926
Profit/loss before tax and before charging the following	(25,004)	(7,488)	129,173	286,092	1,153,049	1,951,409	24,177	31,846	18,802	8,153	4,552	17,634	(17,606)	-	(1,444)	(3,564)	1,285,699	2,284,082
Other operating expenses																	58,429	137,554
Other income																	(487,870)	(154,673)
Finance cost																	879,287	915,843
																	449,846	898,724
Profit before taxation																	835,853	1,385,358
Taxation																	5,764	203,119
Profit after taxation																	830,089	1,182,239
Depreciation and Amortisation Expense	445,817	204,847	128,230	138,597	1,007,015	782,142	4,239	3,495	1,218	1,477	1,437	1,910	-	-	-	-	1,587,956	1,132,468

34.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC) -UAE		GTM (Europe) Limited - UK		GTM USA Corp.		SKY Home Corporation		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees (000s)																	
Assets	7,814,061	6,217,673	2,812,567	1,303,344	25,905,825	23,997,451	422,652	742,049	267,254	405,494	93,073	72,301	1,023	-	2,186,219	630,775	37,702,674	33,389,307
Elimination of intragroup balances																	(483,761)	(566,540)
																	37,218,913	32,822,767
Liabilities	3,379,563	2,314,802	1,683,682	694,563	5,600,130	6,775,396	298,633	664,388	239,630	387,175	94,752	56,357	130	-	15,141,600	13,664,263	26,437,700	24,260,944
Elimination of intragroup balances																	(414,445)	(419,188)
																	26,023,255	23,841,756
Segment Capital Expenditure	2,412,160	1,078,672	25,375	45,594	1,931,062	1,722,462	5,197	4,495	1,172	5,977	-	-	-	-	866,958	154,102	4,819,924	3,013,304

34.3 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.

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

34.5 **Information about major customers**
Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 9,594 million (2016: Rs. 7,158 million).

34.6 **Information by geographical area**

	Revenue 2017	Revenue 2016	Non-current assets 2017	Non-current assets 2016
	Rupees (000s)			
Pakistan	14,093,937	12,702,849	16,279,713	12,241,277
Germany	5,446,767	4,384,073	-	-
United States	3,809,433	3,002,934	4,076	4,247
Netherlands	3,159,645	1,790,750	-	-
Italy	2,607,073	1,433,697	-	-
United Kingdom	2,637,209	2,240,373	7,248	7,756
Spain	1,746,675	1,517,638	-	-
France	1,353,330	1,638,947	-	-
Sweden	982,564	740,890	-	-
China	804,055	552,880	-	-
United Arab Emirates	1,146,075	871,096	16,012	17,772
Other Countries	3,032,015	2,311,549	-	-
Total	40,818,778	33,187,676	16,307,049	12,271,052

35 **CASH AND CASH EQUIVALENTS**

	Note	2017	2016
		Rupees (000s)	
Cash and bank balances	24	287,175	339,666
Short term borrowings	11	(11,935,343)	(12,866,493)
		(11,648,168)	(12,526,827)

36 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2017				2016			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	Rupees (000s)							
Managerial remuneration	9,680	7,260	887,878	904,818	9,020	6,765	689,816	705,601
House rent allowance	3,872	2,904	310,474	317,250	3,608	2,706	275,194	281,508
Other allowances	1,651	1,238	199,323	202,212	1,085	739	151,923	153,747
Contribution to provident fund	806	605	57,066	58,477	751	564	45,216	46,531
	16,009	12,007	1,454,741	1,482,757	14,464	10,774	1,162,149	1,187,387
Number of persons	1	1	678	680	1	1	548	550

36.1 The Chief Executive, Directors and certain Executives are provided with free use of Company's maintained cars and are also covered under Group's Health Insurance Plan along with their dependents.

36.2 The Chief Executive is also provided with free residential telephones.

36.3 Aggregate amount charged in the accounts for the year for meeting fee to four Non-Executive Directors and the Chairman was Rs. 2.7 million (2016: Four Non-Executive Directors and Chairman Rs. 1.9 million).

36.4 Executive means an employee other than the Chief Executive and Executive Directors, including Chief Financial Officer, Company Secretary and Head of Internal Audit and any other employee whose monthly salary exceeds five hundred thousand rupees in a financial year for the Holding Company and Senior Executive Staff of the Subsidiaries.

