

#Gul/Ahm Since 19<u>53</u>





Teamworks

There is no better way to guarantee long-term success than bringing every individual on the same page. Our Company doesn't rely on individuals but thrives on them working in unison as teams to deliver excellence within the organization.





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Company Information

BOARD OF DIRECTORS

Mohomed Bashir Zain Bashir

Mohammed Zaki Bashir

Ziad Bashir

S.M. Nadim Shafiqullah Dr. Amjad Waheed Ehsan A. Malik

- Vice Chairman/ Executive Director

- Chief Executive Officer

- Non Executive Director - Non Executive Director

- Independent Director - Independent Director

CHIEF FINANCIAL OFFICER

Abdul Aleem

COMPANY SECRETARY

Salim Ghaffar

AUDIT COMMITTEE

Dr. Amjad Waheed Mohomed Bashir S.M. Nadim Shafiqullah

Salim Ghaffar

HUMAN RESOURCE AND REMUNERATION **COMMITTEE**

Ehsan A. Malik Mohomed Bashir Zain Bashir Salim Ghaffar

- Chairman & Member

- Member - Member - Secretary

- Chairman & Member

- Member - Member - Secretary

BANKERS

Allied Bank Limited Bank Al Habib Limited Askari Bank Limited

Al Baraka Bank (Pakistan) Limited Bank Alfalah Limited Bankislami Pakistan Limited

Citi Bank

The Bank of Khyber 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 Hvder Bhimii & Co. Chartered Accountants

INTERNAL AUDITORS

Grant Thornton Anjum Rahman Chartered Accountants

LEGAL ADVISORS

A.K. Brohi & Co Advocates

REGISTERED OFFICE

Plot No.82.

Main National Highway, Landhi, Karachi-75120

SHARE REGISTRAR

FAMCO Associates (Private) Limited 8-F, Next To Hotel Faran, Nursery, Block 6, P.e.c.h.s., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106

MILLS

Landhi Industrial Area,

Karachi-75120

E-MAIL

Finance@Gulahmed.com

URL

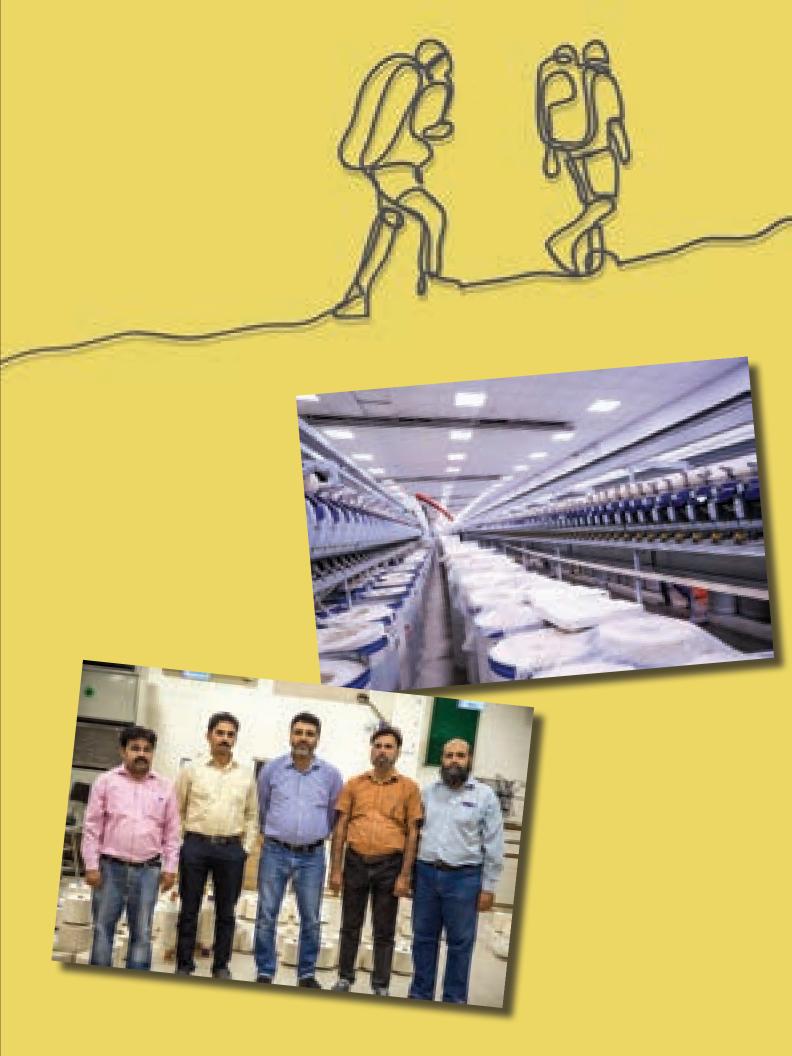
www.gulahmed.com

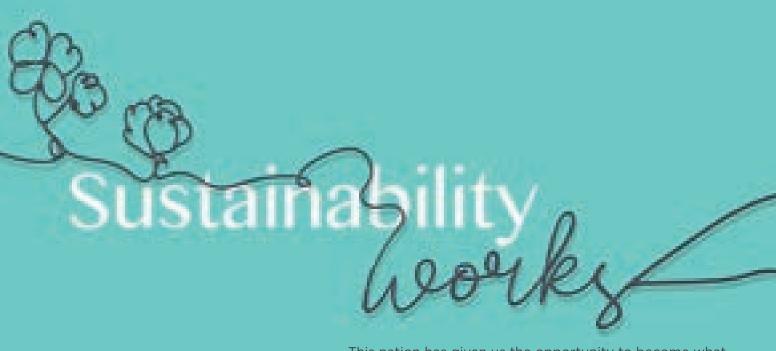




We stay one step ahead of the competition by investing in the latest technology. Our new digital printing factory is equipped with 8 state of the art machines that deliver the highest quality digital printing in the country.





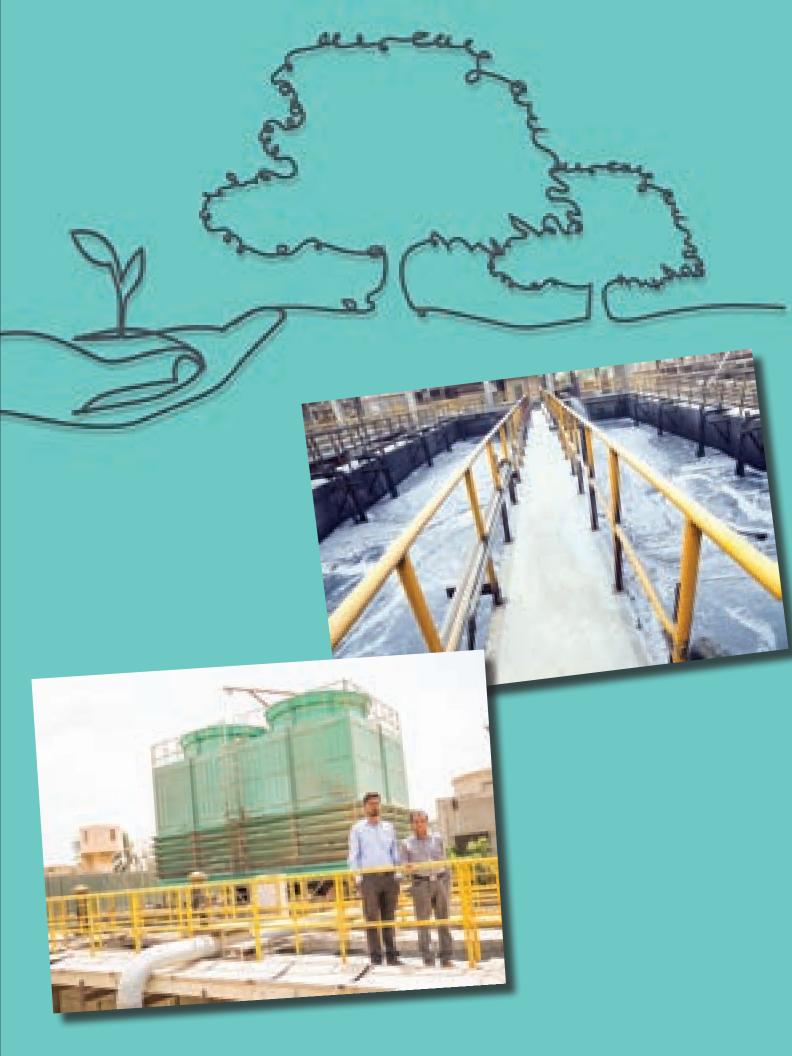


This nation has given us the opportunity to become what we are today. As a responsible organization, Gul Ahmed is leading the way in championing sustainability.

Our pioneering Better Cotton Initiative (BCI) aims to improve the production process for the people involved, the impact on the environment and the sector's long-term growth.

A Water Treatment Plant has also been established to ensure that clean water is discharged in the sewerage system from our manufacturing units. This will be supplemented by our plan to install a Water Recycling Plant in 2019 that will recycle industrial waste water.







Our presence in the retail sector continues to become more prominent with our growing network of stores across Pakistan, with more emphasis given to enhancing the overall shopping experience. This is evident in our newest outlets in all major cities. With a footprint of over 100 stores nationwide, we are also present in the e-commerce market through our online store website.







When it comes to design, the possibilities are endless. And when it comes to our designers, their potential is boundless. Inspired by the latest trends from the region and across the world, these talented creative minds are looking to push the limits to meet and surpass the expectations of demanding markets.







Conservation

On our journey of success, it would be easy to forget the impact on the land that has given us everything. Gul Ahmed understands the long-term impact on depleting natural resources and that's why our policies and processes are reviewed annually to ensure the minimal usage of precious resources and reducing our carbon footprint so that the future remains unaffected.

Power conservation plays sustainability and for this power turbine to help creelectricity. We have also so power turbine to help creenvironmental footprint.

Power conservation plays a major role in long-term sustainability and for this we have set up a solar power turbine to help create energy without wasting electricity. We have also set up a combined cycle gas power turbine to help create energy with minimum environmental footprint.





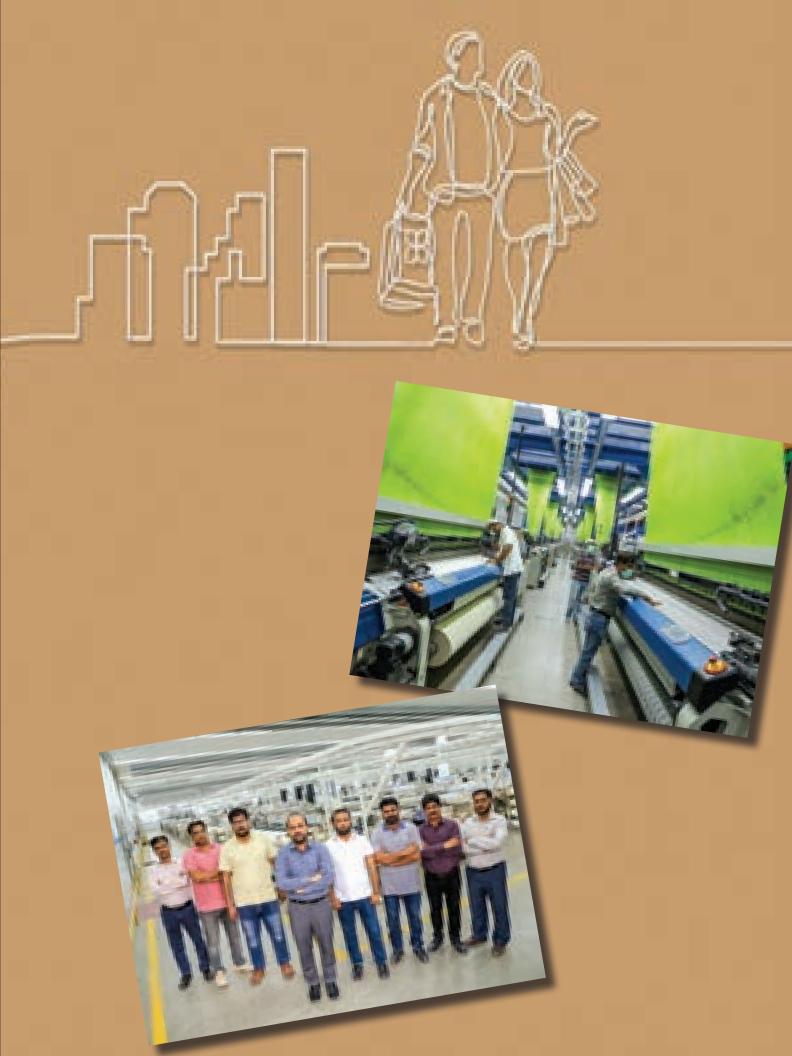
As a Company that promotes equal opportunities, we are proud to support various women empowerment initiatives. Our women have the strength and ability to perform in any field and we want to give them the platform and equal opportunity to be able to excel.

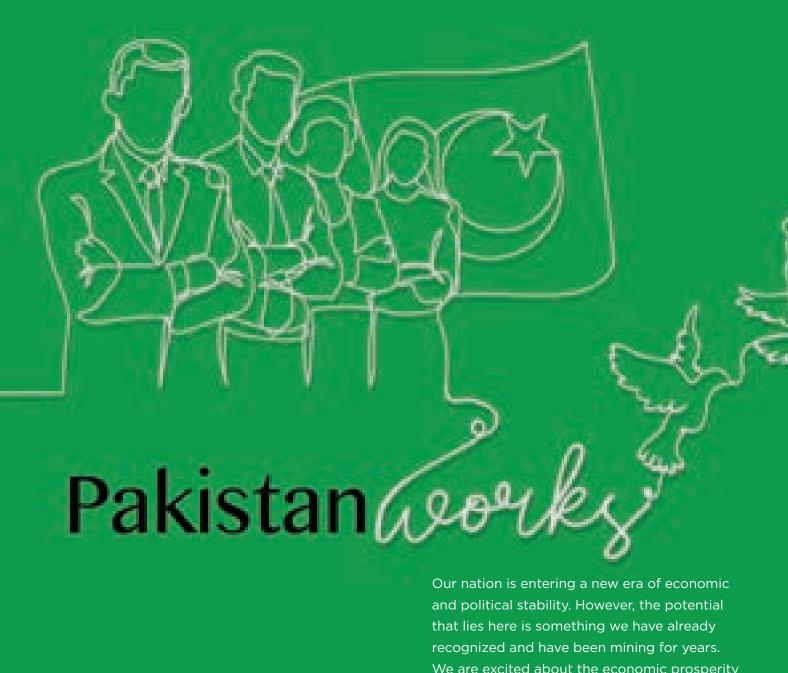












and political stability. However, the potential that lies here is something we have already recognized and have been mining for years.

We are excited about the economic prosperity that lies ahead and we will play our role to ensure a better future for Pakistan and generations to come.





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 delivering sustainable excellence in business performance by focusing on the following:

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

Strategies

- 1. Improving HR policies and practices, to enable hiring and retaining competent individuals on competitive remuneration, thus ensuring willingness to work and quality output.
- 2. Prioritizing female work force in certain areas to benefit from their acumen and dedication.
- 3. Leading through innovation both by technology acquisition and phased out balancing.
- 4. Adding facilities essential to our business and eliminating capacity imbalance thus improving smooth supply and reducing production cost.
- 5. Adding new product range both for international and domestic customers
- 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.
- 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
- 11. Invest in state of the art machinery to ensure quality.

Tactics

- 1. Outsourcing activities to improve production and economic efficiency.
- 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.
- 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.
- Effective marketing by ensuring promotions and discounts on regular basis so as to always remain the priority choice for all walks of customers.
- Retain and develop a green environment.
- Ensuring maximum recycling of waste, saving of energy and water and minimum possible carbon emissions.
- Implement and upgrade periodically the Enterprise Resource Planning software to integrate all the operations of the Company, reduce reliance on manual controls and reporting while ensuring data security and integrity.

Statement of Business

Conduct and Ethics Code

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

Ethical Decision Making

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

- Is it consistent with the Code?
- Is it ethical?
- Is it legal?
- If it were made public, would I be comfortable? If the answer is "No" to any of these questions, don't do it.

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

- 1. The Management
- 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.

- 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/herself or even for the Company.
- 3. Any person representing the Company to the third parties shall not allow himself/herself to be placed in a position in which an actual or apparent conflict of interest exists.

Confidentiality

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





Avoiding Conflict of Interest

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

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

Insider Trading

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

Company Records and Internal Controls

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

Dealing with Various Stakeholders

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

1. Customers

- a) Treat customers fairly and honestly.
- b) Provide high standards of services and quality products.
- c) Operate effective complaint processes to deal with situations where these standards are challenged.
- d) Aim to provide and promote a range of products and services that meet customer requirements and needs.
- e) Maintain the confidentiality of customer information, except where the law requires/ permits disclosure, or the customer has given prior written consent.

2. Employees

- a) The Company has maintained a suitable working environment that provides appropriate training, transparent career growth opportunities and competitive remuneration packages including benefits which are also in compliance with the employment related laws and regulations of Pakistan as well as other relevant countries.
- b) It is ensured that all the values and standards required by our business practices are communicated to each employee.
- c) Provide a clean, healthy and safe work environment, stressing the obligation on all employees to take every reasonable precaution to avoid injury to themselves, colleagues and members of the public.
- d) Provide appropriate facilities to fulfill the needs of special employees.
- e) The Company follows the laws that prohibit discrimination in employment practices. It is Company's policy to provide

equal employment opportunities and to treat applicants and employees without bias. It is our policy that no one is ever subject to discrimination on the basis of:

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

3. Suppliers of Goods and Services

- a) Encourage dealing with those suppliers/ vendors who operate with values and standards similar to those of the Company.
- Work together with suppliers/vendors following the laws and policies to improve all aspects of performance.
- Agree terms of payment when orders for goods and services are placed and pay in accordance with those terms.
- 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.
- 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

2018 Rs. 29,006 million 2017 Rs. 26,273 million



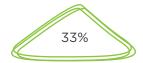
Local sales

2018 Rs. 16,620 million2017 Rs. 13,793 million



Gross profit

2018 Rs. 9,576 million2017 Rs. 7,207 million



Profit Before Tax

2018 Rs. 2,328 million2017 Rs. 809 million



EBITDA

2018 Rs. 5,185 million2017 Rs. 3,267 million



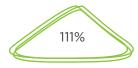
· Earnings per share

2018 Rs. 5.82 per share2017 Rs. 2.50 per share



Return on equity

2018 17.63%2017 8.34%



Relevance: These KPIs will remain relevant in future.





Non-financial Performance Indicators

I. Internal Efficiency and Effectiveness

Objective: Promote Company's image by working ethically.

Compliance with Local Laws

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

Compliance with policies and procedures

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

Zero tolerance against unethical practices

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

Objective: Achieving production efficiencies.

Reduction in cost of manufacturing

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

Outsourcing of activities and revisiting of in-house capabilities

A review of activities which can be partially outsourced has been undertaken and would continue to be undertaken to determine as to what extent and what activities may more

conveniently and economically be outsourced or otherwise to save both cost and time. Similar exercise is also periodically undertaken to determine if certain activities can be carried internally or outsourced completely depending on the market rates vs cost comparison. Decisions for temporary closure are taken immediately after management consultation, whereas decision for permanent closure are based on experience over the period.

Certifications from independent organizations for quality management

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

Relevance: These KPIs will remain relevant in

future

II. Long-Term Development and Innovation

Objective: To be the industrial leader.

Technological Advancement

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

Product development and diversification

The Company is continuously engaged in product research and development.

Update MIS

The Company has successfully upgraded its ERP system resulting in timely reporting and better resource planning. In this connection, Microsoft Dynamics Cloud Version has 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.

Relevance: These KPIs will remain relevant in future.

Company's Profile

Company Overview

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

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

Group Structure

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

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

- 1. Gul Ahmed International Limited (FZC) incorporated in UAE on December 11, 2002.
- 2. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).
- 3. GTM USA Corp. and Sky Home Corp., both incorporated in United States of America (USA) are wholly owned subsidiaries of GTM (Europe) Limited.



Nature of Business

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

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

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

Association

The Company is member of following Associations:

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



Product Stewardship

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

- Quality control checks at different stages of the process of production and final quality check at the time of packing;
- Damaged or broken products are replaced;
- Environment friendly and quality packing;
- Free product exchange service;
- Customer friendly and hygienic environment 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 yarn to different regions including China, other Asian, Middle East countries and Europe.

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

Fabric

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

Made-ups

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

Home Textiles

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

This section includes:

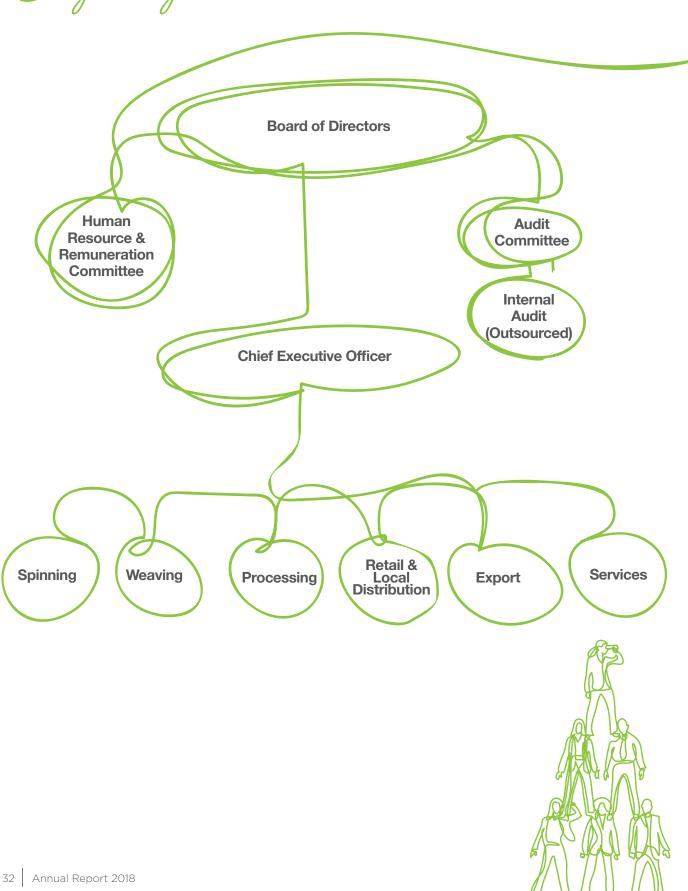
- Sheets and Pillowcases
- Comforters
- Quilt/Duvet covers
- Bed-in-a-Bag
- Decorative pillows
- Curtains
- Upholstery fabrics

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 to increase our exports.

Organogram





Profile of the Director

Mr. Mohomed Bashir Chairman

Mr. Mohomed Bashir joined the Board of Gul Ahmed Textile Mills Limited in 1982. He is a fellow member of Chartered Institute of Management Accountants (CIMA), United Kingdom. In recognition of his services he was awarded Sitara-e-Imtiaz by the President of Pakistan in 2006 and has also been conferred as Justice of Peace. On April 7, 2017 Mr. Mohomed Bashir was awarded with the Grade D' Officer in the National Order of Merit by the President of the French Republic. Mr. Mohomed Bashir has a very rich and extensive experience in the commerce and textile industry. He is currently the Chairman of the Board of Directors of Gul Ahmed Textile Mills Limited. He is also serving on the Boards of the following companies;

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

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

- Chairman, Committee to Improve Pakistan's rating on Ease of Business Index
- Honorary Consul General of Sweden -Karachi
- CPLC, Member, Advisory Board 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 and Industry positions:**

Chairman, Pakistan Business Council (2014-2015)

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

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 has also served as the Executive Committee Member of the Landhi Association of Trade and Industry.

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

Mr. Mohammed Zaki Bashir

Chief Executive Officer

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

Mr. Zaki Bashir is also a member of the Entrepreneurs Organization since 2014. The Entrepreneurs Organization (EO) is a global, peer-to-peer network of more than 12,000+ influential business owners with 173 chapters in 54 countries. Founded in 1987, EO is the catalyst that enables leading entrepreneurs to learn and grow, leading to greater success in business and beyond.

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

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

Mr. Ziad Bashir

Non-Executive Director

Mr. Ziad Bashir has been on the Board since February 1999. A graduate from Babson College, USA, with a

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

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

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

Mr. S.M. Nadim Shafiqullah

Non-Executive Director

Mr. S.M. Nadim Shafigullah joined the Board of Directors of the Company as an independent nonexecutive director in March 2008. He is a member of the Audit Committee and in the past he also has served as the Chairman of the Audit Committee of the Company. He is also 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 is also the Chairman of the Audit Committee of the Company. He holds a Doctorate in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst. Since the last twelve years, he is CEO of NBP Funds Management Limited (NAFA), which is a subsidiary of National Bank of Pakistan. NAFA is presently managing several mutual and pension funds, and portfolios. Total assets under management of NAFA are presently about Rs. 108 billion. NAFA is the largest and highest rated Asset Management Company 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 Fertilizer, Pakistan Tobacco Company, Treet Corporation 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 1st September 2006 to 31st October 2014, Mr. Ehsan A.Malik was the Chief Executive Officer of Unilever Pakistan Limited and a Director of Unilever Pakistan Foods Limited. Prior to this he was Chairman and CEO, Unilever Sri Lanka Limited. 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, National Foods Limited and International Industries Limited.

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

Board Committees

Audit Committee

1. Composition

- Dr. Amjad Waheed Chairman and Member
- Mr. Mohomed Bashir Member
- Mr. S.M. Nadim Shafigullah 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 audit.
- The going concern assumption.
- Any changes in accounting policies and practices.
- Compliance with applicable accounting standards.
- Compliance with listing regulations and other statutory and regulatory requirements.
- Review of preliminary announcements of results prior to publication.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

- Review of the management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consideration of major findings of internal investigations and management's response thereto.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the Company's statements on internal control system prior to endorsement by the Board of Directors.
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and considering remittance of any matter to the external auditors or to any other external body.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue of matter as may be assigned by the Board of Directors.

Human Resource And Remuneration Committee

1. Composition

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







2. Terms of Reference

The committee shall be responsible for:

- Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The senior management shall include the first layer of management below the chief executive officer level:
- Undertaking annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit:
- Consideration and approval recommendations of Chief Executive Officer on such matters for management positions who report directly to Chief Executive Officer or Chief Operating Officer; and
- Where human resource and remuneration consultants are appointed, their credentials shall be known by the Committee and a statement shall be made by them as to whether they have any other connection with the Company.
- Ensuring that appropriate procedures exist to assess the remuneration levels

- of the Chairman, Chief Executive Officer (CEO), Non-Executive Directors, Executive Directors, Board Committees and the Board of Directors as a whole.
- Ensuring that the Company adopts, monitors and applies appropriate remuneration policies and procedures.
- Ensuring that reporting disclosures related to remuneration meet the Board's disclosures objectives and all relevant legal requirements.
- Making recommend ations 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, longterm incentive plans.
- Developing, maintaining and monitoring appropriate Human Resource Policies and Procedures.
- Developing, maintaining and monitoring appropriate talent management programs including succession planning, recruitment, development, retention and termination policies and procedures for senior management.
- Developing remuneration related disclosure objectives for the Company and ensuring that publicly disclosed information meets those objectives, all legal requirements, and is accurate; and
- Developing and monitoring Workplace Health and Safety metrics and initiatives to ensure a safe working environment.

Chairman's Review

It gives me immense pleasure to communicate with our valued members and stakeholders to present the financial and other information for the year ended June 30, 2018, to apprise 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 textile sector and your Company faced many challenges. However the Company was able to thrive owing to the effective strategies and pro-active planning of the Board and management. Efforts were directed to enhance shareholders value with initiatives to enhance sales volume through innovation in products, and profitability through improvement in operations and cost containment measures.

The Board fully recognizes the fact that the success and sustainable continuity of the Company is highly dependent on the capacity of the directors to provide the vision and direction needed to develop and prosper. To perform its statutory role and fulfill its obligations, the Board:

- a) strived to maintain and strengthen a high level of corporate governance, improve corporate transparency, ensure healthy development of our Company and enhance corporate value.
- b) has worked very effectively during the entire year through two of its committees and had continuous interaction with the Chief Executive.

- has identified priorities for improvement in results and key indicators to ensure that they are in line with the agenda of the Chief Executive.
- d) as a strategic measure, approved the restructuring of the Company's business segments which helped in providing a more efficient and effective platform to position the Company for sustained growth.
- e) held annual review and discussions of its performance both individually and collectively, thus seeking ways to improve its contribution to the sustainable growth of our Company.
- f) conducted an annual evaluation of the Board in compliance with Code of Corporate Governance.
- g) reviewed the forward looking skills and experience requirements of the Board to ensure the 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 of our members and other stakeholders for their continued trust and support to the management and the Company.

Karachi September 18, 2018 Mohomed Bashir Chairman



چيئر مين کا جائزه

میں نہایت مسرت کے ساتھ 30 جون 2018 کوختم ہونے والے مالی سال کے لئے مالیاتی اور دیگر معلومات این معزز اراکین اوراسٹیک ہولڈرز کو پیش کرر ہا ہوں، میں اس موقع پر نمپنی کے مقاصد کے حصول میں بہترین کارکر دگی دکھانے پر بورڈ کی کارکر دگی کواز حد سراہتا ہوں۔

ز ریے جائزہ مدت کے دوران کمپنی اور ملک کومتعدد مشکلات کا سامنا کرنا پڑا۔ تا ہم بورڈ اور مینجنٹ کی موثر حکمت عملی اور فعال منصوبہ بندی کی وجہ ہے کمپنی نمایاں کارکردگی ادا کرنے میں کامیاب ہوئی شیئر ہولڈرز وبلیو میں اضافے کے لئے مصنوعات میں جدت کے ذریعے سے بیلز والیوم کو بڑھانے کے ، نیز آپریشن میں بہتریاور قیتوں میں توازن کےاقد امات جیسی تمام تر کاوشیں بروئے کارلائی گئیں۔

بورڈاس بات سے بخونی آگاہ ہے کہ پنی کی کامیابی، ترقی اورخوشحالی کانشلسل ڈائر یکٹرز کی اپنی صلاحیت اور ان کی جانب سے مہیا کئے جانے والے نظریئے اور صحیح سمت کی فراہمی پر منحصر ہے۔ قانونی تقاضوں کی پکمیل اوراین ذمہداریوں کواحسن طریقے سے اداکرنے کے لئے ، بورڈنے:

(الف) اعلیٰ پیانے پرکارپوریٹ گورننس کو برقرارر کھنے، کمپنی کی صحت مندتر تی کویقنی بنانے اور کارپوریٹ ویلیوکو بڑھانے کی بھریورکوششیں کیں۔

- (ب) اینی دوکمیٹیوں کے ذریعے سے پورے سال میں بہت موثر طریقے سے کام کیا ہے اور چیف ا یگزیکٹو کے ساتھ سلسل گفت وشنید کی ہے۔
- (ج) نتائج میں بہتری کے لئے اہم عوامل اوران کی ترجیجات کی نشاندہی کی ہے تا کہ بہ یقینی بنایا جاسکے کہ وہ چیف ایگزیکٹو کے ایجنڈ اکے مطابق ہیں۔
- حکمتِ عملی کے پیشِ نظر بورڈ نے کچھ کاروباری امور کی تعمیر نو کی منظوری دی ہے،جس ہے کمپنی کو بہتر کارکردگی دکھانے کا پلیٹ فارم میسرآئے گااور کمپنی کے لئے مستقبل میں پائیدارتر تی کاحصول ممکن ہوگا۔
 - انفرادی واجتماعی دونوں سطح پراپنی کارکردگی کا جائزہ لینے اور کمپنی کی متواتر ترقی کویقینی بنانے کے لئے سالانه جائزون اورمباحثون كاانعقاد كيابه
 - کوڈ آف کاربوریٹ گورنس کی تعمیل کےمطابق بورڈ کی سالا نیشخیص کااہتمام کیا گیا۔
 - بورڈ کی صلاحیتوں، لازمی درکارمہارتوں،ضروری تجربات اوران کے کئے گئے اقدامات کا جائزہ لیا گباتا کیمپنی کےمقاصد کےحصول میں بورڈ کےموثر کردار کی ادائیگی کوفینی بنایا جاسکے۔

میں اس موقع پرتہدول سے اپنے اراکین اور دیگر اسٹیک ہولڈرز کاشکر بدا داکرتا ہوں ،جنہوں نے ہمیشہ کمپنی اورمینجمنٹ کوبھر پورسپورٹ مہیا کیاوراعتماد قائم رکھا۔

كراچى: 18 ستمبر 2018



Directors' Report to the

Shareholders

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2018 together with auditors' report thereon.

Economic And Industrial Overview

During the fiscal year (FY) 2017-18, Pakistan's economy witnessed the highest GDP growth of 5.79% in the last thirteen years whereas the same was 5.28% during last FY. Despite various challenges, the economy achieved sustained growth and this progress can be attributed to supportive macroeconomic policies, renewed morale in the private sector, initiation of major infrastructure programs, smooth energy supplies to the industrial sector and stable inflation.

Robust performance was reported in agriculture, manufacture (industry) and services sectors which grew by 3.8%, 5.8% and 6.4% respectively. Large Scale Manufacturing (LSM) growth has been the highest in the last ten years in FY 2017-18 with growth of 6.13% against 5.62% last year. This growth in LSM is backed by increase in construction activity primarily due to advancement in CPEC related projects. Improvement in the domestic security situation has also uplifted the confidence of local investors which resulted in increase in private investment. Foreign investment also picked up pace from last year as net Foreign Direct Investment inflows rose to 4.4% in the first nine months of FY 2017-18 against the same period last year, with China contributing a major share of around 55% in overall inflow. This helped in strengthening the banking sector. Inflation edged up 5.2% in FY 2017-18 on the back of a persistent increase in oil prices and weakened position of PKR, though it was still below the target level of 6%.

However, the deteriorating condition of balance of payment is a major impediment to economic growth as the country's imports increased by 15.10% in the last FY, touching a record high of almost \$61 billion compared to \$53 billion last year. Recovery in global oil prices and depreciation of PKR had a vital role in deteriorating the import bill, while stagnant level of remittances has not helped in minimizing the deficit. The trade deficit of the country touched a record high of \$38 billion in FY18 as compared to \$32 billion last year. Moreover, the current account deficit has widened due to the decline in exports and high net borrowing from abroad. Corrective measures

were taken to arrest the decline through supportive initiatives for export growth along with efforts to limit the import of luxury goods.

Textile Industry

The country's textile exports rose by 8% to around \$13.5 billion as compared to the last year's figure of around \$12.5 billion. This growth is attributable to the policies introduced by the government to boost exports such as tax concessions and rebates, and the depreciation of PKR. The performance of the textile sector is heavily dependent on the local cotton crop which has a 1% share in GDP. Whereas, Pakistan despite being the fourth largest producer of cotton in the world, is currently relying on imported cotton to meet the annual demand of 2.35 million tonnes. Nonetheless, the production of cotton in FY 2017-18 was up by 11.9% as compared to last year and reached 1.82 million tonnes (11.9 million bales). It is important to note that the cotton plantation area in the country has lost ground to sugar and wheat due to government policies / subsidies to these sectors.

Company's Market Share In Exports

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

Performance Overview

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

| Description | Units | 2018 | 2017 |
|--------------------------|-----------------|--------|--------|
| Export sales | Rs. in millions | 27,848 | 25,175 |
| Local sales | Rs. in millions | 16,806 | 13,939 |
| Gross profit | Rs. in millions | 9,576 | 7,207 |
| Profit before tax (PBT) | Rs. in millions | 2,328 | 809 |
| Profit after tax (PAT) | Rs. in millions | 2,075 | 818 |
| EBITDA | Rs. in millions | 5,185 | 3,267 |
| Earnings per share (EPS) | Rupees | 5.82 | 2.50 |
| Debt to equity | Time | 0.55 | 0.65 |
| Current ratio | Time | 1.14 | 1.11 |
| Beak-up value per share | Rupees | 35.40 | 33.40 |



Operational And Financial Performance Review

Your Company was blessed with the required volume of export orders as well as extended demand in local and retail sector which helped in full utilization of operational capacities and absorption of fixed production overheads. During FY 2017-18, the management focused on profitable avenues, maximizing efficiency in production activities and cost rationalization through various measures. These endeavors as well as BMR investments made in the past few years proved beneficial as sales increased by 14% and gross profit margin increased by 3% as compared to last year. Accordingly, profit before tax increased by 188% exhibiting an increase from Rs. 809 million to Rs. 2,328 million, while profit after tax increased from Rs. 818 million to Rs. 2,075 million. Resultantly, the Company's EPS improved from Rs. 2.50 to Rs. 5.82.

Financial Position Analysis

The management continued with its policy of taking advantage of historically low & subsidized mark-up rates which would remain locked over the period of loan. Hence, net long term financing was enhanced by 6% during the year to fund BMR investments and acquire latest technology in various production areas as the Company invested Rs. 2,217 million in property, plant and equipment during the year. As at the year ended June 30, 2018, debt to equity and financial leverage ratios were at 0.55 (2017: 0.65) and 1.85 (2017: 1.81) respectively. Considering the Rupee Dollar subsequent parity and prices of raw material, management invested substantial amount in building raw material inventories which has increased the amount invested in working capital. At the year ended June 30, 2018, working capital was Rs. 3,192 million as compared to Rs. 2,088 million as at last year end while the current ratio stood at 1.14 (2017: 1.11). The investment has yielded extra margin to the Company both during the year under review and should yield favorable results in the first quarter of the ensuing financial year as well.

Subsequent Events

The Board of Directors of the Company in its meeting held on September 18, 2018 has proposed the following:

a) Dividend

Pay cash dividend @ Rs. 2.50 per share i.e. 25% for the year ended June 30, 2018.

b) Appropriation

An amount of Rs. 5,380 million be transferred from general reserve to unappropriated profit.

Capital Structure

During the year there was no change in paid-up capital, however, overall shareholders' equity increased by Rs. 1,707 million to Rs. 12,621 million as a result of the profits retained in the business.

Funds Management

The company managed to meet its cash obligations including debt servicing 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 short term credit facilities are available. At the year end, the Company had Rs. 6,873 million (2017: Rs. 7,712 million) unutilized credit lines and Rs. 470 million (2017: Rs. 270 million) cash in hand and balances in banks to cover any temporary mismatches.

Business Segments

Spinning

The spinning and yarn business segment reaped benefits of investments in latest technology and capacity enhancement made during previous years as sales grew by Rs 2,319 million (39%) as compared to last year.

| Spinning | 2018 | 2017 | Change | |
|--|--------------|---------|--------|--|
| | Rs. in milli | ons | | |
| Sales | 8,210 | 5,891 | 39% | |
| Cost of sales | (7,008) | (5,722) | (22%) | |
| Gross profit | 1,202 | 169 | 611% | |
| Distribution & Admin expenses | (148) | (194) | 24% | |
| Operating profit / (loss) of the segment before other operating expenses | 1,055 | (25) | 4318% | |

The Company is hopeful that there is still untapped potential and this segment will grow further in the coming years.

Weaving

This business segment mainly caters to in-house requirements for Home Textile, Retail & Distribution and Apparel divisions. Sales revenue increase by 23% mainly on account of increase in overall sales.

Financial performance of the segment is summarised in the table below:

| Weaving | 2018 | 2017 | Change | | | | |
|---|-----------------|---------|--------|--|--|--|--|
| | Rs. in millions | | | | | | |
| Sales | 1,695 | 1,384 | 23% | | | | |
| Cost of sales | (1,568) | (1,175) | (33%) | | | | |
| Gross profit | 127 | 209 | (39%) | | | | |
| Distribution & Admin expenses | (70) | (80) | 13% | | | | |
| Operating profit of the segment before other operating expenses | 57 | 129 | (56%) | | | | |

Retail and Distribution

This segment is involved in retails sales through chain of IDEAS retails outlets and its distribution channels. Considering the tough competition faced in textile retail sector, the segment performed well in retaining its market share and profitability through innovation and creativity.

| Retail and Distribution | 2018 | 2017 | Change | |
|---|-----------------|----------|--------|--|
| | Rs. in millions | | | |
| Sales | 15,701 | 15,640 | 0% | |
| Cost of sales | (10,741) | (11,417) | 6% | |
| Gross profit | 4,960 | 4,223 | 17% | |
| Distribution & Admin expenses | (4,042) | (3,312) | (22%) | |
| Operating profit of the segment before other operating expenses | 918 | 911 | 1% | |

Processing, Home Textile and Apparel

This segment deals in processing of value-added textiles which are sold in both local and foreign markets. During FY 2017-18 sales revenue increased

by Rs 4,210 million i.e. 15% as compared to last year. Owing to the 1% improvement in gross profit margin and reduction in distribution & admin expenses by 10%, overall profitability increased to Rs 1,295 million.

| Processing, Home Textile and Apparel | 2018 | 2017 | Change | |
|---|------------|----------|--------|--|
| | Rs. in mil | llions | | |
| Sales | 31,788 | 27,578 | 15% | |
| Cost of sales | (28,501) | (24,973) | (14%) | |
| Gross profit | 3,287 | 2,605 | 26% | |
| Distribution & Admin expenses | (1,992) | (2,202) | 10% | |
| Operating profit of the segment before other operating expenses | 1,295 | 403 | 221% | |

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 23 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 page 76 & 77 of the Annual Report. The management has set up a robust mechanism for identification, evaluation and mitigation of risks which enables smooth operations and ensures that focus remains on business growth.





a) Credit Risk

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

b) Market Risk

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

c) Liquidity Risk

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

The Risk Management System of the Company comprises:

The Board of Directors and Its Committees

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

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

Details with respect to the names of directors, composition of the BOD and committees are mentioned on page 36 of the Annual Report.

Policies and Procedures

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

Information and Monitoring System

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

Internal Audit

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

Risk management is discussed in detail on page 78 of the Annual Report.

Human Resource (HR)

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

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

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

Information Technology (IT)

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

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

IT Governance Policy

IT governance policy is in place to safeguard against loss and unauthorized access of information. 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;
- 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. Accordingly, we realise that some disasters may cause severe losses to the company and its operations.

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

Safety of Records

Records include books of accounts, documentation

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

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

Corporate Social Responsibility

Corporate social responsibility is discussed in detail on page 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 December 11, 2002.
- 2. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).
- 3. GTM USA Corp. incorporated in United States of America (USA) on March 19, 2012 is a wholly owned subsidiary of GTM (Europe) Limited.
- 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, 2018 is Rs. 867.327 million (FY2017: As per audited accounts Rs. 873 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 guery/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, 2017 the Board has approved a comprehensive mechanism for evaluation of its performance. The Company has introduced a questionnaire covering the Board's scope, objectives, function and Company's performance and monitoring. The Board has evaluated all factors based on inputs received from every director.

Conflict of Interests

All 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 periodically before the Audit Committee and upon their recommendation, the same are placed before the Board for review and approval. The details of transactions where majority of directors are interested are also placed annually before the members for approval.

CEO'S Performance Review

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

Role of Chairman and CEO

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

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

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

Issues Raised In Last Annual General Meeting (AGM)

Annual General Meeting of the Company was held on October 28, 2017. 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,

- 2017 together with the Directors' and Auditors' report thereon.
- Final cash dividend for the year ended June 30, 2017 @ 10%.
- 3. Appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants as statutory auditors for the year ended June 30, 2018 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, 2018 and have issued an unqualified audit report.

Consolidated Financial Statements

Consolidated Financial Statements for the year ended June 30, 2018 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.

Pattern of Shareholding

Please refer page 187 of the Annual Report.

Forward Looking Statement

The business of the Company is directly linked with economic activity in Pakistan and its exporting countries. The 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 further potential in the yarn segment and retail business 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 further in the next FY, both in terms of revenue and profits.





Future Outlook

Pakistan's economy will continue to grow in fiscal year 2018-19 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. 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 as well. Production efficiency would improve further and we expect that focus on retail 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 18, 2018

Mohomed Bashir Chairman

Mohammed Zaki Bashir Chief Executive Officer

CEO کی بنیادی ذمہ داری کمپنی کے نظریجے مشن اور اس کے طویل المعیا دمقاصد کے حصول کے لئے کوشش کرنا ہے۔CEO کمپنی کے بورڈ اور مینجنٹ کے درمیان رابطہ کا کردارادا کرتا ہے،اس وجہ سے بیہ مینجنٹ کی جانب سے بورڈ سے گفت وشنید کرتا ہے۔CEO سمپنی کی روز بروز کے امور کے انتظام و انصرام اورطویل المعیاد لائحمل منصوبہ بندی اورحصص یافتگان کی مالیت میں اضافے کے لئے بجٹ پڑمل درآ مد کی ذمہ داری انجام دیتا ہے۔

CEO حصص یافتگان،سرکاری حکام اورعوام کےسامنے کمپنی کی نمائند گی کرتا ہے۔ درحقیقت CEO ایک راہنمااور فیصلہ ساز کے طور برکام کرتا ہے جو ملاز مین میں جتبحہ پیدا کرتا ہے، کمپنی کو بہتری کی جانب لیے جاتا ہاورتر قیاتی اہداف کو حاصل کرنے کے لئے فیصلے کرتا ہے۔

گزشته سالاندا جلاس عام (AGM) میں سامنے لائے جانے والے معاملات:

کمپنی کا سالا نہ اجلاس عام 28 اکتوبر 2017 کومنعقد ہوا۔اجلاس کےمندرجہ ذیل تمام ایجنڈے پرکسی بھی رکن کی جانب سے کسی مخصوص معاملے کی نشا ندہی کے بغیر منظوری دی گئی۔

1 ـ يرثال شده مجموعي (Consolidated) اورغير مجموعي (Unconsolidated) مالي گوشوارے برائے 30 جون2017 کوختم ہونے والےسال بمع ڈائر یکٹرزاورآ ڈیٹرز کی رپورٹ۔ 2- 30 جون 2017 كوفتم ہونے والے سال كے لئے حتى نقد منافع منقسمه كا تجمي جساب 10 فيصداعلان كيا گياتھا۔

3-30 جون 2018 كوختم ہونے والے سال كے لئے ميسرز كريسٹن حيدر بھيم جي ايند كميني حارثرة ا کا وَمُنْتُنْس کا بطور قانونی آ ڈیٹرز تقر راوران کےمشاہرے کا تعین۔

کمپنی کےموجودہ آڈیٹرزمیسرز کریسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2018 کو مکمل ہونے والے سال کے لئے سالا نہآ ڈٹ مکمل کرلیا ہےاورا یک غیرمشروط آ ڈٹ ریورٹ تیار کی ہے۔ آڈیٹرز کمپنی کے سالانہ اجلاسِ عام کے اختیام پرریٹائر ہوجائیں گے اور خودکو 30 جون 2019 کوختم ہونے والے سال میں دوبارہ تقرری کے لئے پیش کرنے کے اہل ہوں گے۔

مجوى (Consolidated) گوشوارے:

30 جون 2018 کوختم ہونے والے سال کے لئے کمپنی اوراس کے ذیلی اداروں گل احمد انٹرنیشنل لمیٹڈ (FZC) یواے ای، GTM (یورپ) لمیٹر یو کے، GTM یوالس اے کار پوریشن USA اوراسکائی ہوم کار پوریشن USA کے ساتھ منسلک ہیں۔

پيرن آفشيئر مولدنگ:

براهِ كرم سالا نه ريورٹ كاصفح نمبر 187 ملاحظه كريں۔

مستقبل كالائحمل:

انتظاميكمپنی كے اہم معاملات ميں موجود غيريقيني صورتحال سے بخو بي واقف ہے، جس كا براہ راست تعلق پاکستان اوراس کے برآ مدی ممالک، اقتصادی سرگری، زرمبادلد کی شرح نیز مسابقتی چیلنجز سے ہے، جو کمپنی کی کارکردگی کو بری طرح متاثر کرسکتے ہیں۔

اس لحاظ سے مینی کے لائحمل پر با قاعدگی ہے نظر ثانی کی جاتی ہے اور اسے سٹمرزی اولین ترجیج بنانے کے لئے اپ ڈیٹ کیا جاتا ہے۔ ہر چند کہ کاروباری ماحول بہت مسابقتی ہے لہٰذا ہمسلسل ویلیوایڈ ڈ شعبہ جات کی نمو کی جانب اپنی توجه مرکوز رکھتے ہوئے اشیاء کی تیاری کی لاگت برختی کے ساتھ کنٹرول کرتے ہیں۔ یہ تمام امورجدت اپنا کراور پرانی مشینری کوتبدیل کر کے حاصل کی جائیں تا کہ چھوٹی سطح پر کسی بھی قتم کے خلل، بلاضرورت ویسیج اور دوبارہ کام کرنے کے مل سے بیاجا سکے۔

ہم مثبت امیدر کھتے ہیں کہ اس سے حاصل ہونے والے بہتر کار کر دگی کے نتائج کوآئندہ مالی سال میں آمدن اورز رین سطح میں اضافے کی صورت میں دیکھا جاسکے گا۔

مستقبل کے خدوخال:

یا کستانی معیشت میں مالی سال 19-2018 کے دوران امن وامان کی بہتر صورتحال اور تو انائی کی بہتر سیلائی کے سبب نجی سرمایہ کاربوں کاربحان جاری رہے گا،جس کے سبب معیشت ترقی کرے گی۔CPEC اپنی سکیل کی جانب رواں دواں ہے اور توانائی کا بحران بھی ختم ہوجائے گالبذا پاکستانی معیشت کے خدوخال مثبت دکھائی دیتے ہیں۔متعدد بڑی صنعتوں میں اہم پیش رفت پہلے سے دکھائی دینے لگی ہے جس میں سروسزانڈسٹری بقیمرات اورآ ٹوموبائل شعبوں میں بین الاقوامی کمپنیوں کی آمدمتو قع ہے۔صارفین کی جانب سے قوت خرید میں اضافے کے سبب FMCG کمپنیاں بھی اپنی نشونماکے لئے بہت پُر اعتاد ہیں۔

تاہم،معاشی اشارے بیرونی محاذ اور مالی استحکام پردیاؤ کی نشاندہی کرتے ہیں۔کرنٹ ا کاؤنٹ خسارہ اور اس کے ساتھ ساتھ سرکلرڈیبٹ بھی اضافے کی جانب گامزن ہے۔ گلی معاشیات کے استحکام کو برقر اررکھنا اوراسٹر کچرریفار مزمیں مزید پیش رفت نہایت اہم ہے تا کہ اس کی ترقی میں متواتر اضافے اوراستحکام کو بقینی

بڑے پیانے پرمینوفیکچرنگ کے شعبے میں ٹیکٹائل کا شعبہاہم ترین ہے۔اس میں وہلیوا ٹیڈڈیراڈکٹس پر توجہ مرکوزر کھنے کی ضرورت ہے کیونکہ اس کی مارکیٹ میں خاصی طلب نظر آتی ہے۔ تا ہم ایسا صرف اس وقت ممکن ہے جب حکومت مکمل سپورٹ مہیا کرے پالیسیوں کا نفاذ لیٹنی بنائے ، توانائی کی سپلائی بہتر ہواور برآ مد کنندگان کومسالقتی فائدہ اٹھانے میں معاونت کرے۔

سمپنی کے لئے پروڈ کشن مشینری میں جدت اور تجدید کے لئے سر ماید کاری اور لاگت کے اخراجات کو کم کرنے کے لئے عوامل آئندہ آنے والے سالوں میں فائدہ مند ثابت ہوں گے جمیں تو قع ہے کہوت سیگمنٹ میں بہتری اور دیلیوایڈڈ پراڈکٹس پرتوجہ مرکوز کرنے سے ہمارار یو نیومزید بہتر ہوجائے گا۔ہم آئندہ آنے والے سال کے لئے نہایت مثبت سوچ کے ساتھ سرگرم عمل ہیں۔

تشليم وتحسين:

ہم اینے ملاز مین کی کاوشوں اور ساتھ ہی اینے کسٹمرز ، مالیاتی اداروں جھھ یافتگان اور بورڈ آف ڈائر یکٹرز کے اراکین کی جانب سے معاونت کوسراہتے ہوئے ان کاشکریہا داکرتے ہیں۔

کراچی: 18ستمبر 2018

منجانب بورڈ

چيئر مين

محمد ذكى بشير



3- USA)GTM) لميندُ كاريوريش _ 19 مارچ 2012 كوامريكا مين قائم كي كي، جوكه GTM(پورپ) لمیٹڈ کی گل ملکیتی تمینی ہے۔

4_اسكائي موم كار پوريشن جس كا آغاز 28 فروري 2017 كوامر يكاميس كيا كيا اوريه GTM (يورپ) لہیٹر ک^اگل ملکیتی سمپنی ہے۔

كود آفكار يوريك كورنس (CCG):

کمپنی کی انتظامیهاعلی ضابطها خلاق کی پابند ہے اور کا م کا بہترین ماحول فراہم کرتی ہے۔ کوڈ آف کارپوریٹ گورننس كے تحت ڈائر يكٹر مندرجہ ذيل عوامل واضح كرتے ہيں:

- كىپنى كى انتظامىيكى جانب سے تيار شدہ مالى گوشوارے،اس كے معاملات،اس كے آپريشنز كے نتائج،زر نفذاورا یکویٹی میں تبدیلی کی واضح طور پرنشا ندہی کرتے ہیں۔
 - تمپنی کے کھاتوں کی بلس تیار کی جاچکی ہیں۔
- مالى گوشوارول كى تيارى مين اكاؤنننگ كى مخصوص پاليسيز كامسلسل اطلاق كيا گيا ہے نيز تخيينه جات موزول اور محتاط 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 اعتبارے بہت منتحکم ہے، جس کا موثر اطلاق کیا گیا ہے اوراس کی با قاعدہ گرانی کی جاتی ہے۔
- بورڈ کے ڈائر کیٹرز کارپوریٹ قوانین اور Listing Regulations میں مذکوراینے فرائض و ذمہ دار یوں سے بخو بی آگاہ ہیں۔ Listing Regulations کی روسے ہمارے چھ ڈائر یکٹر حضرات پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس(PICG) کی بورڈ ڈیو پینٹ سیریز کے تحت كار يوريث گورننس ليڈرشپ اسكلز پروگرام مكمل كرچكے ہيں۔
- ڈائر کیٹر (چیئرمین) ڈائر کیٹرول کے تر بیل پروگرام ہے مشتغیٰ ہیں چونکدان کوضروری علم اورتج بہ حاصل
 - ممپنی کیGoing Concern قابلیت برکسی شم کا کوئی شک وشبهیں ہے۔
- درج شده مفصل قواعد میں سے کار پوریٹ گورننس کی بہترین مثق ہے کسی بھی قتم کا مادی انخلاء رونمانہیں
- بروویڈٹ فنڈ کی سرماییکاری کی مالیت 30 جون 2018 کوان کے 867.327 ملین روپے (مالی سال2017: آڈٹ شدہ اکا وَنٹس کے مطابق 873 ملین روپے) کے غیر آڈٹ شدہ اکا وَنٹس پر منحصر ہے۔
 - مندرجہ ذیل ہے متعلق گوشوارے مالی گوشواروں کے نوٹس کے ساتھ لبطور ضمیمہ نسلک ہیں: 🖈 بورڈ کی میٹنگز کی تعدا داورڈ ائر یکٹرز کی حاضری
 - الکارشتہ جھ سال کے اہم مالی کوا کف
 - 🖈 پیٹرن آفشیئر ہولڈنگ
- 🖈 کمپنی کے ڈائر مکٹرز، چیف ایگز مکٹو، چیف فنانشل آفیسراور کمپنی سیکریٹری نیزان کے اہل خانہ اور چھوٹے نابالغ بچوں کی جانب سے کمپنی کے قصص کی تجارت

سرمایدادرول کے اعتراضات اور شکایات:

تمینی تمام صص یافتگان بشمول متوقع سرماید کارتمیش کے آپریشنز کی تفصیلی یامعلومات ،مع ان کی مخصوص

سرمابدکاری ہے متعلق تفصیل ،منافع منقسمہ یا قوائدگی اشاعت کے حوالے ہے کمپنی کوکال کرنے اور مکمل رسائی کی اجازت دیتی ہے۔مطلوبہ معلومات فوراً فراہم کی جاتی ہیں نیز کسی بھی قتم کا مسکلہ یااعتراض موجودہ راہنمااصولوں کےمطابق فوری حل کیا جاتا ہے۔

سرماییکار کے اعتراضات کوایک مرکزی طریقہ کار کے ذریعے موثر طریقے سے حل کیاجا تاہے۔

بورد کی شخیص:

کار پوریٹ گورننس 2017 کےضابطہ اخلاق کےمطابق بورڈ نے اپنی کارکر دگی کی جانچ کے لئے ایک جامع طریقہ کار کی منظوری دی ہے۔ کمپنی نے ایک سوالنامہ بھی متعارف کروایا ہے جو بورڈ کی وسعت، مقاصد، کام اور کمپنی کی کارکردگی نیزنگرانی ہے متعلق ہے۔ بورڈ کی جانچ ہے موصول شدہ آراء کی بنیاد پرتمام عوامل مدنظر رکھتے ہوئے کی جاتی ہے۔

مفادكا تصادم:

بورڈ کی کاروائیوں میں تمام ڈائر بکٹرزایئے مقررہ اختیارات کواستعال کرتے ہوئے حصہ لیتے ہیں اورعمومی طور پر فیصلے اتفاق رائے سے کئے جاتے ہیں۔کسی بھی نقطے یا ایجنڈے پر بورڈ کے اراکین کی جانب سے کیئے جانے والے اعتراض کو اجلاس کی کاروائی میں با قاعدہ طور پرتحریر کیا جاتا ہے۔

مزید برآ ں،منظورشدہ کارپوریٹ کوڈ آف گورننس اور قانونی جارہ جوئی کی تکمیل کےساتھ ساتھ مفادات کا رسی انکشاف کیاجا تا ہےتا کہ سی بھی نامعلوم یامعلوم مفادات کے تصادم سے بیجاجا سکے۔

متعلقہ یارٹی کے مالی لین دین پرنظر ثانی:

CCG اور دیگر قابل اطلاق قوانین اور قواعد کی رو سے تمام متعلقہ یارٹی کی لین دین آ ڈے نمیٹی کے سامنے پیش کی جاتی ہےا دراس کی منظوری براہے بورڈ کےسامنے منظوری اورنظر ثانی کے لئے رکھا جا تاہے۔ مالی لین دین کی تفصیلات جہال ڈائر مکٹروں کی اکثریت دلچیسی رکھتی ہے ہرسال ارکان کے سامنے بھی منظوری کے لئے رکھی جاتی ہے۔

CEO کی کارکاردگی کا جائزہ:

بورڈ ہرسال اپنے مقاصد کےحصول اوران کی حکمتِ عملی کانعین کرتا ہےتا کہ کمپنی کےمشن کی تکمیل ہوسکے۔ ہرسنگ میل کے ذریعے کارکردگی کو جانجا جا تا ہے۔اس تجزیئے کی بنیادی وجہ کمپنی کے ترقی میں کردارادا کرنے والے عوامل کی کارکردگی پر گفت وشنید کرنا ہے۔ جن عوامل کا تجزید کیا جاتا ہے ان میں مشن کا حصول ، طویل اور مختصرالمدت مقاصد، طویل المدت نفع کویقینی بنانے کاعمل ،حصص یافتگان کی مالیت میں اضافیہ، بہترین ضابطہ اخلاق اور قانون کے مطابق رپورٹنگ شامل ہیں۔بورڈ CEO کے کردار کومضبوط بنانے اور اس کے ارتقاء کے لئے اپنی دیانت دارانہ رائے کا اظہار کرتا ہے۔

چيئر مين اور CEO كا كردار:

چیئر مین، بورڈ اوراسٹیک ہولڈر کی جانب ہے کمپنی کے نگران کے طور پر کام کرتا ہے۔ یہ بورڈ آف ڈائر یکٹرز کی سر براہی کرتا ہے اور بورڈ کی موثریت کو قائم رکھنے کا ذمہ دار ہوتا ہے۔اس کے ذیلی اداروں کو بورڈ کی موز وں توجہ حاصل ہوتی ہے۔ یہ بورڈ کی رکنیت کومختلف کاروباری آپریشنز اورا قتصادی نیز کاروباری باریک بني كوظا ہر كرنے كے حوالے سے متوازن ركھنے كوبھى يقينى بنا تاہے۔

معلوماتی اورنگهداشت کاانتظام:

بهارا جدید معلوماتی نظام بروقت اور درست معلومات فراجم کرتا ہے جوانظامیہ کی موثر انداز میں نتائج اور تغیرات کی جانچ میں معاونت کرتا ہے۔

اندرونی معاملات برموژ کنٹرول رکھنے کے لئے انٹرنل آڈٹ فنکشنز کی رپورٹ آڈٹ کمیٹی کو پیش کی جاتی ہے۔ اورساتھ ہی بہتری کے لئے مزیدموزوں اقدامات کی تجویز بھی دی جاتی ہے۔ آڈٹ ر پورٹس ، آڈٹ کمیٹی کے پاس جمع کروائی جاتی ہے۔

رسک منجمت کے حوالے ہے مزیر تفصیل صفحہ نمبر 78 پر ہے جوسالاندر پورٹ کا جزوہے۔

منفر داور غیر معمولی پراڈکٹس اور سروسز مسابقتی فائدہ پہنچاتی ہیں، تاہم اس کا سب سے بڑا فائدہ ہمارے لوگوں کو ہوتا ہے۔ جدت ، کاوش اور حصول کے لئے جہارے ملاز مین کا خلوص اور لگن ہی جماری کا میابی ہے۔ جهارا مقصد ایک ایسے اعلی کارکردگی والے ادارے کی تخلیق ہے جوننِ مہارت کے حامل افراد کومواقع فراہم کرتے ہوئے انہیں اپنے ساتھ جوڑے رکھے۔

جارے ملاز مین کی انفرادی تربیت وتر قی کے لئے انہیں اعلیٰ عہدوں کے ساتھ اختیارات تفویض کئے جاتے ہیں تا کہ شکل مراحل میں فیصلہ سازی پرعبو رحاصل ہو۔انہیں مسلسل رہنمائی بھی مہیا کی جاتی ہے۔ ہم مکمل طور کام کے باہمی تعاون اور متنوع ماحول پر یقین رکھتے ہیں اور یہی ہماری کامیا بی کا ہم سبب ہے۔

انفارمیشن ٹیکنالوجی (IT):

آئی ٹی ہر کاروبار کا ایک اہم اور لازمی جزو بن گیا ہے، نیز سبقت کے حصول کے لئے یہ ایک اہم پیش قدمی بن چکا ہے۔اس کی اہمیت کے پیش نظر کمپنی اینے آئی ٹی فریم ورک میں بھی سر مایہ کاری کرتی ہے جے جب اور جہاں بھی ضرورت دَربیش ہواَپ گریڈ کیا جا تا ہے۔بہتر سسٹمز اورٹیکنالو جی کےاستعال نے کنٹرول انوائرمن کومضبوط کیا ہے فنانشل/ آپریشنل رپورننگ کوموثر اور بروقت بنایا ہے، جبکہ کاروبارکومسلسل بہتر بنانے اور جدت لانے میں بھی معاونت کرتاہے۔

اں سال، کمپنی نے ریٹیل بزنس کے تیزی ہے تغیریذیہ ہوتے ماحول کی طلب کی پھیل کے لئے اپنے ریٹیل آپریشن میں انکروساف ڈائناکس 365 کواپنایا ہے۔ کمپنی کے دیگر آپریشنز، اسٹرٹیجک اور آپریشنل فیصلہ سازی کی رواں معلومات کے پلیٹ فارم کی صورت میں اور یکل EBS بطور پرائم سٹم استعال کیا جا تا ہے۔عوامل میں بہتری اوراندرونی کنٹرول کے قیام پرزوردیا گیاہے۔

آئی ٹی کے نظم وضبط کی یالیسی:

آئی ٹی کے نظم وضبط کی پالیسی معلومات تک غیرمجاز رسائی دی جاتی ہے اوراس پالیسی کے ذریعے ان میں بہتری لائی جاتی ہے۔اس یالیسی کا مقصد تخلیق، اسٹوریج، استعال، آرکا ئیونگ کی تنتیخ کی راہنمائی کرتا

استعال کنندگان کی ضرورت اور کاروبار کی کامیابی میں آئی ٹی کے کردار کے پیش نظر ممپنی با قاعدگی ہے مینجنٹ انفارمیشن سٹم پرنظر ثانی کرتے ہوئے اسے بہتر بناتی ہے جس سے مندرجہ ذیل فوائد حاصل ہوتے

- روال کار کردگی کی نگرانی اوراس میں بہتری۔
- تاز ہترین معلومات کی فراہمی،جس کی بنیاد پر منصوبے کے تحت فیصلہ سازی ہو۔
 - شعبول میں کارکردگی کی تصدیق اوران کا ثبوت حاصل کرنا،اور
- اثاثہ جات کے تحفظ اور احتساب کو تینی بنانے کی غرض سے سروس کے لحاظ سے چیک اینڈ بیلنس کے نظام ئىخلىق-

کاروبارکوجاری وساری رکھنے کامنصوبہ (BCP):

جبیا کہ جمارا شارٹیکٹائل کے شعبے میں سب سے بڑی جامع ٹیکٹائل ملز میں ہوتا ہے، جس کی متعدد فیکٹریاں ایک نظام کے تحت، غیر منقولہ اثاثہ جات اور اربوں رویے کی انوینٹریز کے ساتھ کام کر رہی ہیں اور اس کے مطابق، ہم سیجھتے ہیں کہ سی بھی قتم کی آفات ہمارے آپریشنز کوشدید نقصان پہنچا سکتی ہیں۔

کاروباری کوجاری رکھنے کے منصوبے کے ذریعے کسی بھی قتم کی قدرتی آفت یا دیگر کسی واقعات کی صورت میں کار وبار جاری رکھنے کویقنی بنایا جاتا ہے، ساتھ ہی شدیدنوعیت کی خرابی کے حال سٹم اور پراسس کو چلانے کی سہولت بھی فراہم کرتا ہے۔ہم اینے ملاز مین کو کسی بھی قتم کے حالات سے نبرد آزما ہونے کے لئے (جس میں کاروبارکوجاری رکھنے سیمجھوتہ کیا جاسکتاہے) نہ صرف تربیت دیتے ہیں بلکہ اس کی کممل مثق بھی کرواتے ہیں۔

رېكارۇز كى حفاظت:

ر یکارڈز، جس میں اکاؤنٹس کی کتب، سیریٹریئل، لیکل، کنٹریکیؤئل، ٹیکسیشن اور دیگر معاملات کی دستاویزات شامل میں، کو مدتوں کے لئے قانونی ضرورت اور حفاظتی نقط نظر سے محفوظ کر دیا جاتا ہے۔ہم نے اینے ریکارڈ کینگ آپریشنز کواس کی محفوظ سنجال اور آسان حصول کونقینی بنانے کے بعد بیرونی ذرائع کی خدمات بھی حاصل کی ہیں۔

اس حوالے سے EMC VNX سریز کا کامیابی کے ساتھ اطلاق کیا جاچکا ہے اور تمام ابتدائی ڈیٹا کا ریموٹ بیک ای بھی قائم کیا جاچکا ہے۔

ادارے کی ساجی فرمہداری:

ادارے کی ساجی ذمہ داری کی تفصیل صفحہ نمبر 54 پر دی گئی ہے جو کہ سالا ندر پورٹ کا جزوہے۔

ہولڈنگ تمپنی:

گل احمد ہولڈنگز (یرائیوٹ) لمیٹٹر (ہولڈنگ کمپنی) کا ذیلی ادارہ ہے۔ بدایک ایسی ہولڈنگ کمپنی ہے جو کمپنی ڪ67.10 فيصر حصص كي حامل ہے۔

تمپنی کے مندرجہ ذیل چارملکیتی ادارے ہیں جوٹیکٹائل ہے متعلق مصنوعات کی تجارت سے منسلک ہیں۔ 1-گلاحمدانٹر بیشنل لمینٹر (FZC)۔ 11 دسمبر 2002 کو UAE میں قائم کی گئی۔

2- GTM (يورپ) لمينڈ - 17 اپريل 2003 كو انگلينڈ ميں قائم كى گئى، جو كه كل احمد انٹرنيشنل لمیٹڈ (FZC) کاگل ملکیتی ادارہ ہے۔



| تبديلي | 2017 2018 | | ریٹیل اور ڈسٹری بیوش | | | |
|----------------|-----------|----------|----------------------------|--|--|--|
| رو پے ملین میں | | | | | | |
| 0% | 15,640 | 15,701 | سيز | | | |
| 6% | (11,417) | (10,741) | سیلز کی لاگت | | | |
| 17% | 4,223 | 4,960 | مجموعي نفع | | | |
| (22%) | (3,312) | (4,042) | ترسيل اورا نتظامی اخراجات | | | |
| 1% | 911 | 918 | دیگر آپریٹنگ اخراجات سے | | | |
| | | | قبل اس شعبے كا آپريٹنگ نفع | | | |

يروسيهنگ، هوم ثيكسٹائل اورا پيرل:

بہ شعبہ ویلیوایڈ ڈیکسٹائلز کی پروسینگ کے بارے میں ہے جو کہ مقامی اور بین الاقوامی دونوں طرح کی ماركيٹس ميں فروخت كى جاتى ہيں۔ مالى سال18-2017 كے دوران اس شعبے ميں سيزر يونيو 4,210 ملین رویے بڑھا جو کہ گزشتہ سال کے مقابلے میں 15 فصد ہے۔ گل منافع کے مارجن میں ایک فیصد کی بہتری اور ڈسٹری بیوشن اورایڈمن کے اخراجات میں 10 فیصد تک کی کی وجہ سے مجموعی منافع میں 1,295 ملین روبے کا اضافہ ممکن ہوا۔

| تبديلي | 2017 | 2018 | پروسینگ، ہوم ٹیکشائل |
|--------|----------|-------------|----------------------------|
| | | پے ملین میں | -37 |
| 15% | 27,578 | 31,788 | 'يلز |
| (14%) | (24,973) | (28,501) | سیلز کی لاگت |
| 26% | 2,605 | 3,287 | مجموعي نفع |
| 10% | (2,202) | (1,992) | ترسيل اورا نتظامی اخراجات |
| 221% | 403 | 1,295 | دیگر آپریٹنگ اخراجات سے |
| | | | قبل اس شعبے کا آپریٹنگ نفع |

انتظامی مقاصداور حکمت عملی:

گل احمدان سرفہرست اداروں میں سے ایک ہے، جود ہائیوں سے ٹیکسٹائل کی صنعت میں نمایاں ہیں۔ان کی حکمتِ عملی، جدت،معیار، بہترین ٹیکنالو جی کےاستعال اور ماحول اورسوسائٹی کی خدمات پرکسی بھی قشم کے متمجھوتے کے بغیرایے جھس یافتگان کے سرمائے کو بڑھانے کے عہد کی یاسداری کو ظاہر کرتے ہیں۔ سالا نہ رپورٹ کے جزو کے طور پر مقاصدا ورمتعلقہ حکمتِ عملی کے حوالے سے تفصیل صفحہ نمبر 23 پر دی گئی ہے۔

نقط نظر:

مادیت (Materialitity)سطحول کا تعین کرنامشروط کام ہے اور یو مختلف اداروں کے کھاظ سے مختلف ہوتا ہے۔ مالی لین دین اوراختیارات کی تفویض کے حوالے سے اجازت واضح طور پر جاری کی گئی ہے۔ اور اس پر کمپنی میں تیار کردہ طریقہ کار کے مطابق عمل کیا جاتا ہے۔ کمپنی نے مادیت (Materialitity) کے حوالے سے یالیسی کی منظوری دی ہے جس پرمطابقت کے لئے سالا نہ بنیاد پرنظر ثانی کی جاتی ہے۔

رسك مينجمنث اورموا قع:

کمپنی ایک چیلنج والے ماحول میں کام کرتی ہے،جس کی PESTEL اور SWOT تجزیبہ پرمبنی تفصیل

ادرسیر حاصل گفتگوسالا نہ ریورٹ کے صفحہ نمبر 77 & 76 پرموجود ہے۔اس لئے انتظامیہ نے ان اندیشوں کی علیحدہ سے شناخت تخمینیت اورانہیں ہروقت اٹھانے کے لئے ایک مضبوط نظام مرتب کیا ہے جوہموار آپریشن کومکن بناتا ہے اوراس بات کوبھی لیتنی بناتا ہے کہ توجہ کاروباری ترقی پرمرکوزہے۔ سمینی کارسک مینجمنٹ سٹم مندرجہ ذیل پرمشتل ہے:

(الف) كريدندرسك:

کمپنی این مقامی فروخت کے لئے وصول کنندگان کے ڈیفالٹ ہوجانے کے خطرے سے نمٹنے کے لئے بالکل تیارہے(ریٹیل سیز کےعلاوہ)،اس طرح کےامور کا انتظام کمل مطلوبہا حتیاط ہےان سٹمرز کےساتھ کیا جاتا ہے جن کے لئے قرض کو بڑھایا جار ہا ہو۔ دیگر واجہات پہلے سے کی جانے والی ان ادائیگیوں یا مناسب سکیورٹیز کے ساتھ کی جاتی ہیں۔

(ب) ماركيث رسك:

سمپنی کامنافع اینے بنیادی خام مال جیسے کیاس اور سوت کی قیتوں میں تبدیلی کی شرح ہے مشروط ہے۔اس کا نظام اسٹاک لیولز کی پلاننگ اورمناسب وقت اور و تفحیر پختلف ذرائع سے خربیداری کے ذریعے سے کیا جاتا ہے، مزید بہر کہا بھینچ ریٹ میں اتار چڑھاؤ فنانشل انسٹر ومنٹس جیسے فارورڈ کنٹر بیٹس، بلز ڈ سکاؤنٹس اورنیٹ ایسپوزرکی مانیٹرنگ وغیرہ کے ذریعے کیاجا تاہے۔

(ج) ليكود يني رسك:

9 کمپنی نے ادائیکیوں اور وصولیوں کے توازن کو برقر ارر کھنے کے لئے متعددا ہم مینکوں کے ساتھ معاونت حاصل کررکھی ہے تا کہ کاروباری آپریشنز وغیرہ کو پورا کیا جا سکے۔ کمپنی کارسک مینجمنٹ سٹم مندرجہ ذیل پرمنی ہے۔

بوردْ آف دُائر يكثرزاوراس كى كميثيان:

بورڈ کاروبارکو در پیش اہم نقصان کےاندیشوں پر وقتاً فو قتاً نظر ثانی کرتا ہےاور جہاںضرورت دَر پیش ہو وہاں کاروائی کرتا ہے۔جبکہ آڈٹ ممیٹی مالی اور کم پلائنس رسک پرنظر ثانی کرتی ہے۔مشاہرہ اورافرادی قوت ے حوالے سے قائم کمیٹی ہنرمند اور تجربہ کار عملے کو برقر ارر کھنے اور رغبت دلانے کے لئے مارکیٹ سے مطابقت کے ممل کویقینی بنانے کے لئے مشاہرہ اورر بوارڈ کی پالیسیز برنظر ثانی کرتی ہے۔ نان ایگزیکٹوڈائر یکٹرز کےمشاہرے حالیہ مارکیٹ کی ادائیگی کی شرح اور کمپنی کی کاروباری ضروریات کو مدنظرر کھتے ہوئے بورڈ آف ڈائر یکٹرز کی جانب سے مقرر کئے گئے ہیں۔ ڈائر کیٹران کے ناموں کی تفصیلات، بورڈ آف ڈائر کیٹرز اور کمیٹیوں کی تشکیل سالانہ رپورٹ کی صفحہ نمبر

ياليسيال اورطريقه كار:

36 پرمندرج ہے۔

بورڈ نے متعلقہ خطرات کی شناخت کے بعد مخصوص پالیسیاں اور طریقہ کاروضع کئے ہیں اوران پرعملدرآ مدکیا ہے جس سے تجارت کو در پیش نئے خطرات کی تشخیص کا وقتا فو قناً جائزہ لے کرنئے اقد امات کئے جاتے ہیں۔ رویے سے بڑھ کر2,075رویے ہو گیا۔ جس کے نتیج میں آمدنی فی حصص (EPS) میں 2.50سے 5.82 تک بہتری ہوگئی۔

مالى ساكھ كا تجزيہ:

انتظامیہ نے تاریخ کی سب سے کم ترین اور سبسڈ ائز ڈشرح سود سے استفادہ حاصل کرنے کی یالیسی کو جاری رکھا جو کہ قرض کی مدت کے دوران بند ہوجائے گی۔الہذا سال کے دوران BMR سر ماہیکاری کے فنڈ کے لئے اور متعدد پیداواری جگہوں پر جدیدترین ٹیکنالو جی کے حصول کے لئے طویل مدتی گل فنانسگ میں 6 فیصداضا فہ ہوا،جبیبا کہ کمپنی نے سال کے دوران برابر ٹی، بلانٹ اورساز وسامان کے لئے 2,217 ملین رویے کی سرمایہ کاری کی ہے۔30 جون 2018 کوختم ہونے والے سال کے دوران debt to equity اور فنانشيل ليوريج تناسب بالترتيب 2017: 0.65) اور 2018: 1.85) (1.81ر ہے۔ مابعدرویے ڈالر Parity اور خام مال کی قیمتوں بیغور کرتے ہوئے، انتظامیہ نے خام مال کی انوینٹر بز میں کافی مقدار میں سرمایہ کاری کی ہے ، جس کی وجہ سے ورکنگ کیپیل میں اضافہ ہوا ہے۔ گزشتہ سال کے اختتام پر 2,088 ملین روپے کے مقابلے میں، 30 جون 2018 کوختم ہونے والے مالی سال میں ورکنگ کیپیل 3,192 ملین روپے تھا جبکہ Current Ratio (2017: 1.11) يرموجود تفاكمپني نے دونوں طرح سے،سال كے دوران نظر ثانى كے تحت اورا كلے مالى سال کی پہلی سہ ماہی میں بھی ساز گارنتائج کے حصول کے لئے اضافی حد تک سر ماید کاری حاصل کی ہے۔

آئنده کا ماحاصل:

کمپنی کے بورڈ آف ڈائر یکٹرزنے 18 ستمبر 2018 کومنعقد ہ اجلاس میں مندرجہ ذیل تجاویز پیش کیں:

(الف)منافع منقسمه:

30 جون 2018 كونتم ہونے والے سال كے لئے بحساب 2.50 رويے في حصص جوكہ 25 فيصد ب نقدمنا فع منقسمه اداكيا جائے گا۔

غیر تخصیص شدہ نفع میں سے جنرل ریز رومیں 5,380 ملین رویے کی رقم منتقل کی جائے گی۔

اصل سر ما بیرکاری کے خدوخال:

سال کے دوران پیڈ اَ کیلیٹل میں کوئی تبدیلی رونمانہیں ہوئی، جبکہ مجموع شیئر ہولڈرز کی ایکویٹی 1,707 ملین رویے سے بڑھ کر 12,621 ملین رویے ہوگئی جس کے نتیجے میں کاروبار میں منافع برقر ارر ہا۔

فنڈ ز کا انتظام وانصرام:

مینجنٹ نقصان کے اندیشوں کے انتظامات اور ایا آنے والے مواقعوں سے فائدہ اٹھانے کی غرض سے شرح سوداور بیرونی زیمبادله کی شرح کے ساتھ ساتھ کام کرنے کے سر مائے کی مطلوبہ ضرورت اور ترسیل زر کی پیش گوئیوں کا بغور جائزہ لیتی ہے۔ کمپنی مناسب نقد رقم کو برابرر کھ کراور مناسب کریڈٹ کی سہولیات کی

دستیابی کے ذریعے زرِنقذ (لیکویڈیٹ) رِسک کا ہندوبست کرتی ہے۔سال کے اختتام پر بمپنی کے پاس 6,873 ملین رویے(2017: Rs. 7,712 million) غیراستعال شدہ کریڈٹ لائنز کی مدمیں اور 470 ملين (2017: Rs. 270 million)

بینک میں بقایاجات کیصورت میں موجود تھتا کہ کسی بھی قتم کے عارضی عدم تناسب کو پورا کیا جا سکے۔

كاروبارى شعبه جات:

إسيننگ:

اِسپنگ اور سوت کے کاروباری طبقے نے پچھلے سال کے دوران جدید ترین ٹیکنالوجی اور صلاحیتوں کو بڑھانے میں سرمایہ کاری کے فوائد سے استفادہ حاصل کیا ہے، گزشتہ سال کے مقابلے میں بیاز میں 2,319 ملین رویے (39 فیصد) اضافہ ہوا۔

| تبديلي | 2017 | 2018 | إسپنگ | | | |
|-------------|---------|---------|--|--|--|--|
| روپیلین میں | | | | | | |
| 39% | 5,891 | 8,210 | ياز | | | |
| (22%) | (5,722) | (7,008) | سیلز کی لاگت | | | |
| 611% | 169 | 1,202 | مجموعي نفع | | | |
| 24% | (194) | (148) | ترسيل اورا نتظامی اخراجات | | | |
| 4318% | (25) | 1,055 | دیگر آپریننگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع | | | |

تمینی پُرامید ہے کداب بھی غیرفعال صلاحیت موجود ہے اور آنے والے سالوں میں بیر حصد مزید بڑھ جائے گا۔

ويونگ:

ىيكاروبارى شعبه ہوم ئىكىشائل،رىٹىل اور ڈسٹرى بيوشن اورا پيرل ڈويژن كى زيادہ تر اندرونی ضروريات پورى کرنے میں اپنا کردارادا کرتا ہے۔مجموعی سیز میں اضافے کی صورت میں سیزر یونیو میں 23 فیصد اضافہ ہوا۔ مالی کارکردگی ذیل میں درج جدول کےمطابق ہے:

| تبديلي | 2017 | 2018 | و يونگ | | | | |
|------------|---------|---------|--|--|--|--|--|
| رو پیلین ش | | | | | | | |
| 23% | 1,384 | 1,695 | <i>ب</i> از | | | | |
| (33%) | (1,175) | (1,568) | سیلز کی لاگت | | | | |
| (39%) | 209 | 127 | مجموعي نفع | | | | |
| 13% | (80) | (70) | ترسيل اورا نتظامی اخراجات | | | | |
| (56%) | 129 | 57 | دیگرآ پریٹنگ اخراجات سے اس شعبے کا آپریٹنگ نفع | | | | |

ریٹیل اور ڈسٹری بیوشن:

بہسکمنٹ آئیڈیازریٹیل آؤٹ لیٹ اوراس کے ڈسٹری بیوٹن چینلز کے ذریعے سے ریٹیل سیلز میں شامل ہے۔ ٹیکسٹائل ریٹیل سیکٹر میں تخت مسابقت کو پیش نظر رکھتے ہوئے اس سیگمنٹ نے جدت اور تخلیقیت کے ذریعے اپنے مارکیٹ شیئر اور منافع کو برقر ارر کھتے ہوئے اچھی کارکر دگی کا مظاہرہ کیا ہے۔



شیئر ہولڈرز کے لئے ڈائر یکٹرزر بورٹ

آپ کی ممپنی کے ڈائر کیٹر زنہایت مسرت کے ساتھ 30 جون 2018 کوختم ہونے والے مالی سال کے لئے سالا نەربورٹ اور بڑتال شدہ مالیاتی حسابات بمعدآ ڈیٹرزر پورٹ پیش کررہے ہیں۔

معاشی اور شنعتی حائزه:

مالی سال 18-2017 کے دوران ، پاکتانی معیشت نے گزشتہ تیرہ سالوں کی سب سے بلندشرح نموکا مشاہدہ کیا جو کہ 5.79 فیصدر ہی جبکہ بچھلے مالی سال کے دوران یہ 5.28 فیصد تھی مختلف چیلنجوں کے باو جود معیشت میں مسلسل ترقی حاصل کی گئی ہے اور اس پیشرفت کومعاون میکروا کنا مک یالیسیوں ، نجی شعبے میں تجدیدی اخلاقیات، بڑے بنیادی ڈھانچوں کی شروعات صنعتی شعبے کومناسب توانائی کی فراہمی اور مشحکم افراط زر کی حیثیت سے منسوب کیا جاسکتا ہے۔

زراعت،مينوفينچر (انڈسٹری) اور سروسز سيکٹر ميں اچھي کار کردگي ديکھي گئي، جس ميں بالترتيب%3.8، % 5.8 اور % 4.4 اضافہ ہوا۔ بڑے پہانے برمینوفیکچرنگ (LSM) کی ترقی کی شرح گزشتہ دہائی میں سب سے زیادہ رہی ہے، گزشتہ سال کی 5.62 فیصد ترقی کے مقابلے میں مالی سال 18-2017 کے دوران 6.13 فيصدر قي ريكار ذكي كئي- بنيا دي طور يرLSM مين بداضا فه CPEC كي متعلقه منصوبون میں تقمیری سرگرمیوں میں اضافے کے باعث ہوا۔اندرونی سکیورٹی کی صورتحال میں بہتری نے بھی سرماہیہ کاروں کے اعتاد کو بڑھایا ہے،جس کے متیجے میں نجی سر مابیکاری میں اضافہ ہوا ہے۔غیرمکی سر مابیکاری میں بھی گزشتہ سال تیزی دیکھنے میں آئی جب کہ غیرملکی براہ راست سر مابیکاری مالی سال 18-2017 کے پہلے نو ماہ کے دوران گزشتہ سال اسی مدت کے مقالبے میں 4.4 فیصد تک بڑھ گئی، جس کی مجموعی آمدن میں ایک بڑا حصہ چین کا شامل تھا جو کہ گُل آمدن کا 55 فیصد تھا۔اس سے بینکنگ سیکٹر کومزید مشحکم بنانے میں مدو ملى ـ مالى سال 18-2017 ميں افراط زرميں 2.5 فيصد كااضا فيہوا جس كے پس يرده تيل كي قيمتوں ميں مسلسل اضافہ اور یا کتانی رویے کی گرتی ہوئی قدرتھی ،اگرچہ ریاب بھی 6 فیصد کے ہدف کی سطے سے نیچے تھا۔

تاہم،ادائیگیوں کے توازن کی خراب صورتحال اقتصادی ترقی کی راہ میں ایک بڑی رکاوٹ ہے جبیبا کہ گزشته مالی سال میں ملک کی برآ مدات میں 15.10 فیصد اضافہ ہواتھا، جو پچھلے سال 53 بلین ڈالر کے مقالبے میں 6 البین ڈالر کی بلندترین سطح کوچپور ہاہے۔ تیل کی عالمی قیتوں کی بحالی اور پاکستانی رویے کی مسلسل گرتی قدر نے درآمدی بل کی خرابی میں اہم کردار ادا کیا ہے، جبکہ ریمیٹسز میں طہراؤ کی سطح نے خسارے کو کم کرنے میں کوئی مدوفراہم نہیں کی ۔ ملک کا تجارتی خسارہ گزشتہ سال کے 32 بلین ڈالر کے مقالبے میں مالی سال 2018 میں 38 ہلین ڈالر کی بلند ترین سطح پر پنٹنج چکاہے۔مزید برآں، کرنٹ ا کاؤنٹ کا خسارہ بھی برآ مدات میں کمی اور بیرون ملک سے زائد قرضوں کے حصول high net) (borrowing کے سبب وسیع تر ہو دیا ہے۔ رُبتیش اشیاء کی درآ مدات کو محدود کرنے کی کوششوں کے ساتھ برآ مدات کی زبوں حالی کورو کنے اوراس کی ترقی کے لئے معاون اقدامات کئے گئے۔

فیکسٹائل انڈسٹری:

گزشتہ سال مککی ٹیکسٹائل کی برآ مدات 12.5 بلین ڈالڑھیں جو کہاس مالی سال میں 8 فیصد اضافے کے ساتھ 13.5 بلین ڈالرکی سطح پر پہنچ گئیں۔ بہتر تی برآ مدات کے فروغ کے لئے حکومت کی جانب سے متعارف كروائي گئي پاليسيول، جيسے كه ئيكسول ميں رعايت اور رئي بيٹس ، اور پاكستاني رويے كي قدر ميں كمي ہے منسوب ہے۔ ٹیکسٹائل سیکٹری کارکردگی مقامی کیاس کی فصل پر بہت زیادہ انھمار کرتی ہے جس کا جی ڈی

یی میں ایک فیصد حصہ ہے۔جبکہ پاکستان دنیا بھر میں کیاس کا چوتھا سب سے بڑا پروڈ پوسر ہونے کے باوجود، 2.35 ملین ٹن کی سالانہ طلب کو پورا کرنے کے لئے فی الحال درآ مدشدہ کیاس پرانحصار کرتا ہے۔ اس کے باوجود، مالی سال 18-2017 میں کیاس کی پیداوار میں گزشتہ سال کے مقابلے میں 11.9 فیصد اضافه ہوا، جو بڑھ کر 1.82 ملین ٹن (11.9 ملین گانٹھوں/ بیلز) تک پہنچ گئی۔ یہ بات بھی غورطلب ہے کہ ملک میں کیاس کی کاشت کے بیشتر علاقوں میں گندم اور گئے کی کاشت کے سیکٹرز میں حکومتی یالیسیوں ا سبسڈ پیز کے باعث قابل کاشت زمین کو کھودیا گیاہے۔

برآ مدات میں تمپنی کا مار کیٹ شیئر:

سمپنی کا شار ملک کی سب سے بڑی جامع ٹیکسٹائل ملز اور ویلیوا ٹیڈ ڈٹیکسٹائل مصنوعات کے برآ مدکنندہ کےطور یر ہوتا ہے۔ کمپنی نے ملک کی ہوم ٹیکٹائل/بیڈو بیئر برآ مدات میں تقریباً 10 فیصد کی شرح سے اینا کر دارا دا کیاہے۔

کارکردگی کامجموعی جائزه:

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

| 2017 | 2018 | يونش | صراحت |
|--------|--------|---------------|-----------------------|
| 25,175 | 27,848 | روپے ملین میں | ا ئىسپور ئىسلز |
| 13,939 | 16,806 | روپے ملین میں | اوكل سيلز |
| 7,207 | 9,576 | روپے ملین میں | مجموعي نفع |
| 809 | 2,328 | روپے ملین میں | نفع قبل ازمحصول (PBT) |
| 818 | 2,075 | روپے ملین میں | نفع بعداز محصول (PAT) |
| 3,267 | 5,185 | روپے ملین میں | EBITDA |
| 2.50 | 5.82 | روپي | آمدنی فی حصص (EPS) |
| 0.65 | 0.55 | تناسب | Debt to Equity |
| 1.11 | 1.14 | تناسب | Current Ratio |
| 33.40 | 35.40 | روپي | بريكائپ ويليو في حصص |

عملياتي اور مالياتي كاركردگي كاجائزه:

مطلوبہ جم کے ایکسپورٹ آرڈرز کے ساتھ ساتھ مقامی اورریٹیل سیٹر میں وسیج طلب کے باعث آپ کی کمپنی بری بابرکت ثابت ہوئی، جس نے عملیاتی صلاحیتوں اور مقررہ پیداواری اخراجات fixed (fixed (production overheads کے انجذ اب کے مکمل استعال میں معاونت فراہم کی۔مالی سال 18-2017 کے دوران ، انتظامیر منافع بخش راستوں پر ، متعدداقد امات کے ذریعے پیداواری سرگرمیوں میں کارکردگی کو بڑھانے اورمعقول لاگت پر توجہ کومرکوز رکھا۔ان کاوشوں کے ساتھ ساتھ گزشتہ چندسالوں میں BMR میں سر مابیہ کاری بھر پور فائدہ مند ثابت ہوئی، جس کی وجہ ہے گزشتہ سال کے مقابلے میں سیلز میں 14 فیصداور مجموعی منافع میں 3 فیصد اضافہ ہوا۔ اس کے مطابق، منافع قبل از ٹیکس 188 فیصد تک اضافے کے بعد 809 ملین رویے سے بڑھ کر328,2 رویے ہو گیا، جبکہ منافع بعد ازئیکس 818 ملین

Sustainability Report

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

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

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

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

Better Cotton Initiative (BCI)

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

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

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

The Company is member of BCI and strictly promotes BCI's objective by purchasing cotton which is produced according to its guidelines. The Company purchased BCI cotton equaling 15,016 tonnes in FY 2018 and 14.647 tonnes in FY 2017.

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. 2.279 million in FY 2018 (FY 2017: 1.414 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, "KheloKricket" for women cricketers, and aiding a Boxing Club for training 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 included a quota for special person as a part of human resource at 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 energy and water and to cater energy and water needs, the Company has been heavily investing in power generation which includes installation of turbines, fuel efficient generators and addition of energy efficient machines to our various manufacturing units, as well as using and converting to processes and machineries that require less water consumption.

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

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

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

Caustic Recovery Plant

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

Pollution Prevention and Control

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

- Using good quality surfactant and avoid using less-degradable surfactants (in washing and scouring operations).
- Using transfer printing for synthetics and waterbased 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 2018 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, 2018, 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 and consolidated financial statements. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Directors' Report is drafted and endorsed by the Board of Directors, and is presented in compliance with the requirements of Companies Act, 2017. The Committee has reviewed and endorsed the report as to the compliance with regulations and acknowledges that business of the Company is fairly discussed in the Directors' Report.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.

- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors and Executives or their spouses were notified to the Company Secretary along with the required information which was notified by the Company Secretary to the Board, All such holdings have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution to shareholders or any other business decision, which could materially affect the share price of the Company, along with maintenance of confidentiality of all business information.

Internal Audit

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





Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, 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, 2018 and shall retire on the conclusion of the 66th 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 66th Annual General Meeting scheduled for October 27, 2018 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, 2019.

Karachi: September 18, 2018

Dr. Amjad Waheed Chairman Audit Committee

Financial Highlights

| Profit & Loss | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---|--|--|--|--|--|---|
| Sales Gross profit Operating profit Earnings before interest and tax Profit before tax Profit / (loss) after tax Cash dividend Bonus share | Rs. Million Rs. Million Rs. Million Rs. Million Rs. Million Rs. Million Rs. Million | 45,626 9,576 3,315 3,315 2,328 2,075 891 | 40,066 7,207 1,686 1,686 809 818 356 | 32,275 7,306 2,245 2,245 1,335 1,141 555 | 33,355 6,094 2,118 2,118 783 605 343 | 33,013 5,976 2,659 2,659 1,496 1,235 81 457 | 30,243 4,751 852 2,120 852 711 - 305 |
| Balance Sheet | | | | | | | |
| Property, plant and equipment Intangible Long term investment, loans, | Rs. Million Rs. Million | 16,104 24 | 15,969 34 | 12,050 13 | 9,039 11 | 8,210 20 | 7,132 23 |
| advances and deposits | Rs. Million | 299 | 291 | 236 | 165 | 151 | 112 |
| Net current assets | Rs. Million | 3,193 | 2,088 | 1,394 | 756 | 890 | 666 |
| Total assets employed | Rs. Million | 19,620 | 18,382 | 13,693 | 9,971 | 9,271 | 7,933 |
| Represented by: | | | | | | | |
| Share capital Reserves Shareholders' equity | Rs. Million Rs. Million Rs. Million | 3,565 9,056 12,621 | 3,565 7,349 10,914 | 2,971 5,746 8,717 | 2,285 4,884 7,169 | 1,828 4,832 6,660 | 1,523 3,905 5,428 |
| Long term loans Deferred liabilities | Rs. Million Rs. Million | 6,912 87 | 7,146 322 | 4,630 345 | 2,408 394 | 2,239 372 | 2,155 350 |
| Total capital employed | Rs. Million | 19,620 | 18,382 | 13,692 | 9,971 | 9,271 | 7,933 |
| Cash Flow Statement | | | | | | | |
| Operating activities Investing activities Financing activities | Rs. Million Rs. Million Rs. Million | (1,083) (1,956) 100 | 2,071 (5,275) 4,097 | (2,085) (4,159) 2,407 | 670 (1,783) 108 | 2,090 (1,833) 217 | (161) (1,068) 210 |
| Cash and cash equivalents at the end of the year | Rs. Million | (14,606) | (11,665) | (12,559) | (8,721) | (7,715) | (8,188) |

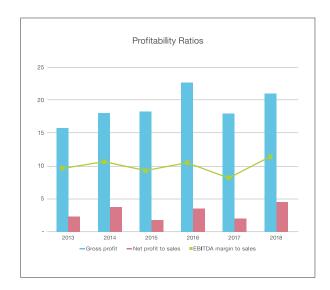


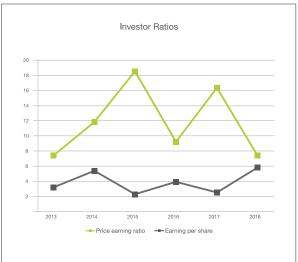
Financial Ratios

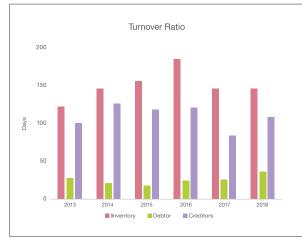
| Profitabiltiy ratios | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|--|---|--|---|--|---|
| Gross profit ratio Operating leverage ratio EBITDA margin to sales Net profit to sales Return on equity Return on capital emplyed | % Times % % % | 20.99 0.08 11.37 4.55 17.63 17.45 | 17.99 (1.03) 8.16 2.04 8.34 10.52 | 22.64 (1.86) 10.44 3.54 14.37 18.97 | 18.27 (19.65) 9.28 1.81 8.75 22.01 | 18.10 2.77 10.66 3.74 20.43 30.91 | 15.71 2.54 9.59 2.35 14.36 28.65 |
| Liquidity ratios | | | | | | | |
| Current ratio Quick / acid test ratio Cash to current liabilities Cash flow from operations to sales | | 1.14 0.40 0.02 (0.02) | 1.11 0.37 0.01 0.05 | 1.08 0.26 0.02 (0.06) | 1.05 0.20 0.01 0.02 | 1.06 0.20 0.01 0.06 | 1.05 0.27 0.01 (0.01) |
| Capital structure ratios | | | | | | | |
| Financial leverage ratio Weighted average cost of debt Debt to equity ratio Interest cover ratio | | 1.85 0.05 0.55 3.36 | 1.81 0.04 0.65 1.92 | 2.06 0.04 0.53 2.47 | 1.67 0.11 0.34 1.59 | 1.62 0.09 0.34 2.29 | 2.03 0.11 0.40 1.67 |
| Turnover ratios | | | | | | | |
| Inventory turnover Inventory turnover ratio Debtor turnover Debtor turnover ratio Creditors turnover Creditors turnover ratio Fixed assets turnover ratio Total assets turnover ratio Operating cycle | Days Days Days | 145 2.52 35 10.44 107 3.26 2.83 1.05 73 | 146 2.50 26 14.04 84 4.41 2.51 1.09 | 184 1.99 24 15.09 120 3.38 2.68 1.00 88 | 155 2.35 18 20.33 118 3.10 3.69 1.34 55 | 145 2.52 22 16.76 126 2.91 4.02 1.36 41 | 121 3.00 28 13.01 100 3.64 4.24 1.43 50 |
| Investor information | | | | | | | |
| Earnings per share Price earning ratio Price to book ratio Dividend yeild ratio Cash dividend per share Bonus shares issued Dividend payout ratio Dividend cover ratio Break - up value per share * | Rupees Rupees % % Times Rupees | 5.82 7.38 0.35 0.06 2.50 - 0.43 2.33 35.40 | 2.50 16.36 0.40 0.02 1.00 - 0.40 2.50 33.40 | 3.92 9.23 0.33 0.03 1.00 - 0.26 3.92 29.93 | 2.30 18.53 0.45 0.03 1.50 - 0.65 1.77 27.22 | 5.40 11.85 0.48 0.02 1.50 25 0.28 4.50 29.14 | 3.21 7.39 0.17 - - 20 - - 27.41 |
| Market value per share at the end of the year high during the year. low during the year EBITDA | Rupees Rupees Rupees Rs. Million | 42.93 49.5 32.52 5,185 | 40.98 61.2 36.00 3,267 | 36.19 53.2 32.99 3,371 | 49.05 73.25 44.65 3,094 | 64.01 72.35 20.50 3,519 | 23.74 27.64 19.16 2,900 |

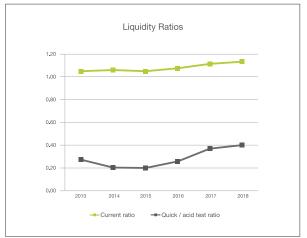
^{*} Ratio restated based on number of shares outstanding as on June 30, 2018

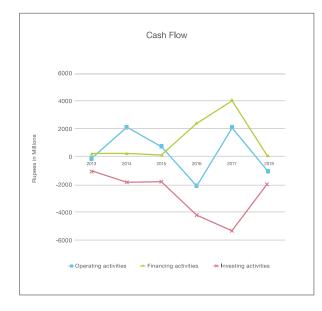
Graphical Analysis

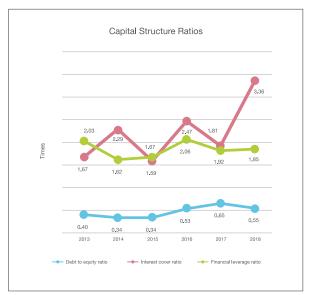




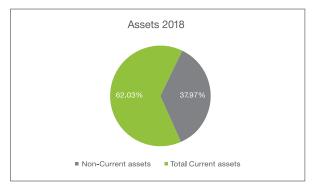


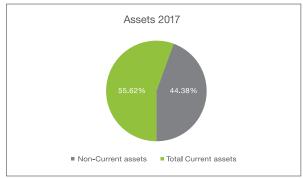


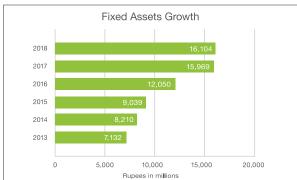




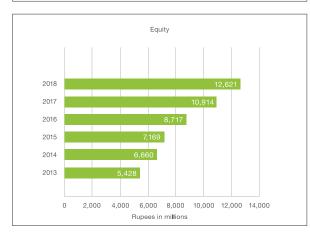


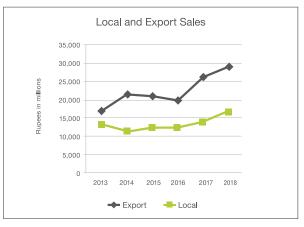


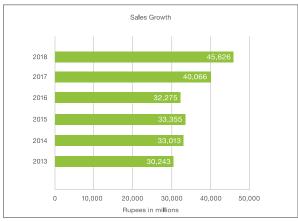


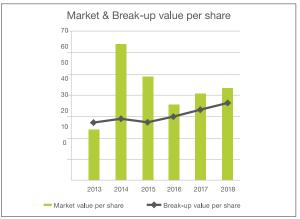








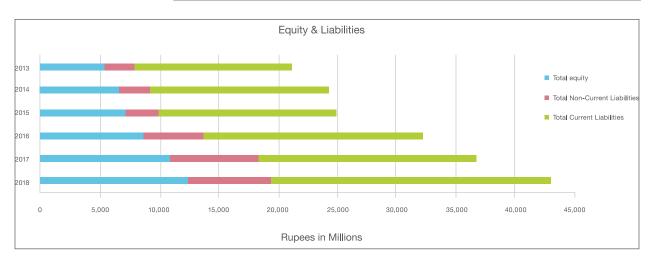




Horizontal Analysis of

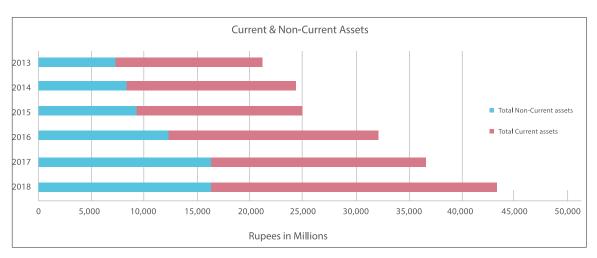
Financial Statements

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | Rupees | s in '000 | | |
| Balance Sheet | | | | | | |
| | | | | | | |
| Total equity | 12,620,727 | 10,913,917 | 8,718,239 | 7,169,472 | 6,659,902 | 5,428,502 |
| Total non-current liabilities | 6,998,726 | 7,468,625 | 4,975,661 | 2,802,022 | 2,611,673 | 2,504,664 |
| Total current liabilities | 23,643,992 | 18,336,130 | 18,475,363 | 14,971,853 | 15,005,632 | 13,255,764 |
| Total equity and liabilities | 43,263,445 | 36,718,672 | 32,169,263 | 24,943,347 | 24,277,207 | 21,188,930 |
| | | | | | | |
| Total non-current assets | 16,427,027 | 16,294,109 | 12,299,727 | 9,215,047 | 8,381,303 | 7,267,065 |
| Total current assets | 26,836,418 | 20,424,563 | 19,869,536 | 15,728,300 | 15,895,904 | 13,921,865 |
| Total assets | 43,263,445 | 36,718,672 | 32,169,263 | 24,943,347 | 24,277,207 | 21,188,930 |
| | | | | | | |
| Profit & loss account | | | | | | |
| Net sales | 45,625,872 | 40,065,605 | 32,274,556 | 33,354,784 | 33,012,724 | 30,242,719 |
| Cost of sales | (36,049,884) | (32,858,312) | (24,968,291) | (27,260,395) | (27,036,675) | (25,491,927) |
| Gross profit | 9,575,988 | 7,207,293 | 7,306,265 | 6,094,389 | 5,976,049 | 4,750,792 |
| Distribution expenses | (3,940,730) | (3,483,858) | (3,242,285) | (2,602,887) | (2,122,659) | (1,509,886) |
| Administrative expenses | (2,310,347) | (2,304,764) | (1,833,967) | (1,531,584) | (1,313,920) | (1,086,920) |
| Other expenses | (208,043) | (58,377) | (137,554) | (185,397) | (116,199) | (72,356) |
| Other income | 198,601 | 326,055 | 152,538 | 343,095 | 235,555 | 38,558 |
| Operating profit | 3,315,469 | 1,686,349 | 2,244,997 | 2,117,616 | 2,658,826 | 2,120,188 |
| Financial expenses | (987,076) | (877,587) | (910,488) | (1,334,289) | (1,162,850) | (1,268,651) |
| Profit before taxation | 2,328,393 | 808,762 | 1,334,509 | 783,327 | 1,495,976 | 851,537 |
| Income tax expense | (253,420) | 9,660 | (193,079) | (178,384) | (261,179) | (140,474) |
| Profit for the year | 2,074,973 | 818,422 | 1,141,430 | 604,943 | 1,234,797 | 711,063 |





| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------------|----------|---------|---------|---------|--------|-------------|
| | | | Variar | nce % | | |
| Balance Sheet | | | | | | |
| | | | | | | |
| Total equity | 15.64 | 25.18 | 21.60 | 7.65 | 22.68 | 21.37 |
| Total non-current liabilities | (6.29) | 50.10 | 77.57 | 7.29 | 4.27 | 4.61 |
| Total current liabilities | 28.95 | (0.75) | 23.40 | (0.23) | 13.20 | 22.15 |
| Total equity and liabilities | 17.82 | 14.14 | 28.97 | 2.74 | 14.57 | 19.58 |
| | | | | | | |
| Total non-current assets | 0.82 | 32.48 | 33.47 | 9.95 | 15.33 | 4.34 |
| Total current assets | 31.39 | 2.79 | 26.33 | (1.05) | 14.18 | 29.46 |
| Total assets | 17.82 | 14.14 | 28.97 | 2.74 | 14.57 | 19.58 |
| | | | | | | |
| Profit & loss account | | | | | | |
| Net sales | 13.88 | 24.14 | (3.24) | 1.04 | 9.16 | 21.24 |
| Cost of sales | 9.71 | 31.60 | (8.41) | 0.83 | 6.06 | 18.94 |
| Gross profit | 32.87 | (1.35) | 19.89 | 1.98 | 25.79 | 35.27 |
| Distribution expenses | 13.11 | 7.45 | 24.56 | 22.62 | 40.58 | 14.16 |
| Administrative expenses | 0.24 | 25.67 | 19.74 | 16.57 | 20.88 | 13.81 |
| Other expenses | 256.38 | (57.56) | (25.81) | 59.55 | 60.59 | 10,980.55 |
| Other income | (39.09) | 113.75 | (55.54) | 45.65 | 510.91 | (76.86) |
| Operating profit | 96.61 | (24.88) | 6.02 | (20.36) | 25.41 | 51.40 |
| Financial expenses | 12.48 | (3.61) | (31.76) | 14.74 | (8.34) | (9.50) |
| Profit before taxation | 187.90 | (39.40) | 70.36 | (47.64) | 75.68 | (60,204.70) |
| Income tax expense | 2,723.40 | 105.00 | 8.24 | (31.70) | 85.93 | (41.21) |
| Profit for the year | 153.53 | (28.30) | 88.68 | (51.01) | 73.66 | (395.83) |

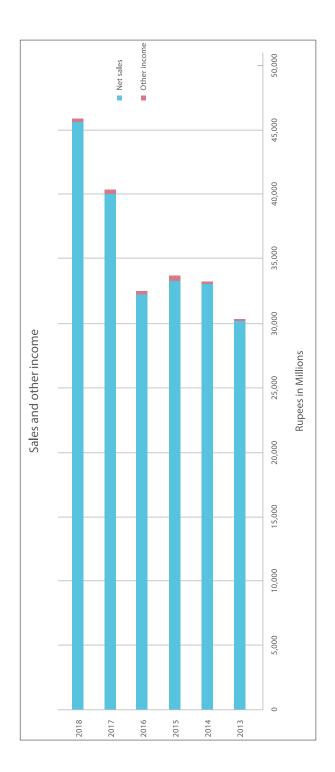


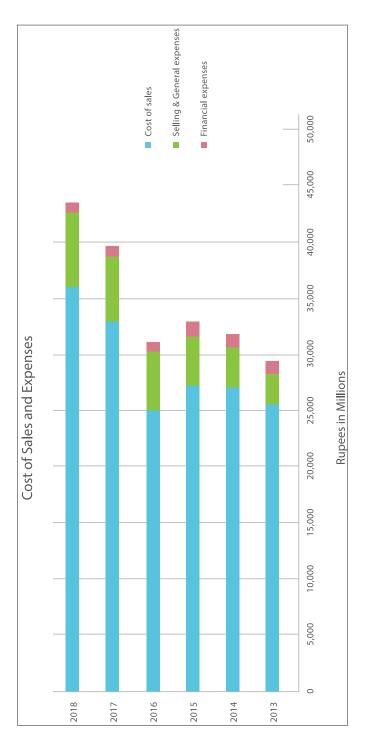
Vertical Analysis of

Financial Statements

| | 2007 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | |
|-------------------------------|-------------|---------|--------------|---------|--------------|---------|--------------|---------|--------------|---------|--------------|---------|
| | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % |
| Balance Sheet | | | | | | | | | | | | |
| Total equity | 12,620,727 | 29.17 | 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 |
| Total non-current liabilities | 6,998,726 | 16.18 | 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 |
| Total current liabilities | 23,643,992 | 54.65 | 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 |
| Total equity and liabilities | 43,263,445 | 100.00 | 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 |
| Total non-current assets | 16,427,027 | 37.97 | 16,294,109 | 44.38 | 12,299,727 | 38.23 | 9,215,047 | 36.94 | 8,381,303 | 34.52 | 7,267,065 | 34.30 |
| Total current assets | 26,836,418 | 62.03 | 20,424,563 | 55.62 | 19,869,536 | 61.77 | 15,728,300 | 63.06 | 15,895,904 | 65.48 | 13,921,865 | 65.70 |
| Total assets | 43,263,445 | 100.00 | 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 |
| Profit & loss account | | | | | | | | | | | | |
| Net sales | 45,625,872 | 100.00 | 40,065,605 | 100.00 | 32,274,556 | 100.00 | 33,354,784 | 100.00 | 33,012,724 | 100.00 | 30,242,719 | 100.00 |
| Cost of sales | 36,049,884) | (79.01) | (32,858,312) | (82.34) | (24,968,291) | (77.36) | (27,260,395) | (81.73) | (27,036,675) | (81.90) | (25,491,927) | (84.29) |
| Gross profit | 9,575,988 | 20.99 | 7,207,293 | 17.99 | 7,306,265 | 22.64 | 6,094,389 | 18.27 | 5,976,049 | 18.10 | 4,750,792 | 15.71 |
| Distribution expenses | (3,940,730) | (8.64) | (3,483,858) | (8.70) | (3,242,285) | (10.05) | (2,602,887) | (7.80) | (2,122,659) | (6.43) | (1,509,886) | (4.99) |
| Administrative expenses | (2,310,347) | (2.06) | (2,304,764) | (5.75) | (1,833,967) | (2.68) | (1,531,584) | (4.59) | (1,313,920) | (3.98) | (1,086,920) | (3.59) |
| Other expenses | (208,043) | (0.46) | (58,377) | (0.15) | (137,554) | (0.43) | (185,397) | (0.56) | (116,199) | (0.35) | (72,356) | (0.24) |
| Other income | 198,601 | 0.44 | 326,055 | 0.81 | 152,538 | 0.47 | 343,095 | 1.03 | 235,555 | 0.71 | 38,558 | 0.13 |
| Operating profit | 3,315,469 | 7.27 | 1,686,349 | 4.21 | 2,244,997 | 96.9 | 2,117,616 | 6.35 | 2,658,826 | 8.05 | 2,120,188 | 7.01 |
| Financial expenses | (987,076) | (2.16) | (877,587) | (2.20) | (910,488) | (2.82) | (1,334,289) | (4.00) | (1,162,850) | (3.52) | (1,268,651) | (4.19) |
| Profit before taxation | 2,328,393 | 5.10 | 808,762 | 2.03 | 1,334,509 | 4.13 | 783,327 | 2.35 | 1,495,976 | 4.53 | 851,537 | 2.82 |
| Income tax expense | (253,420) | (0.56) | 099'6 | 0.05 | (193,079) | (09.0) | (178,384) | (0.53) | (261,179) | (0.79) | (140,474) | (0.46) |
| Profit for the year | 9 074 679 | 4.55 | 818 422 | 2 05 | 1.141.430 | 3.54 | 604 943 | τα τ | 1 234 797 | 0.77 | 711 063 | 0 25 |







Comments on

Financial Analysis

Equity And Liabilities

Shareholders' Equity

Total equity of the Company has increased by Rs. 1.70 billion as compared to the prior year i.e. 15.64% growth. As at June 30, 2018, total equity was Rs 12.61 billion which indicates a growth of around 2.5 times over the last six years. There was more increase in equity in last year due to right issue of 0.59 billion. The current year's profit after tax is higher by Rs. 1.26 billion enabling the Company to consider higher dividend payout. As at June 30, 2018 the paid-up capital remaining the same at Rs. 3.56 billion, the reserves have gone by Rs. 1.71 billion to Rs. 9.06 billion. The total equity is now more than 2 folds over the last six years.