37 **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	2017	2016
		Rupees (000s)	
Associated companies and other related parties	Purchase of goods	9,638	37,173
	Sale of goods	6,829	1,160
	Rent paid	69,237	71,558
	Fees paid	-	1,500
	Commission/Discount	-	847
	Donation paid	-	175
	Bills discounted	7,572,544	4,590,010
	Commission/Bank charges paid	47,999	31,693
	Mark-up/interest charged	15,961	49,097
	Holding Company's contribution to provident fund	136,706	113,463
	Dividend paid	9,080	24,388
	Right shares subscribed	45,422	36,961
Relationship with the Group	**Nature of Outstanding Balances**		
Associated companies and others related parties	Deposit with banks	30,019	65,153
	Borrowings from banks	457,000	622,639
	Bank guarantee	767,125	637,583
	Trade and other payables	2,870	10,746
	Trade debts	2,564	2,587
	Accrued mark-up	3,566	2,528
	Advances to suppliers	11,843	-
	Loans to key management personnel & executive	60,566	35,618
	Payable to employee's provident fund	14,989	14,270
	Prepaid Rent	38,716	35,197

There are no transactions with directors of the Holding and subsidiaries companies and key management personnel other than under the terms of employment. Loan and remuneration of the key management personnel are disclosed in note 15 and 36 respectively.

Related parties status of outstanding receivables and payable as at June 30, 2017 are also included in respective notes to the consolidated financial statements.

38 CAPACITY AND PRODUCTION

	Unit	2017 Capacity	2017 Production	2017 Working	2016 Capacity	2016 Production	2016 Working
		Rupees (000s)					
Spinning	Kgs. (20 Counts converted)	44,128	38,476	3 shifts	48,237	32,440	3 shifts
Weaving	Sq. meters (50 Picks converted)	159,205	108,781	3 shifts	159,205	111,940	3 shifts

In view of prevailing market conditions, management has preferred to buy certain qualities rather than producing materials which has resulted in reduction in active production.

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.

39 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Group as at June 30, 2017 are as follows:

	2017						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	Rupees (000s)						
Financial assets							
Loans and receivables							
Loans and advances	18,618	36,873	55,491	3,385	3,219	6,604	62,095
Long term deposits	-	-	-	-	195,249	195,249	195,249
Trade debts	-	-	-	3,640,608		3,640,608	3,640,608
Other receivables	-	-	-	152,313	-	152,313	152,313
Cash and bank balances	-	-	-	287,175	-	287,175	287,175
	18,618	36,873	55,491	4,083,481	198,468	4,281,949	4,337,440
Financial liabilities							
Long term financing	678,511	7,146,403	7,824,914	-	-	-	7,824,914
Staff retirement benefits	-	-	-	-	31,033	31,033	31,033
Short term borrowings	11,935,343	-	11,935,343	-	-	-	11,935,343
Trade and other payables	42,981	-	42,981	5,179,646	-	5,179,646	5,222,627
Accrued mark-up/profit	-	-	-	138,898	-	138,898	138,898
	12,656,835	7,146,403	19,803,238	5,318,544	31,033	5,349,577	25,152,815
Off balance sheet items							
Guarantees	-	-	-	861,347	-	861,347	861,347
Bills discounted	-	-	-	2,072,650	-	2,072,650	2,072,650
Commitments	-	-	-	2,108,547	2,070,842	4,179,389	4,179,389
	-	-	-	5,042,544	2,070,842	7,113,386	7,113,386

Financial assets and liabilities of the Group as at June 30, 2016 were as follows:

	2016						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	Rupees (000s)						
Financial assets							
Loans and receivables							
Loans and advances	10,878	15,886	26,764	5,105	5,934	11,039	37,803
Long term deposits	-	-	-	-	158,136	158,136	186,649
Trade debts	-	-	-	2,786,782		2,786,782	2,786,782
Other receivables	-	-	-	114,176	-	114,176	114,176
Cash and bank balances	-	-	-	339,666	-	339,666	339,666
	10,878	15,886	26,764	3,245,729	164,070	3,409,799	3,465,076
Financial liabilities							
Long term financing	487,400	4,630,604	5,118,004	-	-	-	5,118,004
Staff retirement benefits	-	-	-	-	41,346	41,346	41,346
Short term borrowings	12,866,493	-	12,866,493	-	-	-	12,866,493
Trade and other payables	75,029	-	75,029	4,874,822	-	4,874,822	4,949,851
Accrued mark-up/profit	-	-	-	114,368	-	114,368	114,368
	13,428,922	4,630,604	18,059,526	4,989,190	41,346	5,030,536	23,090,062
Off balance sheet items							
Guarantees	-	-	-	799,437	-	799,437	799,437
Bills discounted	-	-	-	2,266,673	-	2,266,673	2,266,673
Commitments	-	-	-	3,419,160	2,664,978	6,084,138	6,084,138
	-	-	-	6,485,270	2,664,978	9,150,248	9,150,248