Non-current Liabilities

Company obtained further long-term financing of Rs. 1.27 billion under the State Bank of Pakistan's concessionary financing for textile exporters, due to the management's strategic decision to take maximum advantage of historically low markup rates which would remain locked over the term of loan as well as overvalued PKR. However, the total long-term borrowings have decreased by 3% i.e. Rs. 0.23 billion due to repayments during the year and start of repayment of more loans from ensuing year. Deferred liabilities which include deferred taxation and staff retirement benefits have reduced by around 73% as compared to the last year. However, there was no material change in the same during prior five years.

Current Liabilities

Current liabilities have gone up by Rs. 5.3 billion i.e., 28.95% as compared to 2017 and are at highest level during the last six years. The increase is mainly attributable to short term borrowings, following by increase in trade creditors and current maturity of long term borrowings. The increase in commercial borrowings has been caused due to opportunity buying of inventory as well as enhanced operations level in spinning. However, the same has been reflected in increased volume of inventory and trade debtors and total current assets have also increased. There has been an increase of about Rs.10.4 billion in current liabilities over the last six years due to reasons mentioned above.

Assets

Non-current Assets

Non-current assets of the Company including property, plant and equipment, intangible assets and long-term investments reflected a marginal increase as compared to the prior year. Additions during the year were of Rs. 3.3 billion as against Rs. 4.8 billion during 2017, however, there were more disposals and higher depreciation charge during 2018 as compared to 2017. As mentioned above, the investment in property, plant and equipment was due to the management's decision to take advantage of currently prevailing interest rates, PKR valuation and availability of most efficient version of machineries. Over the last six years, non-current assets have grown by more than 2.3 times which indicates steady growth in the operational capability of the Company and results are evidence of the same.

Current Assets

Current assets include trade debts, stock in trade, short term prepayments, cash and bank balances and loans and advances. These have increased by around 6.42 billion mainly due to increase in levels of inventory and trade debtors for the reason mentioned above. Refunds from Govt. has increased by Rs. 0.2 billion. The current assets as on June 30th are highest in last six years and management has target to decrease the same in the ensuing year. The reduction in current assets would also result in reduction in the current level of current liabilities.

Profit and Loss

Revenue and Cost of Sales

Export sales have gone down by Rs. 0.94 billion inspite of change in PKR/Dollar parity due to management decision of not entertaining customers



who are not contributing in bottom line. The local sales have increased by Rs. 6.8 billion as compared to last year due to increase in local yarn sales as well as increase in retail sales volume. Over the last six years, sales have increased by around 51% i.e. by Rs. 15.3 billion. Besides exports, the Company is also focusing on the local market through its chain of retail stores and sale of varn in local market based on opportunity and better prices. Having more strong foot prints now due to its brand image, start of western wears & kids and focus on customer ease and satisfaction by having robust quality management systems, the Company is expanding in target markets across the country.

Gross Profit

Besides, increase in sales in the current year by around 14%, gross profit margin has also grown to 21% from 18% last year. This has contributed mainly by raw material procurements at right time, more investment in inventories to take advantage or rising prices, operational efficiencies, more productivity due to latest machineries in spinning, weaving and processing as well as to some extent the PKR/Dollar changed parity. The improvement was achieved inspite of immense competition and no reciprocal increase in prices by customers. The increase may have been higher, but for the challenges mentioned. Cost of sales as a percentage of sales was 79% during the year as compared to 82% last year which had been more lower if the other factors were also favorable.

Profit Before Tax

Profit before tax of the company which was grown in current year was higher by Rs. 1.52 billion i.e., increased to 5.1% of sales from 2.0% of sales in last year. The net profit before tax is highest in last six years as well as the profit after tax. The improvement is a result of increase in Gross Profit margin as well as effective control in selling & distribution, administration and financial costs. Though these costs are higher or substantially the same as in prior year but are lower when analyzed as percentage of sales. Increase in selling and distribution cost is attributable to increase in sales whereas increase in finance cost has been caused by due to higher level of borrowings. The attempt to control these costs had somewhat absorbed the inflationary impact on these costs.

Cash Flows

Cash and cash equivalents as at June 30, 2018 were Rs. (14.61) billion as compared to Rs. (11.67) billion as at June 30, 2017. During the year under review, more amount was invested in inventory, debtors and blocked in refunds from government. CAPEX for which State Bank of Pakistan's concessionary financing was not available were also financed from internal generation which further enhanced the working capital requirement. Amount invested in inventories is due to strategic opportunity purchases which has benefited the company in current year and will also benefit in the ensuing year. Additional investment in debtors was due to enhanced yarn sales in local market as well as not discounting the exports bills in anticipation of PKR devaluation.

Ratio Analysis

Profitability Ratios

CAPEX investment in prior years, in time investment in inventories, enhanced operational efficiencies had helped increase in Gross Profit ratio to 21.0% from 18.0%. The increase in Gross Profit rate and volume was inspite of increase in raw material prices, no compensatory increase in selling prices and general inflation. The increase in gross profit ratio and effectively control over selling & distribution and administrative costs, the net profit to sales ratio also increased to 5.1% from 2.0% compared to last year. Administrative costs were very effective controlled and there is marginal change from last year inspite of increase in operational level and inflation. Whereas increase in selling & distribution cost is due to enhanced sales volume. Return on capital employed increased impressively from 10.52% to 17.45% due to increase in earnings. The increased profitability also helped in improving return on equity from 8.34% to 17.63%.

Liquidity Ratios

Efficient fund management has helped 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 inventories for the reasons cited in above paragraphs.

Turnover Ratios

Inventory turnover ratio has improved during the year because of higher turnover and efficiency in supply chain. Debtors' turnover has decreased due to higher yarn sales volume in local market with higher credit period and strategic non-discounting of export bills. The inventory turnover is better in the last six years whereas debtors' turnover days had increased. Creditors' turnover ratio has increased as the Company had negotiated better credit terms from suppliers rather than relying on short term borrowings.

Fixed asset turnover ratio has improved in the current year, as the net value of property, plants and equipment were remaining the same at the end of the year.

Investment/Market Ratios

Earnings per share had increased to Rs. 5.82 from Rs. 2.50 (restated) in the current year due to higher profitability. Price earnings ratio decreased to 7.38 times from 16.36 times which is a combined result of higher earnings per share and improvement in market price of the shares. Market price was Rs. 42.93 at the end of FY 2018 as compared to Rs. 40.98 at the end of last financial year.

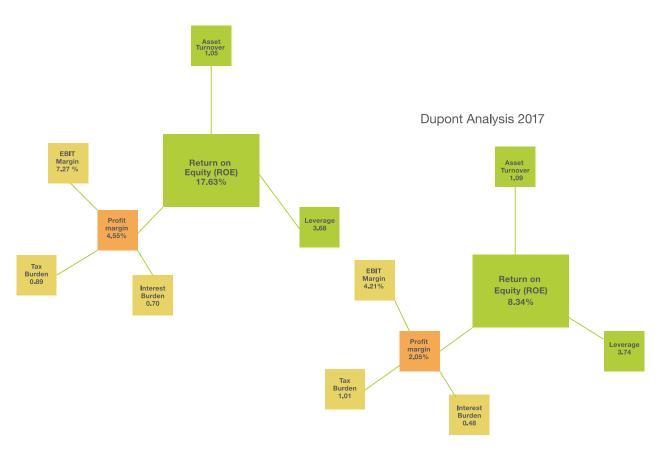
Capital Structure Ratios

Though fresh long-term loans were obtained during the year to take advantage of the low markup rates but repayments during the year and start of repayment of further loans from ensuing year have not let the level of total borrowings gone up from last year level. Moreover, due to higher earnings the equity of Company had also gone up. Resultantly the Company's debt to equity ratio had improved to 55:45 as compared to 65:35 last year. Financial leverage ratio had also decreased to 1.85 times as compared to 1.81 times last year due to increase in equity. Due to lower debt level and higher profitability, the interest coverage ratio had increased to 3.36 from 1.92 last year.



Dupont Analysis

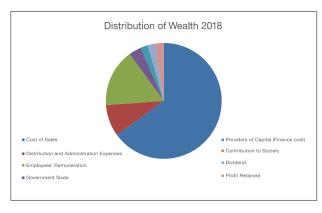
Dupont Analysis 2018

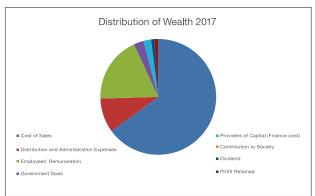


| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------------|--------|-------|--------|-------|--------|--------|
| | | | | | | |
| Return on Equity (ROE) | 17.63% | 8.34% | 14.37% | 8.75% | 20.43% | 14.36% |
| Asset Turnover | 1.05 | 1.09 | 1.00 | 1.34 | 1.36 | 1.43 |
| Leverage | 3.68 | 3.74 | 4.05 | 3.61 | 4.02 | 4.28 |
| Net Profit Margin | 4.55% | 2.05% | 3.54% | 1.81% | 3.74% | 2.35% |
| Interest Burden | 0.70 | 0.48 | 0.59 | 0.37 | 0.56 | 0.40 |
| Tax Burden | 0.89 | 1.01 | 0.86 | 0.77 | 0.83 | 0.83 |
| EBIT Margin | 7.27% | 4.21% | 6.96% | 6.35% | 8.05% | 7.01% |

Our Value Addition and its Distribution

| | 2018 | | 20 | 17 |
|---|-----------------------|---------------|-----------------------|---------------|
| | Rs. '000s | % | Rs. '000s | % |
| Value addition | | | | |
| Net sales including Sales tax Other operating income | 46,350,432 198,601 | 99.57 0.43 | 40,649,427 326,055 | 99.20 0.80 |
| | 46,549,033 | 100.00 | 40,975,482 | 100.00 |
| Value distribution | | | | |
| Cost of sales (excluding employees' remuneration, duties and taxes) | 30,264,577 | 65.02 | 26,636,008 | 64.93 |
| Distrbution and administration expenses (Excluding employees' remuneration and taxes) | 4,120,191 | 8.85 | 3,938,160 | 9.60 |
| Employees' remuneration Government taxes (includes income tax, | 7,503,418 | 16.12 | 7,631,548 | 18.60 |
| WPPF, WWF, duties, federal & provincial taxes, Sales Tax etc.) | 1,606,815 | 3.45 | 1,127,864 | 2.75 |
| Providers of capital (Finance cost) | 965,474 | 2.07 | 858,199 | 2.09 |
| Dividend | 891,239 | 1.91 | 356,496 | 0.87 |
| Contribution to society - Donations | 13,585 | 0.03 | 10,687 | 0.03 |
| (Accumulated Loss) / Profit retained | 1,183,734 | 2.54 | 461,926 | 1.13 |
| | 46,549,033 | 100.00 | 41,020,887 | 100.00 |







Quarterly Analysis

| | 1st Quarter | | 2nd Quarter | | 3rd Quarter | | 4th Quarter | | Total | | | | | | |
|---------------|------------------|-------|-------------|--------|-------------|--------|-------------|----------|---------|--------|--------|--------|--------|--------|--------|
| | 2018 | 2017 | Change | 2018 | 2017 | Change | 2018 | 2017 | Change | 2018 | 2017 | Change | 2018 | 2017 | Change |
| | | | | | | | Rup | ees in m | illions | | | | | | |
| Sales | 9,238 | 8,191 | 13% | 11,687 | 10,334 | 13% | 11,530 | 10,204 | 13% | 13,171 | 11,337 | 16% | 45,626 | 40,066 | 14% |
| GP | 1,783 | 1,450 | 23% | 2,322 | 1,853 | 25% | 2,552 | 1,955 | 31% | 2,919 | 1,949 | 50% | 9,576 | 7,207 | 33% |
| EBITDA | 862 | 504 | 71% | 1,245 | 764 | 63% | 929 | 1,003 | -7% | 2,149 | 996 | 116% | 5,185 | 3,267 | 59% |
| PAT | 126 | -98 | 229% | 492 | 179 | 175% | 634 | 212 | 199% | 823 | 525 | 57% | 2,075 | 818 | 154% |
| | Rupees per share | | | | | | | | | | | | | | |
| EPS | 0.29 | -0.27 | 207% | 1.44 | 0.53 | 172% | 1.79 | 0.65 | 175% | 2.30 | 1.59 | 45% | 5.82 | 2.50 | 133% |

First Quarter ended September 30, 2017

Though sales compared to corresponding guarter was higher by Rs. 1.04 billion i.e. 13% but the gross profit improved by 23% due to operational efficiencies, cost containment and Rupee/Dollar Parity. Profit before tax has increased by Rs. 0.358 billion i.e. 71% due to improvement in gross margin and effective control of operating costs. The new machinery replacing the old ones in spinning segment was also a contributing factor both in gross margin and operating profit. The profit after tax has been witnessed in first quarter after few years.

Second Quarter ended December 31, 2017

Upward trend was continued in the second guarter as well and sales also grown by 13% as compared to corresponding period of last year. However, gross profit increased more than the sales growth and was 25% due to continued measure to improve operational efficiencies, cost containment as well as PKR/US\$ parity.

Though overall exports were not similar as in the corresponding period last year, but the new machinery in spinning as well as in processing/printing helped to add to topline and being efficient machineries in terms of running cost also improved the bottom line.

Third Quarter ended March 31, 2018

Sales were continued to be higher by same 13% even in the third quarter and were Rs. 11.5 billion as

compared to Rs. 10.2 billion in the corresponding period of last year. Though sales were higher as compared to the corresponding quarter of last year, the same was marginally lower than the second quarter of the current year. However, gross profit was higher by 6% compared to the second quarter because of continued and additional stringent cost control measures implemented by the management and net profit was also higher by Rs. 0.142 billion as compared to second quarter.

Profit after tax as well as EPS were also higher in the third guarter as compared to both the guarters of current year as well as third quarter of last year. The improvement is attributable to reasons already mentioned in the above paragraphs.

Fourth Quarter ended June 30, 2018

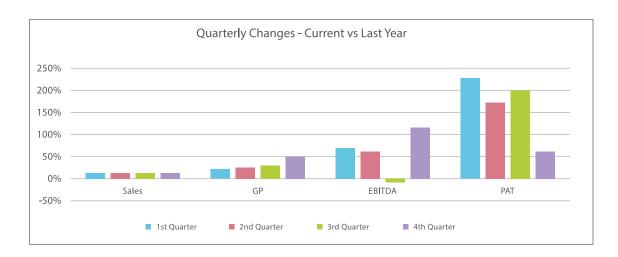
Sales were higher by Rs. 1.8 billion i.e., around 16% as compared with fourth quarter of last year and were also higher as compared to all previous quarters of the current year. Gross profit was also higher as compared to prior three quarters as well as higher as compared to the corresponding guarter of last year. Gross profit as compared to the fourth quarter of last year was 50% higher for reasons cited above.

Profit after tax in the fourth quarter was highest as compared to the other three guarters of the current year due to higher gross margin. Profit after tax was also higher when compared with corresponding quarter of last year. EBITDA also improved in the fourth quarter by 116% whereas the same was lower in third quarter only as compared with last years' corresponding quarters.

Sales were higher by 14% YoY and were reciprocated by increase in gross profit by 33% and profit after tax by 154% for the reasons cited above. Sales, Gross Profit and Profit After Tax were higher in the quarters when compared with corresponding quarters of last

year. EBITDA was higher in three quarters and was lower in the one quarter when compared with last year's corresponding quarters and on YoY it was higher by 59%.

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

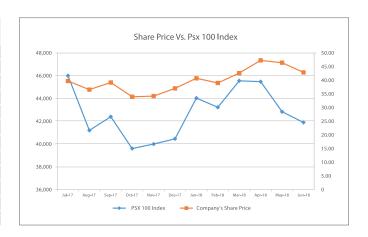




Share Price Sensitivity Analysis

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-17 | 39.79 | 46,010 |
| Aug-17 | 36.62 | 41,209 |
| Sep-17 | 39.24 | 42,409 |
| Oct-17 | 34.01 | 39,617 |
| Nov-17 | 34.26 | 40,010 |
| Dec-17 | 37.08 | 40,471 |
| Jan-18 | 40.77 | 44,049 |
| Feb-18 | 39.05 | 43,238 |
| Mar-18 | 42.68 | 45,560 |
| Apr-18 | 47.31 | 45,489 |
| May-18 | 46.48 | 42,847 |
| Jun-18 | 42.93 | 41,911 |



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

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

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

Stakeholder Engagement and

Investor Relations

Stakeholder Engagement

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

Employees

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

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

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

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

Customers

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

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

Suppliers and Partners

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

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

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

Government Authorities

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

General Public and Local Community

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

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



Gul*A*hme

Investor Relations

Shareholders

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

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

Annual General Meeting

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

Financial Reporting

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

Stock Exchange Notifications

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

Media

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

Website

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

SWOT Analysis

Strengths

- Strong Image and Branding
- Pioneer in apparel fabrics both for ladies and gents
- In-depth relationship with international customers
- Competent, well experienced and loyal staff and workers
- Global presence wholly owned setups in the UAE, Europe and the USA to market the products
- Edge in technology state of the art plant and machinery
- In house power generation
- Composite mill from cotton to made-ups
- Cordial relationship with the work force
- Strong raw material base as Pakistan is the fourth largest producer of cotton
- Coherent quality control measures at the manufacturing facilities
- Being socially responsible and for sustainable environment, Gul Ahmed has a mission of becoming a green company
- Extensive retail network consists of over100, 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 for men and stitched garments
- Having existence in thickly populated middle class areas and in rural areas with selected range of products
- Growth in exports by adding more range in Apparel
- Less explored USA, Canada, Australia and Middle Eastern markets
- Expanding online sales
- Kid's apparel market has potential to be explored

Threats

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



Environmental

Iverview (DESTEL)

Political Factors

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

Economic Factors

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

Social Factors

- Highly fashion oriented customers require introduction of large variety of new and trendy products and we meet this challenge with team of experts who not only understand fashion but also trends, and monitor them effectively.
- Rapid changes in fashion trends and consumer preferences make the market highly competitive.
- The customers are very particular towards their safety and avoiding health hazard while using products and therefore require proper compliance with regards to consumer protection measures.

- Growth in population is out spacing the annual growth, resulting in unfavorable impact on the economy
- Customer loyalty is getting stronger day by day, hence, businesses have to make more efforts to maintain it.

Technological Factors

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

Environmental Factors

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

Legal Factors

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

Risk Management

The rapidly changing and increasingly complex global economy has created an expanding array of risks to be managed if the viability and success of the Company is to be ensured. Organizations face the task of managing their risk exposures while remaining profitable and competitive and in this context managing risks is not a new challenge. The challenges and demands of contemporary markets, customers, regulatory authorities, employees

and shareholders present organizations with an interesting paradox: It is the intelligent assumption of risk, not its avoidance that creates value in a Company. Risk management is no longer discretionary but essential for managing in today's increasingly complex and fast moving world. It takes commitment from the top, a sound methodology and discipline in its application to obtain the maximum benefit. We at Gul Ahmed:

- Identify
- Avoid
- Retain

- Handle
- Reduce
- Transfer

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

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

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



Human Resource

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

Succession Planning

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

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

Employee Benefits

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

Training and Development

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

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

Managing Employee Grievances

The company follows an open door policy which helps employees to raise their concerns with supervisors, senior management, and 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 vearend.

Health Safety and

Environment (HSE)

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

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

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

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

The HSE Management System established by the Company is run with strong commitment of top leadership to address HSE concerns with well-defined policies and objectives. All the divisions are responsible to evaluate the HSE risks and their mitigation while planning various operational activities. HSE and Internal Audit Departments of the Company also independently review and audit the HSE risks and their mitigation strategies 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;
- 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 27, 2018 at 10:00 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, 2018 are encouraged to participate and vote.

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

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

Ownership

On June 30, 2018 the Company has 4,828 shareholders.

Stock Symbol

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

Circulation of Annual Reports through CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on October 31, 2016, the Company shall circulate Annual Report to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2018 may send a request using a Standard Request Form placed on Company's website.

E-Dividend Mandate (Mandatory)

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

| Pakistan Stock Exchange Share Prices 2017-18 | | | | | | |
|--|-----------------|-------|--|--|--|--|
| | Price in Rupees | | | | | |
| Period | High | Low | | | | |
| 1st Quarter | 42.35 | 32.60 | | | | |
| 2nd Quarter | 40.90 | 32.52 | | | | |
| 3rd Quarter | 43.00 | 36.76 | | | | |
| 4th Quarter | 49.50 | 39.75 | | | | |





Announcement of Financial Results

The tentative dates of the announcement of financial results and payment of cash dividend (if any) for the year 2018-19 are as follows:

| Period | Financial Results | Dividend Payment (if any) |
|-----------------|--------------------|---------------------------|
| 1st Quarter | October 30, 2018 | |
| 2nd Quarter | February 25, 2019 | |
| 3rd Quarter | April 29, 2019 | |
| Annual Accounts | September 30, 2019 | November 19, 2019 |

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

Share Registrar

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

Web Reference

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

Investor Relation Contact

Mr. 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 66th 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 27, 2018 at 10:00 a.m. to transact the following businesses:

Ordinary Business:

- 1. To receive, consider and adopt the Financial Statements for the year ended June 30, 2018 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 @ 25% i.e., Rs. 2.50/= per share.
- 3. To appoint Auditors for the financial year ending June 30, 2019 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 to pass the following resolutions as Special Resolution:

- "RESOLVED that the transactions carried out in normal course of business and on arm length basis with related parties as disclosed in Note No.37 during the year ended June 30, 2018 be and are hereby ratified and approved."
- "FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorized to approve all the transactions carried out and to be carried out in normal course of business and on arm length basis with related parties during the ensuing year ending June 30, 2019."
- "FURTHER RESOLVED that these transactions by the Board of Directors of the Company shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval."

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

By Order of the Board

Karachi September 18, 2018 Salim Ghaffar

Company Secretary



Notes:

- 1. The Share Transfer Books of the Company will remain closed from October 20, 2018 to October 27, 2018 (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, 2018 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 CNIC at the time of attending the meeting for identification purpose.
- 4. CNIC number of the shareholders is mandatorily required for dividend distribution and in the absence of such information, payment of dividend shall be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of

- their CNICs directly to our Shares Registrar. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
- Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Shareholders who have not vet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company.

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

In the absence of a member's valid IBAN updated before October 20, 2018, the Company will be constrained to withhold payment of dividend to such member.

- 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.
- In compliance with SECP notification No.634 7. (1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2018 are being placed on the Company's website: www.gulahmed.com for the information and review of shareholders.

- 8. The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment are 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%.

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, 2018, (if not already provided) 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 holding shares in physical form, are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.
- 13. As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company's website www.gulahmed.com Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.





14. 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 Fol | io/C | DC / | Account |
| No hereby opt for vi | deo | cor | nference |
| facility at | | | |
| | | | |
| | | | |
| | | | |
| Signature of Member(s) | | | |

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

Pertaining to Special Business

This Statement sets out the material facts pertaining to the Special Resolution described in the Notice of Annual General Meeting ("AGM"), intended to be transacted at the 66th AGM of Gul Ahmed Textile Mills Limited ("the "Company") that is scheduled to be held on October 27, 2018.

The Company carries out transactions with related parties in accordance with its policies and applicable laws and regulations. Certain related party transactions require Shareholders approval, though the transactions were executed under ordinary course of business and on arm length, basis under Code of Corporate Governance, 2017 as a majority of directors on the Gul Ahmed Textile Mills Limited Board are interested in these transactions (by virtue of being shareholders or directors in related entities).

The details of such transactions are as under:

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

Under the Company's Policy for Related Party Transactions and under the Code of Corporate Governance, all related party transactions are reviewed periodically by the Board Audit Committee which is chaired by an Independent Director. Following review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

The Shareholders are requested to ratify the transactions with related parties in which the majority of the Directors are interested as disclosed in the Financial Statements for the year ended June 30, 2018 and further to authorize the Company to conduct certain related party transactions in which the majority of Directors are interested in the ensuing Financial Year ending June 30, 2019. Shareholders' approval is also sought to authorize and grant power to the Board to periodically review and approve such

transactions based on the recommendations of the Board Audit Committee.

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

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

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

The Directors are interested in the resolution only to the extent of their common directorships & shareholding in such related parties.



متعلقہ یارٹیوں کے ساتھ ٹرانز کیشنز کی کمپنی یالیسی کے مطابق اور کوڈ آف کارپوریٹ گورننس کے تحت، تمام متعلقه پارٹیوں کی ٹرانز بیشنز کا وقاً فو قابورڈ آ ڈٹ کمیٹی جس کی صدارت ایک آزاد ڈائز بیٹر کرتا ہے، کی جانب سے جائزہ لیا جاتا ہے۔ بورڈ آ ڈٹ کمیٹی کی جانب سے مذکورہ جائزے کے بعد بیان کردہ ٹرانز یکشنز کومنظوری کے لئے بورڈ آف ڈائر یکٹرز کےسامنے رکھا گیاتھا۔

شیئر ہولڈرز سے درخواست ہے کہ متعلقہ یار ٹیول کے ساتھ ٹرانز یکشنز کی توثیق کریں جس میں ڈائر کیٹروں کی اکثریت دلچیپی رکھتے ہیں جبیبا کہ 30 جون 2018 کونتم ہونے والے سال کے فنانشل استُیمُنٹ میں ظاہر کیا گیا تھا نیزمزید یہ کہ 30 جون 2019 کوختم ہونے والے مالی سال میں متعلقہ بارٹیوں کے ساتھ بعض ٹرانز بکشنز کومنظم کرنے کے لئے جن میں ڈائز بکٹروں کی اکثریت دلچیسی رکھتے ہیں، کمپنی کواختیار دیا گیا ہے۔ شیئر ہولڈرز کو بھی منظوری حاصل ہے کہ وہ بورڈ آ ڈٹ کمیٹی کی سفارشات برینی

الییٹرانز یکشنز کے وقتاً فو قتاً جائز ہے اورمنظوری کے لئے بورڈ کواختیارات فراہم کریں اورمجاز قرار دیں۔ بیانبیے کے مطابق شیئر ہولڈرز سے درخواست ہے کہ خصوصی قرار داد کومنظور کیا جائے جبیبا کہ نوٹس میں بیان کیا گیاہے۔

اس معاملے میں دلچیبی رکھنےوالے ڈائر یکٹر حضرات مندرجہ ذیل ہیں:

- جناب محربشير
- جناب زين بشير
- جناب محمدذ کی بشیر
 - جناب زياد بشير

ڈائر یکٹران،قرارداد میں محض عام ڈائر یکٹرشپ اور متعلقہ پارٹیوں کی شیئر ہولڈنگ ہونے کی حدتک دلچیہی ر کھتے ہیں۔

| 15% | فامکر کے لئے ایم فیکس کی کٹوتی کی شرح | (الف) |
|-----|---|-------|
| 20% | نان فانکر کے لئے انگر شیس کی کٹوتی کی شرح | (ب) |

ا پیے تیئر ہولڈرز جوفائکر زمیں وہ اس بات کی یقین دہانی کرلیں کہان کے نام فیڈرل بورڈ آف ر یونیو (FBR) کی ویب سائٹ برموجود تازه ترین ایکٹوئیس پیئرلسٹ (ATL) میں شامل ہیں ،ورنہ انہیں نان فاكر تصوركيا جائے گا اوران كے فقد منافع منقسمہ پڑيكس كى كۇ تى 15 فيصد كے بجائے 20 فيصد ك

9۔ FBR کی جانب سے جاری کردہ وضاحت کے مطابق جہاں شیئر زمشتر کہا کاؤنٹس/ناموں کے ساتهه ہیں۔اس میں ہرا کا وُنٹ/مشتر کہ ہولڈر کوانفرادی طوریر'' فائکر زانان فائکرز'' تصور کیا جائے گااوران کی شیئر ہولڈنگ کےمطابق ٹیس کا ٹا جائے گا۔ جوشیئر ہولڈرزمشتر کشیئر ہولڈنگ اسٹیٹس رکھتے ہیںان سے درخواست ہے کہ وہ 19 اکتوبر 2018 تک مندرجہ ذیل فارمیٹ کے تحت اپینشیئر ہولڈنگ تناسب کے مارے میں کمپنی کے شیئر رجسٹر ارکومطلع کریں۔

| وتتخط | كېيوٹرائز ژقومى شاختى كارۋ(CNIC) نمبر | شیئرزیافیصد کی تعداد (تناسب) | شیئر ہولڈرکا نام (پرنیل/جوائٹ ہولڈر) | فوليواCDCاكاؤنٹ نمبر |
|-------|--|---------------------------------|---|----------------------|
| | | | | |

اگرشیئر ہولڈنگ کا تناسب موصول نہیں ہوتا ہے تو ہرشیئر ہولڈر کے شیئر ز کا تناسب مساوی تضور کیا جائے گا اور ٹیکس بھی اسی کےمطابق کا ٹا جائے گا۔

10۔ منافع منقسمہ آیدنی برود ہولڈنگ کیس ہے متنتی ہونے کے لئے ٹیکس متنتی سرٹیفیکیٹ کی درست نقل سکپنی کے شیئر رجٹر ارکوکتابوں کی بندش ہے بل فراہم کرنا ہوگی بصورِ دیگر قابل اطلاق شرح کے مطابق نقد منافع منقسمه برٹیکس کا ٹاجائے گا۔

11۔ کاریوریٹ شیئر ہولڈرز جو CDC ا کا ؤنٹس رکھتے ہیں انہیں اپنے سی ڈی سی پائیسپنٹس کے ساتھ ا بے نیشنل ٹیکس نمبر جواَب ڈیٹ رکھنا ہوگا جبکہ کارپوریٹ فنزیکل شیئر ہولڈرز کمپنی یافیمکو ایسوی ایٹس (برائيوٹ)لميٹڈ کواپنے اين ٹی اين سرٹيفکيٹ کی کا پی جيبيں شيئر ہولڈرزا بے: NTN سرٹیفکیٹ جھیجے ہوئے اینا کمپنی کا نام اوراینا فولیونمبر ضرور درج کریں۔

12 شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے بیتے میں کسی بھی تبدیلی کی بابت کمپنی کے شیئر رجٹر ارکوفوری طور برمطلع کریں۔شیئر ہولڈرز جو CDC ا کاؤنٹس رکھتے ہیں وہ اینے یارٹیسپنٹس کےساتھ ايناايْدريساَب ۋىپ رھيس۔

13 ۔ کمپینزا کیٹ2017 کی دفعہ244 کےمطابق نمپنی کی جانب سے اعلان کردہ صص / منافع منقسمہ جو كه واجب الا دامقرره تاريخ سے تين سال كى مدت تك غير دعوىٰ شده ياغيرا داشده بين،

شیئر ہولڈرز کو دعویٰ دائر کرنے کے نوٹسز کے اجراء کے بعد وفاقی حکومت کونتقل کے لئے سیکیورٹیز اینڈ ایمپینچ کمیشن آف یا کستان کوجمع کروا دیئے جا ئیں گے جصص کی تفصیلات اور کمپنی کی جانب سے اعلان کردہ منافع منقسمہ جوتین سال کی مدت تک غیر دعویٰ شدہ یا غیر ادا شدہ ہیں، کمپنی کے ویب سائٹ www.gulahmed.com پر دستیاب ہیں۔شیئر ہولڈرز سے درخواست ہے کہاس بات کو فیتی بنا ئیں کہ غیر دعویٰ شدہ ماغیرا داشدہ منافع منقسمہ اورشیئر ز کا فوری طور پراندراج کر دیا گیا ہے۔کسی بھی

دعوے کا اندراج نہ ہونے کی صورت میں کمپنی کی جانب سے غیر دعویٰ شدہ یا غیرا داشدہ رقوم اور صص کمپینیز ا یکٹ2017 کی دفعہ (2) 244 کے مطابق وفاقی حکومت کونتقل کر دیئے جائیں گے۔

14 ـ اراكين لا ہوراوراسلام آياد ميں ويْد يوكانفرنس كي سہوات حاصل كرسكتے ہيں _اسلسلے ميں براہ مہر ماني مندرجہ ذیل فارم کو پُر کریں اور سالا نہ اجلاس عام ہے کم از کم 10 دن قبل بیہ فارم کمپنی کے رجشر ڈیت پر جمع کروا ئیں۔اگر کمپنی اجلاس سے 10 دن قبل ایسے ممبر سے منظوری حاصل کرتی ہے جو 10 فیصدیا زائد کی شیئر ہولڈنگ رکھتے ہیں اور کسی جغرافیائی مقام ہے ویڈیو کے ذریعے اجلاس میں شرکت کرنا جاہتے ہیں تو تمپنی اس شیر میں ویڈ یو کانفرنس کی سہولت کی فرا ہمی کو قینی بنائے گی ، جو کہ اس شیر میں اس سہولت کی دستیالی ہے مشروطہ۔

| میں اہم ا |
|--|
| گل احمه ٹیک شائل ملز کے ممبر |
| ،ك بولڈر، |
| عام شيئرر جشر ڈ فوليواس ڈی ہی اکاؤنٹ نمبر |
| مقام پرویڈ یوکانفرنس کی سہولت حاصل کرنا چاہتے ہیں۔ |
| ممسران کردشخوا |

كمپنيزا يك مجربه2017 كى دفعه (3)134 كے تحت خصوصى أمور سے متعلق بيانيد

یہ بیانیہ27اکتوب2018 کومنعقدہ گل احمد ٹیکسٹائل ملزلمیٹٹر (کمپنی)کے جیسیاسٹھ ویں(66) سالانہ اجلاسِ عام ("AGM") میں خصوصی قرار داد سے متعلق خصوصی کاروائی کے حوالے سے Material حقائق کاتعین کرتاہے۔

سمپنی اپنی پالیسیوں اور قابل اطلاق قوانین اور قوائد وضوابط کےمطابق متعلقہ پارٹیوں کےساتھٹرانز یکشنز کرتی ہے۔بعض متعلقہ پارٹیوں کے ساتھ لین دین میں شیئر ہولڈرز کی منظوری درکار ہوتی ہے،اگر چہ کوڈ آف کارپوریٹ گورننس7 201 کے تحت آزادانہ طور براورعمومی کاروبار کےمطابق ٹرانز یکشنز برعملدر آمد کیا گیا تھا، جیسا کہ گل احمد ٹیکسٹائل ملزلمیٹڈ کے ڈائر بیٹروں کی اکثریت (شیئر ہولڈر ہونے یا متعلقہ اداروں میں ڈائر یکٹر ہونے کی وجہ ہے)ان ٹرانز یکشنز میں دلچیبی رکھتے ہیں۔

ان ٹرانز یکشنز کی تفصیلات درج ذیل ہیں:

| ٹرانز یکشن کی نوعیت | تعلق کی بنیاد | سمينى كانام | نمبرشار |
|--------------------------------------|----------------------------------|---|------------|
| ڈ <i>يو</i> پڈیٹر | ہولڈنگ سمپنی | گل احد ہولڈنگز (پرائیوٹ)لمیٹڈ | -1 |
| اشياء كى فمروخت | مکمل ملکیتی ذیلی اداره | گل احدا نزنیشنل کمیشد (FZC) به یواسه ای | -2 |
| اشياء کی فروخت اور کمیشن ادائیگی | تكمل ملكيتي حتى ذيلي اداره | GTM یورپلمیٹڈ۔ یو کے | -3 |
| اشياء کی فروخت اور کمیشن ادائیگی | تكمل ملكيتي حتى ذيلي اداره | GTM يوالين ال- كار پوريش - يوالين ا | _4 |
| اشياء کی فروخت اور کمیشن ادا ئیگی | نکمل ملکیتی حتی ذیلی اداره | اسكائى ہوم كار پوريشن _ يواليس اے | - 5 |
| اشياء كى خريد وفروخت | عمومی ڈائر کیٹرشپاورشیئر ہولڈنگ | سۇئىنىكى ئىمىكلز (پرائيوٹ)لمىيىڭە | -6 |
| اشياء كى خريدارى اورخد مات كى فراجمى | عمومی ڈائر یکٹرشپ اورشیئر ہولڈنگ | آروین ٹیک (پرائیوٹ)لمیٹڈ | -7 |
| کرائے کی ادائیگی | عمومی ڈائز یکٹرشپ اورشیئز ہولڈنگ | غفورییانڈسٹریز (پرائیوٹ)لمیٹڈ | -8 |
| کرائے کی ادائیگی | شيئر ہولڈنگ | گرینڈانڈسٹریز(پرائیوٹ)لمیٹڈ | -9 |
| بينكنگ ٹرانز يكشنز | عمومی ڈائر یکٹرشپاورشیئر ہولڈنگ | حبيب ميثرو پوليشن بينك لميشد | -10 |



گل احمه ٹیکسٹائل ملزلمیٹٹر اطلاع برائے سالا نہ اجلاس عام

بذر بعیدنوٹس بذامطلع کیا جاتا ہے کہ گل احمہ ٹیکٹائل ملزلمیٹٹر کا چھیاسٹھ واں (66) سالا نہ اجلاس عام بروز ہفتہ، مورخه 27 اکتوبر، 2018 کو بوت صبح 10:00 بجے بہقام موسیٰ دی ڈیبائی ICAP آڈیٹوریم، انسٹی ٹیوٹ آف جارٹرڈ اکا وُنٹنٹس آف پاکستان ، G-31/8 ، جارٹرڈ اکا وُنٹنٹس ایو نیو بکلفٹن ، کراچی میں درج ذیل امورکی انجام دہی کے لئے منعقد ہوگا:

عمومي أموركار:

1۔ مورخہ 30 جون 2018 کوختم ہونے والے سال کے لئے تمپنی کے آڈٹ شدہ مالیاتی گوشوارے بشمول ان پر بور ڈاورآ ڈیٹرز کی رپورٹس کی وصولی ،ان برغور اوران کی منظوری دینا۔

2۔ بعدازغور بورڈ آف ڈائر کیٹرز کی سفارشات کے مطابق 25 فیصد یعنی -/2.50 روپے فی شیئر کی شرح ہے حتمی نفذ منافع منقسمہ کی ادائیگی کی منظوری دینا۔

3۔ 30 جون ، 2019 کونتم ہونے والے مالی سال کیلئے تمپنی کے آڈیٹر زکالقر راوران کے مشاہرے کا تعین کرنا۔ 4۔ سالا نہ اجلاس عام میں انجام دیئے جانے والے کسی بھی دیگر کاروبار کی چیئر مین سے منظوری لینا۔

5- مندرجه ذیل قرار دادیر بطورخصوصی قرار دادغورخوض اورمنظوری:

(الف) ' طے پایا ہے کہ 30 جون 2018 کونتم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی کاروباری معاملات اور آزادانہ طوریر کی جانے والی ٹرانز یکشنر جبیبا کہ نوٹ نمبر 37 میں بیان کیا گیا ہے یہاں منظور شدہ ہیں اوران کی منظوری دی حاتی ہے'۔

(ب) ' بہجی طے بایا ہے کہ بورڈ آف ڈائر بکٹرز کو 30 جون، 19 20 کونتم ہونے والے سال کے دوران متعلقہ پارٹیوں کے ساتھ عمومی کاروباری معاملات اور آزادانہ طور پر کی جانے والی ٹرانز بیشنر کی منظوری کااختیار حاصل ہے'۔

(ج) ' بہجی طے بایا ہے کہ بورڈ آف ڈائر یکٹرز کی جانب سے کی گئی انٹرانز یکشنز کوسمجھا جائے گا کہ شیئر جولڈرز کی جانب سے اس کی منظوری دی گئی ہے نیز آئندہ سالانہ اجلاس عام میں ان کی رسی منظوری/احازت کےحصول کے پیش نظران کےسامنے رکھا جائے گا'۔

كمپنيزا يك2017 كى دفعہ (3) 134 كے تحت تمام مبران كواس نوٹس كے ہمراہ خصوصى كاروبار مے متعلق آگاہی فراہم کی جارہی ہے۔

> مجكم بورڈ محمر سليم غفار سمپني سيريٹري كراجي:مورخه18 ستمبر2018

1 - كىپنى كى تىيئر النفربگس 20 اكتوبر 2018 تا 27 اكتوبر 2018 (بشمول دونوں دن) بندر ہيں گی، اس دوران کوئی شیئرٹرانسفرر جیٹریثن کے لئے قبول نہیں کیا جائے گا۔ جومنتقلیاں باضابطہ طوریر ہمارے شیئر رجىٹرارمىسرزفىمكوالىيوسىايٹس(يرائيوٹ)لميٹڈ،8-Fمتصل ہول فاران زسرى، بلاك6'، بي ايسى اچ الیں،شاہراہ فیصل،کراچی پر 19 اکتوبر 2018 کوکاروباری اوقات کے اختیام پرموصول ہوں گی انہیں نقذ منافع منقسمہ کی ادائیگی کے لئے بروقت تصور کیا جائے گا۔

2۔ ایک ممبر جوسالانہ اجلاس عام میں شرکت کرنے ، بولنے اور ووٹ دینے کا اہل ہے ، وہ دیگر اراکین کو ا بنے بجائے شرکت کرنے ، بولنے اور ووٹ دینے کے لئے بطور پراکسی مقرر کرسکتا ہے۔ پراکسیز کے موثر

ہونے کے لئے ضروری ہے کہ وہ اجلاس شروع ہونے سے کم از کم 48 گھنے قبل با قاعدہ مہرشدہ اور دستخط شدہ کمپنی کے رجٹر ڈ دفتر پرموصول ہوجائیں۔ پراکسی کاممبر ہونالاز می ہے۔

3۔ سی ڈی می اکاؤنٹ ہولڈرز اسب اکاؤنٹ ہولڈرز سے درخواست ہے کہ وہ اپنی شناخت کے لئے سالانه اجلاس عام میں اینااصل شاختی کارڈ (CNIC) پااینااصل پاسپورٹ معہ آئی ڈینمبر اورسی ڈی ہی ا کاؤنٹ نمبرساتھ لائیں۔ اگر پراکسیز ان شیئر ہولڈرز کی جانب سے دی گئی ہیں تو بیٹیفیشل اورز کی کمپیوٹرائز ڈقومی شاختی کارڈیا یاسپورٹ کی تصدیق شدہ کا پیاں بھی جمع کروائیں۔کاریوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائز کیٹرز کی قرار داد / یاورآف اٹار نی مجعہ نامزد مخص کے نمونہ دستخط اجلاس کے وقت پیش کئے جا کیں گے۔ نامز دکواجلاس میں شرکت کے وقت اپنی شناخت کے لئے اپنااصل کمپیوٹرائز ڈ شناختی کارڈ (CNIC) پیش کرناہوگا۔

4۔ منافع منقسمہ کی تقسیم کے لئے شیئر ہولڈرز کا کمپیوٹرائز ڈقومی شناختی کارڈ لازمی ہےاوران معلومات کی عدم موجودگی میں مورخه 3 جون2016 کو جاری کرده SECP کے احکامات کی روثنی میں منا فع منقسمہ کی ادا نیگی کوروک لیا جائے گا۔ لہٰذا جن شیئر ہولڈرز نے تا حال اپنا کمپیوٹرائز ڈقو می شناختی کارڈ فراہم نہیں کیا ہے انہیں ایک بار پھر تجویز کیا جاتا ہے اینے CNIC کی مصدقہ نقول شیئر رجٹرار کو براہِ راست جمع کروادیں شیئر ہولڈرز CNICارسال کرتے ہوئے اپنافولیونمبراور ممپنی کا نام ضرور درج کریں۔

5۔ كمپينزا كيك2017 كى دفعه 242 ميں دركات كيل كے مطابق نيركمپينزر يكويشن 2017(منافع منقسمہ کی تقسیم) کےمطابق لسٹہ کمپنیوں کے لئے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کا نقد منافع منقسمہ صرف برقی طریقہ ء کار کے مطابق براہ راست اہلیت کے حامل حصص یافتگان کے نامز دکر دہ متعلقہ بینک ا کاؤنٹ میں کی جائیں گی۔ایسے صص یافتگان جنہوں نے تاحال اپنے بین الاقوامی ا کاؤنٹ نمبر (IBAN) نہیں فراہم کئے ہیں،ان سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرا نک کریڈٹ مینڈیٹ فارم کمل طور پر پُر کرکے اپنے دستخط اور کمپیوٹرائز ڈقو می شاختی کارڈ کی کا پی کے ہمراہ کمپنی کے شیئر رجسڑار کوارسال کریں۔اگرشیئرز CDC کے پاس موجود میں توالیکٹرا نک کریڈٹ مینڈیٹ فارم کوشیئر ہولڈر کے بروكر / پارٹيسپنٹ / سی ڈی سی ا کاؤنٹ سروسز کو براہِ راست جمع کروائیں۔20 اکتوبھ 2018 سے قبل کسی بھی ممبر کا درست IBAN آپ ڈیٹ نہ ہونے کی صورت میں کمپنی کی جانب سے ایسے ممبران کی منافع منقسمه کی ادائیگیاں روک دی جائیں گی۔

6- سكيور شيز المجينج كميشن آف ياكتان نے بزريعه S.R.O.787(I)/2014 كمپنيوں كويہ سمولت دی ہے کہ وہ ممبران کی تحریری اجازت سے مالیاتی گوشوارے بذریعدای میل ارسال کرسکیں۔وہ ارا کین جو یر تال شده گوشوارے بذریعهای میل حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ وہ اپنی تحریری اجازت کے ساتھ اپناای میل ایڈر ایس کمپنی شیئر رجٹر ار کو بھیج دیں۔ CDC شیئر ہولڈرز سے درخواست ہے کہ وہ اینے ای میل ایڈریس اور منظوری براہ راست اینے بروکر (DDC /(participant) انویسٹرا کاؤنٹ سروسز کوجمع کروا کیں۔

7- SECP كنوفيفييش نمبر 2014/(1) 634 مور خد 10 جولائي 2014 كے مطابق شيئر مولڈرز كى معلومات اور جائزے كے لئے 30 جون، 2018 كوختم ہونے والے سال كے لئے كمپنى كے يراتال شده مالماتی گوشوارے اور بیانات سمپنی کی و بیب سائٹ www.gulahmed.com پرائپ لوڈ کی جارہی ہیں۔ 8- اَكُمْ لِيكُس آردُ يَنس 2001 كِي ثُق 150 كِيمطابق منافع منقسمه برنيكس كي كوتي كي شرح درج ذيل

Statement of Compliance with the Listed Companies (Code of Corporate Governance)

Regulations, 2017

For the year ended June 30, 2018

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

- 1. The total number of Directors are Seven as per the following:
 - a) Male:

Seven

b) Female:

Nil

- 2. The composition of Board is as follows:
 - a) Independent Directors

Dr. Amjad Waheed

Ehsan A. Malik

Other Non-Executive Directors

Mohomed Bashir

Ziad Bashir

S.M. Nadim Shafiqullah

c) Executive Directors

Zain Bashir

Mohammed Zaki Bashir

- The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this company.
- 4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. All the directors, except chairman, 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 20(2) of CCG Regulations accordingly he is exempted from attending directors' training program pursuant to the clause 20(2) of the CCG Regulations.
- 10. The Board has approved appointment of Chief Financial Officer (CFO) including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. 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.
- 11. CFO and CEO duly endorsed the financial statements before approval of the Board.



- 12. The Board has formed committees comprising of members given below:
 - a) Audit Committee:

Dr. Amjad Waheed- Chairman

Mr. Mohomed Bashir- Member

Mr. S.M Nadim Shafigullah- Member

b) HR and Remuneration Committee:

Mr. Ehsan A. Malik- Chairman

Mr. Mohomed Bashir- Member

Mr. Zain Bashir- Member

- 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- 14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee
 - Four quarterly meetings
 - b) HR and Remuneration Committee
 - One annual meeting
- 15. The Board has set up an effective internal audit function. This function has been outsourced

- to Grant Thornton Anjum Rahman Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has also designated a full time employee as Head of Internal Audit.
- 16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they 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.
- 17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18. We confirm that all other requirements of the Regulations have been complied with.

Mohomed Bashir

Chairman

Mohammed Zaki Bashir

Chief Executive Officer

Karachi September 18, 2018

To the members of Gul Ahmed Textile Mills Limited Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance)

tions, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Gul Ahmed Textile Mills Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Place: Karachi

Date: September 18, 2018

Kreston Hyder Bhimji & Co Chartered Accountants



Independent Auditor's Report to the Members of **GUL AHMED TEXTILE MILLS LIMITED** Report on the Audit of the Un-Consolidated

Financial Statements

Opinion

We have audited the annexed un-consolidated financial statements of Gul Ahmed Textile Mills Limited, ("the Company") which comprise the unconsolidated statement of financial position as at June 30, 2018, and the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity, the un-consolidated statement of cash flows for the year then ended, and notes to the un-consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of

the state of the Company's affairs as at June 30, 2018 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|---|---|
| 1. | Stock in Trade The Company has significant levels of stock in trade amounting to Rs. 16.144 billion as at the reporting date, being 37.3% of total Assets of the Company. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials. | |

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|---|--|
| | The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter. | Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. Re-calculation weighted average costs on sample basis. |
| | | • Obtaining the valuation sheets of the inventories and tracing / reconciling quantities from working papers of observation of physical stock taking. |
| | | Evaluating valuation basis used are appropriate and consistently applied that includes analysis of costing of different items on sample basis. |
| | | Assessing the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Company before and after year end. |
| | | • Performing analytical and other relevant audit procedures. |
| | | • Considering the adequacy of the Company's disclosures in respect of inventories. |
| 2. | Borrowings | |
| | The Company has significant amounts of | Our audit procedures included: |
| | borrowings from Banks and other financial institutions amounting to Rs. 23.354 billion, being 76.2% of total liabilities, as at reporting date. Given the significant level of borrowings, finance costs, significant gearing, the | Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used by management in calculation of finance costs and disclosed by management and to ensure that the borrowings have been approved at appropriate level. |
| | disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter. | Verification of disbursement of loans and utilization on sample basis. Review of charge registration documents. |
| | 20 a noy addit matton | Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made. |
| | | Understating and assessing procedures designed by management to comply with the debt covenants. |





| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|---|--|
| | | Obtaining confirmation from Banks and other lenders of the Company to confirm balances, terms & conditions stated in the terms sheets and compliance thereof and any other related information. Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the un-consolidated financial statements. |
| 3. | Contingencies The Company is under litigation cases in respect of various matters including Gas Infrastructure Developments Cess (GIDC), Infrastructure Development Cess on Imports, claims from various Government Institutions / Departments and other miscellaneous claims in respect of the assets of the Company as disclosed in note 10 & 14 of the accompanying un-consolidated financial statements. | Our audit procedures included the following: Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. Review of the relevant information including case proceedings, related industry information and correspondences in respect of the ongoing litigations. Obtaining confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon. Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. Re-computing the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. Assessing the appropriateness of the related disclosures made in the accompanying unconsolidated financial statements in light of IAS-37 "Provisions and Contingencies". |

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|--|--|
| 4. | Companies Act, 2017 The Companies Act, 2017 (the Act) has become effective for the preparation of the Company's annual un-consolidated financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and its fourth schedule amongst others, prescribes the nature and content of disclosures in relation to various items of the un-consolidated financial statements. In view of first time application, the extensive impacts in the un-consolidated financial statements and also because failure to comply with the requirements of the Act, could have financial and reputational impacts leading to regulatory actions, therefore same is considered as a key audit matter. | Our audit procedures in this respect included the following: Obtaining an understanding of the provisions of the Act and its fourth schedule applicable to the Company. Discussing the applicable changes with the Company's management, evaluating their view point with respect to applicable provisions of the Act. Assessing the procedures applied by the management for identification of the changes required in the un-consolidated financial statements due to application of the Act and how the compliance of the same is made. Testing on sample basis the supporting documents and underlying information used for the disclosures required by the Act and ensuring their appropriateness. Ensuring all the material disclosures as required by the Act have been made in the unconsolidated financial statements and evaluating the internal consistency of such disclosures with other elements of the un-consolidated financial statements. |