40 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, interest rate 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 management. 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:

40.1 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 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, interest rate risk and other price risk. The Group is exposed to currency risk and interest rate 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:

	2017	2016
	Equivalent USD 000s	
Trade debts	24,891	18,520
Cash and bank balances	320	896
Borrowings from financial institutions	(35,479)	(8,527)
Trade and other payables	(1,500)	(1,589)
Net exposure	(11,768)	9,300

The Group manages foreign currency risk through obtaining forward covers and due monitoring of exchange rates and net exposure.

Foreign currency commitments outstanding at the year end are as follows:

	2017	2016
	000s	
USD	13,557	7,420
EURO	1,064	7,191
JPY	-	912,410
CHF	32	1,993

The following significant exchange rates were applied during the year:

Rupee per USD

	2017	2016
Average rate	104.9	104.8
Reporting date rate (Buying/Selling)	105 / 104.80	104.90 / 104.70

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2017 would have increased/decreased the profit before tax by Rs. 48.9 million (2016: Rs. 48.7 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2016.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) **Interest/mark-up rate risk**

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Group has long term finance and short term borrowings at fixed and variable rates. During the year the Group has, in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

The Group is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 55.49 million (2016: Rs. 26.76 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs.19,803 million (2016: Rs. 18,060 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, 2017, if interest/mark-up rates 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. 29.90 million (2016: Rs. 10.75 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2017, if interest rates 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. 81.13 million (2016: Rs. 128.67 million) lower/higher, mainly as a result of higher/lower interest/mark-up expense on floating rate borrowings.

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 and loss account. Therefore, a change in interest rate at the balance sheet would not effect profit and 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 any such other price risk.

40.2 **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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	2017	2016
		Rupees (000s)	
Loans and advances	15	62,095	37,803
Long term deposits		195,249	158,136
Trade debts	19	3,640,608	2,786,782
Other receivables		152,313	114,176
Bank balances	24	262,462	180,668
		4,312,727	3,277,565

The Group manages credit risk as follows:

Loans and advances

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 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 no impairment allowance is provided for in the accounts.

Long Term Deposits

These are receivable mainly against rental property and utilities against which chances of default are remote, hence no impairment allowance is required 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 doubtful debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments.

The Group actively pursues for the recovery of the debt and based on past experience, business relationship and credit worthiness of these customers, the Group does not expect these customers will fail to meet their obligations except for some doubtful debtors against which adequate allowance for impairment have been made in these consolidated financial statements.

The Group has established an allowance for impairment of the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. This allowance is based on the management assessment of a specific loss component that relates to individually significant exposures. The movement in allowance for impairment in respect of trade debts during the year can be assessed by reference to note no.19.3.

Aging of trade debts is as follows:

	Note	2017	2016
		Rupees (000s)	
1 to 6 months		3,551,727	2,621,915
6 months to 1 year		60,769	158,242
1 year to 3 years		28,112	6,625
	19	3,640,608	2,786,782

The Group believes that no impairment allowance is necessary in respect of trade debts that are past due other than the amount provided.

Other receivables

The Group believes that no impairment allowance is necessary in respect of receivables that are past due. The Group actively monitors and pursues for the recovery and the Group expect that the recovery will be made soon and can be assessed by reference to note no. 22.

Bank balances

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

The bank balances along with credit ratings are tabulated below:

	Note	2017	2016
		Rupees (000s)	
AAA		28,965	44,724
AA+		40,268	70,251
AA		6,220	18,693
A+		184,575	554
A		1,544	45,830
A-		890	205
AA-		-	411
	24	262,462	180,668

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 counterparty 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.

40.3 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. 39.