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Place: Karachi

Date: September 18, 2018

Kreston Hyder Bhimji & Co Chartered Accountants **Un-consolidated**

Financial
Statements
2018

Un-consolidated Statement of

Financial Position

As at June 30, 2018

| | | 2018 | 2017 |
|---|------|------------|------------|
| | Note | Rs. | 000s |
| Equity and Liabilities | | | |
| Share Capital and Reserves | | | |
| Share capital | 5 | 3,564,955 | 3,564,955 |
| Reserves | 6 | 9,055,772 | 7,348,962 |
| | | 12,620,727 | 10,913,917 |
| Non-Current Liabilities | | | |
| Long term financing | 7 | 6,911,869 | 7,146,403 |
| Deferred Liabilities | | | |
| Deferred taxation | 8 | 23,692 | 298,358 |
| Staff Gratuity | 9 | 63,165 | 23,864 |
| | | 86,857 | 322,222 |
| | | 6,998,726 | 7,468,625 |
| Current Liabilities | | | |
| Trade and other payables | 10 | 7,008,948 | 5,569,167 |
| Accrued mark-up/profit | 11 | 175,633 | 138,898 |
| Short term borrowings | 12 | 15,076,081 | 11,935,343 |
| Current maturity of long term financing | 7 | 1,365,857 | 678,511 |
| Unclaimed dividend | | 6,421 | 5,169 |
| Unpaid Dividend | 13 | 11,052 | 9,042 |
| | | 23,643,992 | 18,336,130 |
| Contingencies and Commitments | 14 | | |
| | | 43,263,445 | 36,718,672 |

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

Mohomed Bashir

Mohammed Zaki Bashir Chairman

Abdul Aleem Chief Financial Officer

Chief Executive Officer



| | | 2018 | 2017 |
|---------------------------------------|------|------------|------------|
| | Note | Rs. | 000s |
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 15 | 16,104,319 | 15,969,191 |
| Intangible assets | 16 | 23,985 | 33,747 |
| Long term investment | 17 | 58,450 | 58,450 |
| Long term loans and advances | 18 | 37,314 | 40,092 |
| Long term deposits | | 202,959 | 192,629 |
| | | 16,427,027 | 16,294,109 |
| | | | |
| | | | |
| | | | |
| Current Assets | | | |
| Stores and spares | 19 | 961,088 | 988,216 |
| Stock-in-trade | 20 | 16,143,933 | 12,469,962 |
| Trade debts | 21 | 5,398,565 | 3,345,046 |
| Loans, advances and other receivables | 22 | 1,197,376 | 841,292 |
| Short term prepayments | | 239,661 | 196,718 |
| Refunds due from Government | 23 | 1,827,764 | 1,639,746 |
| Taxation-net | | 597,781 | 673,701 |
| Cash and bank balances | 24 | 470,250 | 269,882 |
| | | 26,836,418 | 20,424,563 |
| | | | |
| | | 43,263,445 | 36,718,672 |

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

Mohomed Bashir

Chairman

Mohammed Zaki Bashir

Chief Executive Officer

Abdul Aleem

Chief Financial Officer

Un-consolidated Statement of

Profit or Loss

For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|--|----------|------------|------------|
| | Note | Rs. | 000s |
| | | | |
| Sales - net | 25 | 45,625,872 | 40,065,605 |
| | | | |
| Cost of sales | 26 | 36,049,884 | 32,858,312 |
| Crass profit | | 0.575.000 | 7,007,000 |
| Gross profit | | 9,575,988 | 7,207,293 |
| Distribution costs | 27 | 3,940,730 | 3,483,858 |
| Administrative costs | 28 | 2,310,347 | 2,304,764 |
| Other operating costs | 29 | 208,043 | 58,377 |
| | | 6,459,120 | 5,846,999 |
| | | 3,116,868 | 1,360,294 |
| Other income | 30 | 198,601 | 326,055 |
| Operating profit | | 3,315,469 | 1,686,349 |
| | | | |
| Finance cost | 31 | 987,076 | 877,587 |
| | | | |
| Profit before taxation | | 2,328,393 | 808,762 |
| Taxation | 32 | 253,420 | (9,660) |
| | <u> </u> | 200,420 | (0,000) |
| Profit after taxation | | 2,074,973 | 818,422 |
| Earnings per share - basic and diluted (Rs.) | 33 | 5.82 | 2.50 |
| | | | |

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



Un-consolidated Statement of

Comprehensive Income

For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|---|------|-----------|----------|
| | Note | Rs. 000s | |
| | | | |
| Profit after taxation | | 2,074,973 | 818,422 |
| | | | |
| Other comprehensive income | | | |
| | | | |
| Items that will not be reclassified to statement of profit or loss subsequently | | | |
| profit of loss subsequently | | | |
| Remeasurement loss on defined benefit plan | 9.1 | (13,063) | (11,705) |
| Related tax effect | 0.1 | 1,396 | 1,290 |
| | | (11,667) | (10,415) |
| Total comprehensive income | | 2,063,306 | 808,007 |
| | | | |

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

Un-consolidated Statement of

Cash Flows

For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|---|----------------|-------------|---------------------|
| | Note | Rs. | . 000s ——— |
| Cash Flows From Operating Activities | | | |
| Profit before taxation | | 2,328,393 | 808,762 |
| Adjustments for: | | | |
| Depreciation | 15.1.2 | 1,860,726 | 1,574,474 |
| Amortisation | 16.1 | 9,762 | 6,588 |
| Provision for gratuity | 9.2 | 64,306 | 31,029 |
| Finance cost | 31 | 987,076 | 877,587 |
| Provision for slow moving/obsolete stores and spares | 19.1 | 17,210 | 15,645 |
| Impairment allowance against doubtful trade debts Gain on disposal of property, plant and equipment | 21.3 15.1.4 | 42,138 | 38,307 (251,928) |
| | 15.1.4 | (80,305) | |
| Loss on disposal of property, plant and equipment | | 40,814 | 7,098 |
| Property, plant and equipment scrapped | 15.1.4 | - | 425 |
| | | 2,941,727 | 2,299,225 |
| Cash flows from operating acitivies before adjustments of working capital | | 5,270,120 | 3,107,987 |
| | | | |
| Changes in working capital: Decrease/(increase) in current assets | | | |
| Stores and spares | | 9,918 | (100,414) |
| Stock-in-trade | | (3,673,971) | 1,384,330 |
| Trade debts | | (2,095,657) | (1,019,051) |
| Loans, advances and other receivables | | (356,084) | (640,494) |
| Short term prepayments | | (42,943) | 22,210 |
| Refunds due from Government - Net | | (188,018) | 380,246 |
| | | (6,346,755) | 26,827 |
| Increase in current liabilities | | | |
| Trade and other payables | | 1,439,781 | 573,678 |
| | | (4,906,974) | 600,505 |
| Cash generated from operations before following: | | 363,146 | 3,708,492 |
| Gratuity paid | | (38,068) | (54,619) |
| Finance cost paid | | (950,341) | (853,057) |
| Income tax paid or deducted | | (450,770) | (673,701) |
| Net decrease / (increase) in Long term loans and adva | ances | 2,778 | (18,272) |
| Increase in Long term deposits - Net | | (10,330) | (37,111) |
| | | (1,446,731) | (1,636,760) |
| Net cash (used in) / generated from operating activities | | (1,083,585) | 2,071,732 |



| | 2018 | 2017 |
|---|--|---|
| Not | e Rs | s. 000s ———— |
| Cash Flows From Investing Activities | | |
| Addition to property, plant and equipment Addition to intangible assets Proceeds from sale of property, plant and equipment | (2,217,217) - 260,854 | (5,579,886) (26,861) 331,091 |
| Net cash used in investing activities | (1,956,363) | (5,275,656) |
| | (3,039,948) | (3,203,924) |
| Cash Flows From Financing Activities | | |
| Long term financing obtained Long term financing repaid Proceeds from issue of right shares Dividend paid | 1,270,699 (817,887) - (353,234) | 3,427,770 (720,860) 1,485,398 (95,129) |
| Net cash generated from financing activities | 99,578 | 4,097,179 |
| Net (decrease) / increase in cash and cash equivalents | (2,940,370) | 893,255 |
| Cash and cash equivalents - at the beginning of the year | (11,665,461) | (12,558,716) |
| Cash and cash equivalents - at the end of the year 35 | (14,605,831) | (11,665,461) |

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

Mohomed Bashir

Chairman

Mohammed Zaki Bashir

Chief Executive Officer

Abdul Aleem Chief Financial Officer

Un-consolidated Statement of

Changes in Equity

For the Year Ended June 30, 2018

| | | | Capital | | ue reserve | | |
|---|------|---------------|-------------------------------|--------------------|-----------------------|-----------|------------|
| | Note | Share Capital | reserve - Share Premium | General Reserve | Unappropriated Profit | Reserves | Total |
| | | | | F | Rs. 000s | | |
| 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 | | 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 |
| Transfer to general reserve | | - | - | 400,000 | (400,000) | - | - |
| Transaction with owners | | | | | | | |
| Final dividend for the year ended June 30, 2017 | | - | - | - | (356,496) | (356,496) | (356,496) |
| Total comprehensive income for the year ended June 30, 2018 | | | | | | | |
| Profit after taxation | | - | - | - | 2,074,973 | 2,074,973 | 2,074,973 |
| Other comprehensive loss | | - | - | - | (11,667) | (11,667) | (11,667) |
| | | | | | 2,063,306 | 2,063,306 | 2,063,306 |
| Balance as at June 30, 2018 | | 3,564,955 | 1,405,415 | 5,380,000 | 2,270,357 | 9,055,772 | 12,620,727 |

The annexed notes 1 - 47 form an integral part of these unconsolidated financial statements.

Mohomed Bashir

Chairman

Mohammed Zaki Bashir Chief Executive Officer

Abdul Aleem Chief Financial Officer



Financial Statements

For the Year Ended June 30, 2018

1 Legal Status And Its Operations

1.1 Gul Ahmed Textile Mills Limited (The Company) was incorporated on April 01, 1953 in Pakistan as a private limited company, subsequently converted into public limited company on January 07, 1955 and is listed on 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. 5.2.1.

The Company has the following subsidiaries:

| | Details of Subsidiaries | | | | | | | | | | |
|---|-------------------------------|--|-----------------------|--------------------------|-----------------------------|-------------|--|--|--|--|--|
| Name | Chief Executive Officer | Address | Date of Incorporation | Country of Incorporation | Percentage of Holding | Status | Auditor's Opinion | | | | |
| Gul Ahmed International Limited FZC | Mr. Mohomed Bashir | P.O.box 8705, Q4-29, Sharjah Airport International free zone, Sharjah, U.A.E. | December 11, 2002 | U.A.E | 100% | Operational | Unmodified opinion | | | | |
| GTM (Europe) Limited - Indirect subsidiary | Mr. Mohomed Bashir | City Wharf, New Bailey Street, Manchester M3 5ER, United Kingdom | April 17, 2003 | U.K | 100% | Operational | Unmodified opinion | | | | |
| GTM USA Corp Indirect subsidiary | Mr. Mohomed Bashir | 515, 7 West 34th Street, New York, USA | March 19, 2012 | U.S.A | 100% | Operational | Unmodified opinion with paragraph on material uncertainty regarding going concern and an emphasis of matter paragraph related to use of financial statements | | | | |
| Sky Home Corp Indirect Subsidiary | Mr. Mohomed Bashir | Street No. 328, South King Charles Road, City Raleigh, State North Carolina | February 28, 2017 | U.S.A | 100% | Operational | Unmodified opinion with an emphasis of matter paragraph related to use of financial statements | | | | |

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

Financial Statements

For the Year Ended June 30, 2018

1.2 Geographical locations and addresses of all lands owned by the Company are as follows:

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

1.3 Geographical locations and addresses of all factory buildings and warehouses on rented premises are as follows:

| Unit | Address |
|-------------------------------|--|
| Highway stitching complex | Plot# 369, Main National Highway, Landhi, Karachi |
| Yarn Dyeing and Knitting unit | Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi |
| Stitching unit | Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi |
| Hussaini stitching unit | Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi |
| Apparel division | Plot# 12, Sector 23, Korangi Industrial area, Karachi |

- 1.4 As at June 30, 2018, the Company has 65 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises.
- 2 Significant Transactions and Events **Affecting The Company's Financial Position and Performance**

During the year ended June 30, 2018 following significant events took place which affected the entity's performance:

- New spinning machineries which were started to be erected last year in replacement of old spinning machineries became operational and have added not only to the sales volume but also to the net profit significantly.
- New looms were acquired and erected in replacement of old looms. The new looms are most modern version requiring reduced headcount, energy and are more efficient in terms of output and maintenance.
- A phased-out change of old gensets has been started in the last quarter of the year which is expected to be completed by end of first half of next year. This has started and will further enable the company to produce same KWH of electricity from lesser number of gensets thus reducing the operational cost though the depreciation has increased accordingly.
- Eight retail shops have been added in the network resulting in more sales volume during the year.





- Significant borrowings were made under the SBP's Long Term Finance Facility to finance the above projects and this results in increase in finance cost.
- Extra amount was invested by the Company in the purchase of inventories considering Rupee Dollar parity and subsequent increase and benefits of same has accrued to some extent in this year and will further accrue in ensuing financial year.

3 Basis of Preparation

3.1 Basis of measurement

These unconsolidated financial statements comprise of unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows 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 statement of cash flows.

3.2 Statement of compliance

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

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

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

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees.

3.4 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. 9.3 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).

Financial Statements

For the Year Ended June 30, 2018

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, aging of receivables, credit worthiness, credit rating, past records and business relationship.

i) Taxation

The Company takes into account relevant provisions of the prevailing income tax laws and decisions taken by the Taxation Authorities, while providing for current and deferred taxes as explained in note no.4.5 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.

3.5 New and revised standards and interpretations

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

Details of new and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2017 are as under:

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.

Companies Act 2017

During the year Companies Act, 2017 have become effective, which has brought certain additional disclosure requirements and changes in presentation of certain items and few disclosure requirements of fourth schedule to the repealed Companies Ordinance 1984 have been removed to make the disclosure also in line with the requirements of IFRs. Therefore the Company

has made certain additional disclosures and have also made certain reclassifications in order to comply with the requirements of the Companies Act, 2017.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

(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 19 Benefits' 'Employee amendments in Plan Amendment, Curtailment or Settlement (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments are unlikely to have any material impact on the Company's unconsolidated financial statements.

Financial Statements

For the Year Ended June 30, 2018

IAS 28 'Investments in Associates and Joint Ventures' (Effective for annual periods beginning on or after 1 **January 2019)**

The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are:

- Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Paragraph 41 has been deleted because the IFRS Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. The amendment is not relevant to 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. The amendment is not relevant to the Company's unconsolidated financial statements.

IFRS Classification and Measurement Share of 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.

IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment) (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 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 amendment is not relevant to the Company's unconsolidated financial statements.



IFRS 'Financial instruments' (Effective for annual periods beginning on or after 1 July 2018)

IFRS 9, 'Financial instruments', has replaced the guidance in IAS 39. This includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting for financial assets and financial liabilities

The amendment is unlikely to have any material impact on the Company's unconsolidated financial statements.

IFRS 15 'Revenue from contract with customers' (Effective for annual periods beginning on or after 1 **January 2018)**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. April 1, 2019), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the full impact of this standard on its financial statements.

IFRS 16 'Leases' (Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial

position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the full impact of this standard on its financial statements.

IFRIC 'Foreign 22 currency transactions' (Effective for annual periods beginning on or after 1 January 2019)

The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments are not expected to have a material impact on the Company's financial statements.

IFRIC 23 **'the** 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.

Financial Statements

For the Year Ended June 30, 2018

IFRS Annual improvements 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 - 'Noncurrent 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

Annual improvements to IFRS standards 2015-2017 cycle.

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

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2018)

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendment is not relevant to the Company's unconsolidated financial statements.

IAS 12 - Income Taxes (Effective for annual periods beginning on or after 1 January 2019)

This amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits - i.e. in profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Company's financial statements.

IAS 23 - Borrowing Costs (Effective for annual periods beginning on or after 1 **January 2019)**

The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale or any non-qualifying assets are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. 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

| Inter | national Financial Reporting Standards (IFRSs) | IASB effective date annual periods beginning on or after |
|---------|---|--|
| IFRS 1 | - First Time Adoption of IFRS | January 1, 2004 |
| IFRS 14 | - Regulatory Deferral Accounts | January 1, 2016 |
| IFRS 17 | - Insurance Contracts | January 1, 2021 |

4 Significant Accounting Policies

4.1 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 statement of profit or loss.

4.2 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

The Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Company's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2018. The results of valuation are summarized in note no. 9.

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

4.3 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.

4.4 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

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For the Year Ended June 30, 2018

sheet date and adjusted to reflect current best estimate.

4.5 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.

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 statement of profit or loss, except that it relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively.

4.6 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.

4.7 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.

4.8 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.

4.9 Property, plant and equipment

4.9.1 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 accumulated impairment losses except leasehold land which is stated at cost.

Subsequent Cost

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



The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably.

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

Depreciation

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) and turbines in plant and machinery, which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 15.1. Depreciation is charged on additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Derecognition

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

4.9.2 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.

4.10 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. 16.1. 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.

4.11 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 at fair value through profit and loss

These are investments designated as heldfor-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 statement of profit or loss in the period in which they arise. Gains or losses on disinvestments are also recognised in statement of profit or loss.

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For the Year Ended June 30, 2018

b) Investment in subsidiary

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

4.12 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.

4.13 Stores and spares

Stores and spare parts, except goods-intransit, 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.

4.14 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.

4.15 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.

4.16 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. 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.

4.17 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-forsale investments, if any, is charged / credited to the statement of profit or loss.

4.18 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 statement of profit or loss.

4.19 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 statement of profit or loss. 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 statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a prorata 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.

4.20 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 statement of profit or loss.

4.21 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.

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For the Year Ended June 30, 2018

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.

4.22 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.

4.23 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.

4.24 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.



5 Share Capital

| • | aro oupita. | | | | |
|-----|-------------|---------------|--|-----------|-----------|
| 5.1 | Authorised | capital | | 2018 | 2017 |
| | | | | Rs. | 000s |
| | 2018 | 2017 | | | |
| | Number | of Shares | | | |
| | 750,000,000 | 400,000,000 | Ordinary shares of Rs.10 each | 7,500,000 | 4,000,000 |
| 5.2 | Issued, sub | scribed and p | paid - up capital | | |
| | 2018 | 2017 | | | |
| | Number | of Shares | | | |
| | | | | | |
| | 192,161,738 | 192,161,738 | Ordinary shares of Rs.10 each allotted for consideration fully paid in cash | 1,921,617 | 1,921,617 |
| | | | | | |
| | 5,447,326 | 5,447,326 | Ordinary shares of Rs.10 each allotted as fully paid shares under scheme of arrangement for amalgamation | 54,473 | 54,473 |
| | | | | | |
| | 158,886,461 | 158,886,461 | Ordinary shares of Rs.10 each allotted as fully paid bonus shares issued as fully paid bonus shares | 1,588,865 | 1,588,865 |
| | | | | | |
| | 356,495,525 | 356,495,525 | | 3,564,955 | 3,564,955 |
| | | | | | |

5.2.1 As at June 30, 2018, Gul Ahmed Holdings (Private) Limited, the holding company of Gul Ahmed Textile Mills Ltd, held 239,226,714 (2017: 239,226,714) ordinary shares of Rs. 10 each, constituting 67.10% (2017: 67.10%) of total paid-up capital of the company. Number of shares held by the associated companies and undertakings, other than holding company, aggregated to 12,396,774 (2017: 10,895,903) ordinary shares of Rs. 10 each.

5.2.2 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.

Financial Statements

For the Year Ended June 30, 2018

5.3 Reconciliation of the number of shares outstanding

| | | | 2018 | 2017 |
|-----|---|------|-------------|-------------|
| | | Note | Number o | of Shares — |
| | | | | |
| | Number of shares outstanding at the beginning of the year | | 356,495,525 | 297,079,604 |
| | Add: 20% Right shares issued in 2017 | | - | 59,415,921 |
| | | | 356,495,525 | 356,495,525 |
| 6 R | eserves | | | |
| | | | 2018 | 2017 |
| | | Note | Rs. 0 | 000s |
| | Capital Reserve | | | |
| | - Share premium | 6.1 | 1,405,415 | 1,405,415 |
| | | | | |
| | Revenue Reserve | | | |
| | - General Reserve | 6.2 | 5,380,000 | 4,980,000 |
| | - Unappropriated Profit | | 2,270,357 | 963,547 |
| | | | 7,650,357 | 5,943,547 |
| | | | | |
| | | | 9,055,772 | 7,348,962 |
| | | | | |

- **6.1** The share premium account is a capital reserve and can be applied only in accordance with provisions of section 81 of the Companies Act, 2017.
- **6.2** This represents appropriation of profit in past years to meet future exigencies.



7 Long Term Financing

| 9 | • | | | | | | |
|--------------------------|---|----------------------------|-----------------------|-------|---------------|------|-----------|
| | | | | | 2018 | | 2017 |
| | | | | Note | Rs. 000s | | |
| | | | | | | | |
| From Banking Companie | From Banking Companies - Secured | | | | 5,499,03 | 37 | 5,017,703 |
| From Non-Banking Finan | From Non-Banking Financial Institutions - Secured | | | 7.2 | 2,778,689 2,8 | | 2,807,211 |
| | | | | | 8,277,72 | 26 | 7,824,914 |
| Current portion shown ur | nder curre | ent liabilities | | | (1,365,85 | 7) | (678,511) |
| | | | | | 6,911,86 | 69 | 7,146,403 |
| | | | | | | | |
| | | Number of installments and | Installment | Mark- | up rate per | 2018 | 2017 |
| Particulars | Note | commencement | amount Rs. In 000s | | annum | | s. 000s |

7.1 Banking Companies - Secured

| Allied Bank Limited Loan Under LTFF scheme | 7.5, 7.7 | 32 quarterly July-2010 | 9,256 | Three months KIBOR Ask rate + 0.50% payable quarterly | - | 37,034 |
|---|----------|-------------------------------|-------|---|---------|---------|
| Askari Bank Limited Loan 1 Under LTFF scheme | 7.4, 7.7 | 20 quarterly October-2016 | 8,346 | 8.50 % p.a. payable quarterly | 108,498 | 141,882 |
| Askari Bank Limited Loan 2 Under LTFF scheme | 7.4, 7.7 | 20 quarterly December-2016 | 2,930 | 8.50 % p.a. payable quarterly | 38,068 | 49,788 |
| Askari Bank Limited Loan 3 Under LTFF scheme | 7.4, 7.7 | 20 quarterly March-2017 | 1,066 | 8.50 % p.a. payable quarterly | 14,924 | 19,192 |
| Askari Bank Limited Loan 4 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 63 | 3 % p.a. payable quarterly | 1,197 | 1,259 |
| Askari Bank Limited Loan 5 Under LTFF scheme | 7.3, 7.7 | 20 quarterly February-2018 | 165 | 3 % p.a. payable quarterly | 2,970 | 3,300 |
| Askari Bank Limited Loan 6 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 2,384 | 3 % p.a. payable quarterly | 45,291 | 47,675 |
| Askari Bank Limited Loan 7 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 1,332 | 3 % p.a. payable quarterly | 25,303 | 26,635 |
| Askari Bank Limited Loan 8 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 1,101 | 3 % p.a. payable quarterly | 20,910 | 22,010 |
| Askari Bank Limited Loan 9 Under LTFF scheme | 7.3, 7.7 | 20 quarterly June-2018 | 200 | 3 % p.a. payable quarterly | 3,795 | 3,995 |
| Askari Bank Limited Loan 10 Under LTFF scheme | 7.3, 7.7 | 20 quarterly June-2018 | 269 | 3 % p.a. payable quarterly | 5,103 | 5,372 |

Financial Statements

For the Year Ended June 30, 2018

| Deutiesdess | Nata | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|--|----------|---------------------------------|-----------------------|---|---------|---------|
| Particulars | Note | commencement month | amount Rs. In 000s | annum | Rs. | 000s |
| Askari Bank Limited Loan 11 Under LTFF scheme | 7.3, 7.7 | 20 quarterly July-2018 | 2,274 | 3 % p.a. payable quarterly | 45,470 | 45,470 |
| Askari Bank Limited Loan 12 Under LTFF scheme | 7.3, 7.7 | 28 quarterly April-2019 | 1,210 | 3 % p.a. payable quarterly | 33,871 | 33,871 |
| Askari Bank Limited Loan 13 Under LTFF scheme | 7.3, 7.7 | 28 quarterly May-2019 | 96 | 3 % p.a. payable quarterly | 2,680 | 2,680 |
| Askari Bank Limited Loan 14 Under LTFF scheme | 7.3, 7.7 | 28 quarterly June-2019 | 180 | 3 % p.a. payable quarterly | 5,030 | 5,030 |
| Askari Bank Limited Loan 15 Under LTFF scheme | 7.3, 7.7 | 20 quarterly August-2020 | 9,848 | 2.75 % p.a. payable quarterly | 196,956 | - |
| Askari Bank Limited Loan 16 Under LTFF scheme | 7.3, 7.7 | 20 quarterly September-2020 | 592 | 2.75 % p.a. payable quarterly | 11,843 | - |
| AlBaraka Bank (Pakistan) Limited Loan Islamic Banking | 7.4, 7.8 | 20 quarterly March-2016 | 7,780 | Three months KIBOR Ask rate + 1.10% payable quarterly | 77,800 | 108,920 |
| Bank Al-Habib Limited Loan Under LTFF scheme | 7.6 | 16 half yearly October-2019 | 13,519 | 2.75 % p.a. payable quarterly | 216,296 | 216,296 |
| Bank Al-Falah Limited Loan 1 Islamic Banking | 7.4, 7.8 | 09 half yearly March-2014 | 9,439 | Six months KIBOR Ask rate + 1.25% payable half yearly | - | 18,878 |
| Bank Al-Falah Limited Loan 2 Islamic Banking | 7.4, 7.8 | 09 half yearly April-2014 | 6,457 | Six months KIBOR Ask rate + 1.25% payable half yearly | - | 12,915 |
| Bank Al-Falah Limited Loan 3 Islamic Banking | 7.4, 7.8 | 9 half yearly July-2014 | 1,147 | Six months KIBOR Ask rate + 1.25% payable half yearly | 1,147 | 3,442 |
| Bank Al-Falah Limited Loan 4 Islamic Banking | 7.4, 7.8 | 9 half yearly August-2014 | 1,472 | Six months KIBOR Ask rate + 1.25% payable half yearly | 1,472 | 4,417 |
| Bank Al-Falah Limited Loan 5 Islamic Banking | 7.4, 7.8 | 9 half yearly September-2014 | 8,172 | Six months KIBOR Ask rate + 1.25% payable half yearly | 8,172 | 24,516 |
| Bank Al-Falah Limited Loan 6 Islamic Banking | 7.4, 7.8 | 9 half yearly October-2014 | 10,285 | Six months KIBOR Ask rate + 1.25% payable half yearly | 10,285 | 30,856 |
| Bank of Punjab Loan 1 Under LTFF scheme | 7.3, 7.7 | 28 quarterly September-2018 | 84 | 3 % p.a. payable quarterly | 2,358 | 2,358 |
| Bank of Punjab Loan 2 Under LTFF scheme | 7.3, 7.7 | 28 quarterly September-2018 | 1,143 | 3 % p.a. payable quarterly | 31,998 | 31,998 |
| Bank of Punjab Loan 3 Under LTFF scheme | 7.3, 7.7 | 28 quarterly October-2018 | 2,144 | 3 % p.a. payable quarterly | 60,040 | 60,040 |
| Bank of Punjab Loan 4 Under LTFF scheme | 7.3, 7.7 | 28 quarterly November-2018 | 3,085 | 3 % p.a. payable quarterly | 86,380 | 86,380 |
| Bank of Punjab Loan 5 Under LTFF scheme | 7.3, 7.7 | 28 quarterly December-2018 | 6,904 | 3 % p.a. payable quarterly | 193,323 | 193,323 |
| Bank of Punjab Loan 6 Under LTFF scheme | 7.3, 7.7 | 28 quarterly January-2019 | 1,644 | 3 % p.a. payable quarterly | 46,035 | 46,035 |



| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|--|------------------|---------------------------------|-----------------------|--|---------|---------|
| Particulars | Note | commencement month | amount Rs. In 000s | annum | Rs. | 000s |
| Bank of Punjab Loan 7 Under LTFF scheme | 7.3, 7.7 | 28 quarterly February-2019 | 7,692 | 3 % p.a. payable quarterly | 215,382 | 215,382 |
| Bank of Punjab Loan 8 Under LTFF scheme | 7.3, 7.7 | 28 quarterly March-2019 | 6,128 | 3 % p.a. payable quarterly | 171,579 | 171,579 |
| Bank of Punjab Loan 9 Under LTFF scheme | 7.3, 7.7 | 28 quarterly April-2019 | 3,212 | 3 % p.a. payable quarterly | 89,924 | 89,924 |
| Bank of Punjab Loan 10 Under LTFF scheme | 7.3, 7.7 | 28 quarterly June-2019 | 195 | 3 % p.a. payable quarterly | 5,469 | 5,469 |
| Bank of Punjab Loan 11 Under LTFF scheme | 7.3, 7.7 | 28 quarterly May-2020 | 3,483 | 3 % p.a. payable quarterly | 97,512 | - |
| Habib Bank Limited Loan 1 Under LTFF scheme | 7.5, 7.8 | 04 half yearly October-2017 | 10,391 | Three months KIBOR Ask rate + 0.5% payable half yearly | 20,781 | 62,345 |
| Habib Bank Limited Loan 2 Under LTFF scheme | 7.5, 7.8 | 05 half yearly October-2017 | 249 | Three months KIBOR Ask rate + 0.5% payable half yearly | 747 | 1,660 |
| Habib Bank Limited Loan 3 Under LTFF scheme | 7.5, 7.8 | 06 half yearly October-2017 | 3,306 | Three months KIBOR Ask rate + 0.5% payable half yearly | 13,221 | 24,789 |
| Habib Bank Limited Loan 4 Under LTFF scheme | 7.5, 7.8 | 09 half yearly October-2017 | 14,063 | Three months KIBOR Ask rate + 0.5% payable half yearly | 98,438 | 150,000 |
| Habib Bank Limited Loan 5 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly October-2018 | 14,747 | 3 % p.a. payable quarterly | 471,900 | 471,900 |
| Habib Bank Limited Loan 6 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly November-2018 | 82 | 3 % p.a. payable quarterly | 2,613 | 2,613 |
| Habib Bank Limited Loan 7 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly February-2019 | 221 | 3 % p.a. payable quarterly | 7,072 | 7,072 |
| Habib Bank Limited Loan 8 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly February-2019 | 95 | 3 % p.a. payable quarterly | 3,036 | 3,036 |
| Habib Bank Limited Loan 9 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly March-2019 | 174 | 3 % p.a. payable quarterly | 5,564 | 5,564 |
| MCB Bank Limited Loan 1 Under LTFF scheme | 7.5 | 10 half yearly February-2017 | 1,486 | Three months KIBOR Ask rate + 2.25% payable half yearly | 10,402 | 13,374 |
| MCB Bank Limited Loan 2 Under LTFF scheme | 7.5, 7.7 | 10 half yearly March-2017 | 15,864 | 8.25% p.a. payable quarterly | 111,048 | 142,776 |
| MCB Bank Limited Loan 3 Under LTFF scheme | 7.5, 7.7 | 10 half yearly March-2017 | 1,541 | 6.75% p.a. payable quarterly | 10,787 | 13,869 |
| MCB Bank Limited Loan 4 Under LTFF scheme | 7.5, 7.7 | 10 half yearly April-2017 | 2,425 | 8.25% p.a. payable quarterly | 16,976 | 21,825 |
| MCB Bank Limited Loan 5 Under LTFF scheme | 7.5, 7.7 | 10 half yearly June-2017 | 5,773 | 8.25% p.a. payable quarterly | 40,411 | 51,957 |
| Meezan Bank Limited Loan Islamic Banking | 7.5, 7.8 | 8 quarterly March-2017 | 107,910 | Three months KIBOR Ask rate +1% payable quarterly | 431,640 | 647,460 |