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, 2017, the Group has Rs. 19,647 million (2016: Rs. 15,842 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 7,716 million (2016: Rs. 2,975 million) and also has Rs. 287 million (2016: Rs. 340 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

40.4 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, 2017 and 2016 were as follows:

	2017	2016
	Rupees (000s)	
Total borrowings	19,760,257	17,984,497
Cash and bank	(287,175)	(339,666)
Net debt	19,473,082	17,644,831
Total equity	11,195,658	8,981,011
Total equity and debt	30,668,740	26,625,842
Gearing ratio (%)	63	66

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.

41 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs are unobservable 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 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 balance sheet, the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except freehold land, leasehold land and capital work in progress which are stated at cost. 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, if any, of the fair value hierarchy.

42 PROVIDENT FUND RELATED DISCLOSURES

Following is the information based on latest financial statements of the fund:

	Note	2017	2016
		Un-audited	Audited
Size of the fund - Total assets (Rs. 000s)		1,003,332	852,842
Cost of investments made (Rs. 000s)		893,485	724,333
Percentage of investments made		89.05%	84.93%
Fair value of investments (Rs. 000s)	42.1	922,163	778,184

42.1 The break-up of fair value of investment is:

	2017		2016	
	Rupees (000s)	Percentage	Rupees (000s)	Percentage
	Un-audited		Audited	
Shares in listed companies	63,041	6.84%	78,479	10.08%
Government securities	134,908	14.63%	437,017	56.16%
Debt securities	28,939	3.14%	130,651	16.79%
Mutual funds	363,739	39.44%	63,679	8.18%
Balance in saving accounts	331,536	35.95%	68,358	8.78%
	922,163	100.00%	778,184	100.00%

42.2 The investment out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

43 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 12,937 (2016: 15,313) and average number of employees during the year were 14,692 (2016: 12,724).

44 Subsequent Appropriations

44.1 The Board of Directors of the Holding Company in its meeting held on September 23, 2017 has proposed the following:

a) Dividend
Your directors have decided to pay cash dividend @ Rs. 1.00 per share i.e. 10% for the year ended June 30, 2017.

b) Transfer from unappropriated profit
An amount of Rs. 400 million to be transferred to general reserve from unappropriated profit.

44.2 Through the Finance Act, 2017, Income Tax has been levied at the rate of 7.5% of accounting profit before tax on every public company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year. Since the Board of Directors of the Holding Company has recommended 10% cash dividend (Rs. 356.496 milion) for the year ended June 30, 2017 (refer note 44.1) which exceeds the above stated limits, hence there will be no such tax liability.

45 DATE OF AUTHORIZATION

These Consolidated Financial Statements were authorized for issue on September 23, 2017 by the Board of Directors of the Holding Company.

46 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, 2017

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
CHF	Swiss franc
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
JPY	Japanese Yen rates
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 65th ANNUAL GENERAL MEETING of the Company to be held on October 28, 2017 or at any adjournment thereof.

1) Witness ____________________ Signed by me this ________ day of ________ 2017
Name ____________________
Address ____________________ Signed____________________
CNIC No. ____________________

Affix Revenue
Stamp Rs. 5.00

2) Witness ____________________
Name ____________________
Address ____________________ Folio No./CDC Account No. ____________________
CNIC No. ____________________

Notes:

1. A member entitled to vote at the meeting may appoint a proxy. Proxies in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
2. Proxies granted by shareholders who have deposited their shares into Central Depository Company of Pakistan Limited must be accompanied with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owners. Representatives of corporate members should bring the usual documents required for such purpose. A proxy must be a member of the Company.
3. If a 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 2017 کو منعقدہ کمپنی کے پینسٹھویں سالانہ اجلاس عام

میں میری/ہماری جانب سے بطور پراکسی مقرر کرتا/کرتے ہیں تاکہ وہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

1) گواہ ______________________________

نام ______________________________

پتہ ______________________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______________________________

اس پر میری طرف سے ________ دن کے ________ 2017

کو دستخط کیے ______________________________

5 روپے مالیت کا ریونیو اسٹیمپ
یہاں چسپاں کریں۔

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 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 شیئرز ہولڈرز جو اپنے شیئرز سینٹرل ڈپازٹری کمپنی میں جمع کروا چکے ہیں، ان کی جانب سے جمع کروائی گئی پراکسیز کے ساتھ بینیفشل 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 بینیفشل اونرز کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی فراہم کریں۔

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