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| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|--|------------------|----------------------------------|---|---|---------|---------|
| Particulars | Note | commencement | amount Rs. In 000s | annum | Rs. | 000s |
| National Bank of Pakistan Loan 1 Under LTFF scheme | 7.3 | 10 half yearly August-2016 | 49,598 | Six months KIBOR Ask rate + 0.75% payable half yearly | 297,588 | 396,784 |
| National Bank Of Pakistan Loan 2 Under LTFF scheme | 7.4, 7.5, 7.7 | 20 quarterly May-2018 | 5,835 | 2.80% p.a. payable quarterly | 110,875 | 116,700 |
| National Bank Of Pakistan Loan 3 Under LTFF scheme | 7.4, 7.5, 7.7 | 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 | 7.4, 7.5, 7.7 | 20 quarterly August-2018 | 179 | 2.80% p.a. payable quarterly | 3,570 | 3,570 |
| National Bank Of Pakistan Loan 5 Under LTFF scheme | 7.4, 7.5, 7.7 | 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 | 7.4, 7.5, 7.7 | 20 quarterly October-2018 | 5,699 2.80% p.a. payable quarterly | | 113,970 | 113,970 |
| National Bank Of Pakistan Loan 7 Under LTFF scheme | 7.4, 7.5, 7.7 | 20 quarterly November-2018 | 708 | 708 2.80% p.a. payable quarterly | | 14,156 |
| NIB Bank Limited Loan 1 Under LTFF scheme | 7.3 | 16 quarterly March-2014 | 829 Three months KIBOR Ask rate + 1.50% payable quarterly | | - | 1,659 |
| NIB Bank Limited Loan 2 Under LTFF scheme | 7.3 | 16 quarterly June-2014 | 2,827 Three months KIBOR Ask rate + 1.50% payable quarterly | | - | 8,484 |
| NIB Bank Limited Loan 3 Under LTFF scheme | 7.3 | 16 quarterly June-2015 | 168 | Three months KIBOR Ask rate + 1.50% payable quarterly | 679 | 1,183 |
| Soneri Bank Loan Under LTFF scheme | 7.3, 7.7 | 16 quarterly March-2018 | 14,457 | 5% p.a. payable quarterly | 216,853 | 231,310 |
| United Bank Limited Loan 1 Under LTFF scheme | 7.3 | 12 half yearly September-2013 | 269 | Six months KIBOR Ask rate + 1.00% payable half yearly | 537 | 1,075 |
| United Bank Limited Loan 2 Under LTFF scheme | 7.3 | 12 half yearly October-2013 | 1,235 Six months KIBOR Ask rate + 1.00% payable half yearly | | 2,470 | 4,941 |
| United Bank Limited Loan 3 Under LTFF scheme | 7.3 | 12 half yearly December-2013 | 5,892 | Six months KIBOR Ask rate + 1.00% payable half yearly | 11,783 | 23,565 |
| United Bank Limited Loan 4 Under LTFF scheme | 7.3 | 12 half yearly January-2014 | 11,913 | Six months KIBOR Ask rate + 1.00% payable half yearly | 35,738 | 59,562 |
| United Bank Limited Loan 5 Under LTFF scheme | 7.4, 7.7 | 10 half yearly July-2017 | 1,802 | 8.00% p.a. payable quarterly | 14,416 | 18,020 |
| United Bank Limited Loan 6 Under LTFF scheme | 7.4, 7.7 | 10 half yearly August-2017 | 398 | 6.50% p.a. payable quarterly | 3,188 | 3,985 |



| Double Love | Meta | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|--|----------|----------------------------------|-----------------------|---------------------------------|-----------|-----------|
| Particulars | Note | commencement | amount Rs. In 000s | annum | Rs. | 000s |
| United Bank Limited Loan 7 Under LTFF scheme | 7.4, 7.7 | 10 half yearly September-2017 | 215 | 6.50% p.a. payable quarterly | 1,720 | 2,150 |
| United Bank Limited Loan 8 Under LTFF scheme | 7.4, 7.7 | 10 half yearly October-2017 | 102 | 6.50% p.a. payable quarterly | 816 | 1,020 |
| United Bank Limited Loan 9 Under LTFF scheme | 7.4 | 10 half yearly March-2018 | 2,385 | 5% p.a. payable quarterly | 21,465 | 23,850 |
| United Bank Limited Loan 10 Under LTFF scheme | 7.4, 7.7 | 10 half yearly December-2017 | 89 | 6.50% p.a. payable quarterly | 712 | 890 |
| United Bank Limited Loan 11 Under LTFF scheme | 7.4, 7.7 | 10 half yearly February-2018 | 318 | 5% p.a. payable quarterly | 2,869 | 3,187 |
| United Bank Limited Loan 12 Under LTFF scheme | 7.4, 7.7 | 10 half yearly March-2018 | 4,182 | 5% p.a. payable quarterly | 37,639 | 41,822 |
| United Bank Limited Loan 13 Under LTFF scheme | 7.4, 7.7 | 10 half yearly April-2018 | 1,827 | 5% p.a. payable quarterly | 16,443 | 18,270 |
| United Bank Limited Loan 14 Under LTFF scheme | 7.4, 7.7 | 10 half yearly May-2018 | 954 | 4% p.a. payable quarterly | 8,592 | 9,547 |
| United Bank Limited Loan 15 Under LTFF scheme | 7.4, 7.7 | 10 half yearly March-2018 | 132 | 5% p.a. payable quarterly | 1,183 | 1,315 |
| United Bank Limited Loan 16 Under LTFF scheme | 7.4, 7.7 | 10 half yearly August-2018 | 11,979 | 5% p.a. payable quarterly | 119,798 | 119,798 |
| United Bank Limited Loan 17 Under LTFF scheme | 7.4, 7.7 | 16 half yearly June-2020 | 9,384 | 2.75% p.a. payable quarterly | 150,142 | - |
| United Bank Limited Loan 18 Under LTFF scheme | 7.4, 7.7 | 16 half yearly October-2020 | 23,826 | 2.75% p.a. payable quarterly | 381,215 | - |
| United Bank Limited Loan 19 Under LTFF scheme | 7.4, 7.7 | 16 half yearly November-2020 | 1,495 | 2.75% p.a. payable quarterly | 23,920 | - |
| United Bank Limited Loan 20 Under LTFF scheme | 7.4, 7.7 | 16 half yearly December-2020 | 8,335 | 2.75% p.a. payable quarterly | 133,353 | - |
| Samba Bank Limited Loan 1 Under LTFF scheme | 7.3, 7.7 | 10 half yearly September-2019 | 15,710 | 3% p.a. payable quarterly | 157,099 | 157,099 |
| Samba Bank Limited Loan 2 Under LTFF scheme | 7.3, 7.7 | 10 half yearly January-2020 | 10,809 | 3% p.a. payable quarterly | 108,084 | - |
| Samba Bank Limited Loan 3 Under LTFF scheme | 7.3, 7.7 | 10 half yearly February-2020 | 1,339 | 3% p.a. payable quarterly | 13,391 | - |
| Samba Bank Limited Loan 4 Under LTFF scheme | 7.3, 7.7 | 10 half yearly March-2020 | 140 | 3% p.a. payable quarterly | 1,402 | - |
| Samba Bank Limited Loan 5 Under LTFF scheme | 7.3, 7.7 | 10 half yearly August-2020 | 2,237 | 3% p.a. payable quarterly | 22,369 | - |
| Samba Bank Limited Loan 6 Under LTFF scheme | 7.3, 7.7 | 10 half yearly November-2020 | 5,461 | 3% p.a. payable quarterly | 54,613 | - |
| Samba Bank Limited Loan 7 Under LTFF scheme | 7.3, 7.7 | 10 half yearly December-2020 | 4,304 | 3% p.a. payable quarterly | 43,042 | - |
| | | Total from Banking C | ompanies | | 5,499,037 | 5,017,703 |

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For the Year Ended June 30, 2018

| Particulars Note | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|------------------|----------------------------|--------------|-----------------------|-------|------|
| | Note | commonoomont | amount Rs. In 000s | annum | Rs. |

7.2 Non-Banking Financial Institutions - Secured

| • | | | | | | |
|--|------------------|---------------------------------|--------|----------------------------------|---------|---------|
| Pair Investment Company Loan 1 Under LTFF scheme | 7.5, 7.7 | 12 half yearly May-2018 | 11,417 | 3.5% p.a. payable half yearly | 125,583 | 137,000 |
| Pair Investment Company Loan 2 Under LTFF scheme | 7.5, 7.7 | 12 half yearly June-2018 | 11,346 | 3.5% p.a. payable half yearly | 124,775 | 136,150 |
| Pair Investment Company Loan 3 Under LTFF scheme | 7.5, 7.7 | 12 half yearly October-2019 | 17,798 | 3% p.a. payable half yearly | 213,579 | 213,579 |
| Pair Investment Company Loan 4 Under LTFF scheme | 7.5, 7.7 | 12 half yearly December-2019 | 236 | 3% p.a. payable half yearly | 2,831 | 2,831 |
| Pair Investment Company Loan 5 Under LTFF scheme | 7.5, 7.7 | 12 half yearly February-2020 | 1,230 | 3% p.a. payable half yearly | 14,756 | - |
| Pair Investment Company Loan 6 Under LTFF scheme | 7.5, 7.7 | 12 half yearly April-2020 | 1,508 | 3% p.a. payable half yearly | 18,101 | - |
| Pak Kuwait Investment Company Loan 1 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly February-2018 | 10,093 | 3% p.a. payable quarterly | 302,792 | 322,990 |
| Pak Kuwait Investment Company Loan 2 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly February-2018 | 816 | 3% p.a. payable quarterly | 24,487 | 26,120 |
| Pak Kuwait Investment Company Loan 3 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly March-2018 | 2,479 | 3% p.a. payable quarterly | 74,378 | 79,340 |
| Pak Kuwait Investment Company Loan 4 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly March-2018 | 1,317 | 3% p.a. payable quarterly | 39,484 | 42,126 |
| Pak Kuwait Investment Company Loan 5 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly March-2018 | 417 | 3% p.a. payable quarterly | 12,495 | 13,330 |
| Pak Kuwait Investment Company Loan 6 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly April-2018 | 31 | 3% p.a. payable quarterly | 954 | 985 |
| Pak Kuwait Investment Company Loan 7 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly May-2018 | 1,218 | 3% p.a. payable quarterly | 37,752 | 38,970 |
| Pak Kuwait Investment Company Loan 8 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly May-2018 | 71 | 3% p.a. payable quarterly | 2,208 | 2,279 |
| Pak Kuwait Investment Company Loan 9 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly June-2018 | 6,997 | 3% p.a. payable quarterly | 216,863 | 223,860 |
| Pak Brunei Investment Company Loan 1 Under LTFF scheme | 7.3, 7.4, 7.7 | 16 quarterly December-2018 | 28,637 | 2.5% p.a payable quarterly | 458,187 | 458,187 |



| | | Number of | Installment | | 2018 | 2017 |
|--|---------------|-------------------------------------|-----------------------|--------------------------------|-----------|-----------|
| Particulars | Note | installments and commencement month | amount Rs. In 000s | Mark-up rate per annum | Rs. | 000s |
| Pak Brunei Investment Company Loan 2 Under LTFF scheme | 7.3, 7.4, 7.7 | 16 quarterly May-2019 | 2,419 | 2.5% p.a payable quarterly | 38,710 | 38,710 |
| Pak Brunei Investment Company Loan 3 Under LTFF scheme | 7.3, 7.4, 7.7 | 16 quarterly July-2019 | 5,468 | 2.5% p.a payable quarterly | 87,496 | 87,496 |
| Pak Oman Investment Company Loan 1 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly January-2019 | 8,596 | 2.75% p.a payable quarterly | 275,083 | 275,083 |
| Pak Oman Investment Company Loan 2 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly February-2019 | 7,410 | 2.75% p.a payable quarterly | 237,121 | 237,121 |
| Pak Oman Investment Company Loan 3 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly March-2019 | 6,927 | 2.75% p.a payable quarterly | 221,667 | 221,667 |
| Pak Oman Investment Company Loan 4 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly May-2019 | 238 | 2.75% p.a payable quarterly | 7,627 | 7,627 |
| Pak Oman Investment Company Loan 5 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly May-2019 | 60 | 2.75% p.a payable quarterly | 1,908 | 1,908 |
| Pak Oman Investment Company Loan 6 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly June-2019 | 7,144 | 2.75% p.a payable quarterly | 228,624 | 228,624 |
| Pak Oman Investment Company Loan 7 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly June-2019 | 351 | 2.75% p.a payable quarterly | 11,228 | 11,228 |
| | | Total from Non-Ba | • | | 2,778,689 | 2,807,211 |

- These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company.
- **7.4** These loans are secured by charge over specified machinery.
- 7.5 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.
- 7.6 These loans are secured by charge over specified machinery of the Company and equitable mortgage over land and building.

Financial Statements

For the Year Ended June 30, 2018

- 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.
- These loans are obtained under Shariah Compliant Arrangements.
- These loans are secured by ranking charge over present and future property, plant and equipment of the company.

Deferred Taxation

| | | 2018 | 2017 |
|---|-----|-----------|----------|
| No | ote | Rs. | 000s |
| | | | |
| Opening balance | | 298,358 | 309,308 |
| Credited to statement of profit or loss | | (273,270) | (9,660) |
| Credited to other comprehensive income | | (1,396) | (1,290) |
| Closing balance | | 23,692 | 298,358 |
| | | | |
| Deferred tax arises due to: | | | |
| Taxable temporary differences in respect of | | | |
| Accelerated tax depreciation allowance | | 334,038 | 348,865 |
| | | | |
| Deductible temporary differences in respect of | | | |
| Provision for gratuity | | (6,748) | (2,631) |
| Impairment allowance against doubtful trade debts | | (33,491) | (29,915) |
| Provision for slow moving items/obsolete items of stores and spares | | (15,869) | (14,479) |
| and operior | | (56,108) | (47,025) |
| Tax credit | | (254,238) | (3,482) |
| | | 23,692 | 298,358 |

- Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001.
- 8.2 The Company has unrecognised available tax credit of Rs. 299.30 million (2017: 246.94 million) under section 65 of the Income Tax Ordinance, 2001.



9

| | 2018 | 2017 |
|------|----------|--|
| Note | Rs. | 000s |
| | | |
| | 23,864 | 35,749 |
| 9.2 | 64,306 | 31,029 |
| | 13,063 | 11,705 |
| | (38,068) | (54,619) |
| | | |
| | 63,165 | 23,864 |
| | | |
| | 31,735 | 30,417 |
| | 32,197 | - |
| | 374 | 612 |
| 28.1 | 64,306 | 31,029 |
| | 9.2 | 23,864 9.2 64,306 13,063 (38,068) 63,165 |

9.3 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation:

| Discount rate used | 7.75% p.a | 7.25% p.a |
|---|--------------------------------|--------------------------------|
| Expected increase in salary for year end obligation | NA | 6.75% |
| Average expected remaining working life time of employees | 5 years | 5 years |
| Mortality risk | SLIC 2001- 2005 Set back | SLIC 2001- 2005 Set back |
| | 1 Year | 1 Year |

Financial Statements

For the Year Ended June 30, 2018

9.4 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 Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual 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.

(c) Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

9.5 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, 2018. The disclosure is based on information included in that actuarial report.

9.6 Sensitivity Analysis

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

| | | 2018 | 2017 |
|---------------------------|------|--------|----------|
| | Note | Rs. 0 | 000s ——— |
| | | | |
| Discount Rate +100 bps | | 60,277 | 22,739 |
| Discount Rate - 100 bps | | 66,452 | 25,143 |
| Salary increase + 100 bps | | 66,452 | 25,143 |
| Salary increase - 100 bps | | 60,226 | 22,719 |



9.7 Maturity Profile

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

| | – Rs. 000s – |
|-----------------|--------------|
| | |
| FY 2019 | 23,245 |
| FY 2020 | 17,965 |
| FY 2021 | 15,286 |
| FY 2022 | 12,498 |
| FY 2023 | 10,946 |
| FY 2024 | 10,095 |
| FY 2025 | 9,196 |
| FY 2026 | 9,320 |
| FY 2027 | 9,714 |
| FY 2028 | 10,686 |
| FY 2029 onwards | 423,957 |

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

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For the Year Ended June 30, 2018

10 Trade And Other Payables

| | | 2018 | 2017 |
|--|----------------------------------|-----------|-----------|
| | Note | Rs. | 000s ——— |
| | | | |
| Creditors - Others | | 2,404,579 | 1,862,192 |
| - Due to related parties | | 53,674 | 93,828 |
| | | 2,458,253 | 1,956,020 |
| Accrued expenses | 10.1.1, 10.1.2, 10.1.3 & 14.4 | 3,983,146 | 2,985,090 |
| Advances from customers | | 213,682 | 361,194 |
| Security deposit against franchise stock | 10.2 | 93,250 | 129,731 |
| Workers' profit participation fund | 10.3 | 124,781 | 42,981 |
| Workers' welfare fund | 10.4 | 47,556 | 35,108 |
| Taxes withheld | | 53,896 | 30,509 |
| Payable to employees' provident fund trust | | 21,025 | 14,989 |
| Others | | 13,359 | 13,545 |
| | | 7,008,948 | 5,569,167 |

10.1.1 Accrued expenses include Infrastructure Cess amounting to Rs. 242 million (2017: Rs. 190 million). The Company along with other petitioners has challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi, dated 28 May, 2011. Furthermore, the Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. The Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was enacted by the Province of Sindh against which the Company has filed constitutional petition dated 14 October, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed for interim relief to the Company till final judgment as allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the unconsolidated financial statements.





- The Company along with several other companies has filed a suit in the Honorable Sindh High 10.1.2 Court challenging the Notification via SRO No. (I) / 2015 dated 31 August, 2015 regarding increase in the Gas rate tariff, on 16 November, 2015. 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 favour 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 2017, the Oil and Gas Regulatory Authority (OGRA) had issued another notification dated 30-December, 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. 217.35 million (2017: Rs.186.44 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, full provision of Rs. 377.28 million (2017: Rs. 237.86 million) in the unconsolidated financial statements.
- 10.1.3 The Company along with several other companies has filed a suit in the Honorable Sindh High Court on 18 December, 2015, challenging the charging of captive power tariff instead of Industry tariff rate to the Company, since the Company is producing electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the Company. However, in view of the uncertainties in such matter, full provision of Rs. 570.057 million (2017: Rs. 346.173 million) has been made in the unconsolidated financial statements. The Company has provided banker's verified cheques of Rs. 332.397 million (2017: Rs.108.512 million) as security to Nazir of High Court Sindh.
- **10.2** These security deposits are utilized for business purpose as per written agreements in compliance with requirements of section 217 of the Companies Act, 2017.

10.3 Workers' profit participation fund

| | | 2018 | 2017 |
|-------------------------------|--------|----------|----------|
| | Note | Rs. 000s | |
| | | | |
| Opening balance | | 42,981 | 75,029 |
| Allocation for the year | 29 | 124,781 | 42,981 |
| Markup for the year | 10.3.1 | 1,817 | 6,495 |
| | | 169,579 | 124,505 |
| Payments made during the year | | (44,798) | (81,524) |
| Closing balance | | 124,781 | 42,981 |

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- 10.3.1 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.
- 10.4 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, dated 4 February, 2011. The Honorable Sindh High Court decided the matter in favour of the Government. The Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on 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 there by 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.

11 Accrued Mark-Up/Profit

| | | 2018 | 2017 |
|---|------|----------|---------|
| | Note | Rs. 000s | |
| | | | |
| Mark-up/profit on long term financing | | 55,806 | 53,365 |
| Mark-up/profit on short term borrowings | | 119,827 | 85,533 |
| | 11.1 | 175,633 | 138,898 |

- 11.1 This includes profit of Rs. 0.99 million and Rs. 27.89 million (2017:Rs. 2.48 million and Rs. 9.12 million) accrued in long term financing and short term borrowings respectively under Shariah Compliant arrangements.
- 11.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 8.78 million (2017: Rs.3.57 million).

12 Short Term Borrowings

| | 2018 | 2017 |
|----------------------------|------------|------------|
| Note | Rs. 000s | |
| | | |
| Short term bank borrowings | | |
| Foreign currency | - | 3,725,267 |
| Local currency | 15,076,081 | 8,210,076 |
| | 15,076,081 | 11,935,343 |



- 12.1 Short term bank borrowings include Istisna (Shariah Compliant) amounting to Rs. 3,005 million (2017: Rs. 1,094 million) in local currency and Rs. nil (2017: Rs. 581 million) in foreign currency. Istisna is an Islamic mode of finance.
- 12.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. Unavailed facility at the year end was Rs. 6,873 million (2017: Rs. 7,712 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.964 million (2017: Rs.457 million).

13 Unpaid Dividend

Dividend payable comprises of dividend amount Rs. 11.05 million (2017: Rs.9.04 million) held by the Company, as referred in Note no. 5.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 8.48 million and Rs. 0.380 million (2017: Rs. 6.94 million and Rs. 0.31 million) of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively.

14 Contingencies And Commitments

- 14.1 The Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2017: Rs. 84 million). The Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal Rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Company. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.
- 14.2 The Company has filed a Petition in the Honorable Sindh High Court, dated 30 March, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (2017: Rs. 50.83 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. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.
- 14.3 The Company 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 (2017: Rs. 10 million) on 17 October, 2011 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. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

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14.4 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, on 22 July, 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. No provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these unconsolidated financial statements amounting to Rs. 868.22 million (2017: Rs. 868.22 million).

The Honorable High Court of Sindh vide its judgment dated 26 October, 2016 have held GIDC Act 2015 ultra vires the Constitution. The Government thereafter has filed an appeal in the Sindh High court. 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. 1,725 million (2017: Rs. 1,137 million) in these unconsolidated financial statements.

- 14.5 The Company along with several other companies has filed writ petition dated January 6, 2017 and 24 November, 2017 against the levy of super tax for the tax year 2016 and 2017 respectively under section 4B of the Income tax Ordinance, 2001 before the Honourable Sindh High Court, where the matter is sub-judice and stay order has been granted. The amount involved is Rs. 64 million against which no provision has been made.
- 14.6 The Company has filed a suit in the Honorable Sindh High Court on 28 March, 2002 for recovery of Rs. 33.41 million (2017: Rs. 33.41 million) against sale of property included in other receivables note no.22. The legal counsel of the Company is of the view that the Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

14.7 Guarantees

- (a) Rs. 839.29 million (2017: Rs. 767 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. 770.80 million (2017: Rs. 698 million).
- (b) Post dated cheques of Rs.3,440 million (2017: Rs. 1,406 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.1,292 million (2017: Rs. 2,073 million).
- (d) Corporate guarantee of Rs 110.45 million (2017: Rs. 94.22 million) has been issued to a bank in favor of indirect subsidiary company GTM (Europe) Limited UK. This has been issued in accordance with the requirement of the Companies Act, 2017.



14.8 Commitments

- (a) The Company is committed for capital expenditure as at June 30, 2018 of Rs. 1,234.4 million (2017: Rs. 181.4 million).
- (b) The Company is committed to minimum rental payments for each of following period as follows:

| | 2 | 2018 | 2017 |
|---|----|----------|-----------|
| | | Rs. 000s | |
| | | | |
| Not more than one year | | 800,204 | 484,547 |
| More than one year not more than five years | 2, | 276,407 | 1,588,408 |
| han five years | | 815,837 | 477,159 |
| | 3, | 892,448 | 2,550,114 |
| | | | |
| , Plant And Equipment | | | |
| | 2 | 2018 | 2017 |

15

| | | _0.0 | _0 |
|---------------------------------|-----------|------------|------------|
| | Note | Rs. 000s | |
| Operating fixed assets | 15.1 | 14,908,714 | 13,657,771 |
| Capital work in progress (CWIP) | 15.2 & 46 | 1,195,605 | 2,311,420 |
| | | 16,104,319 | 15,969,191 |
| | | | |

Financial Statements

For the Year Ended June 30, 2018

15.1 Operating fixed assets

| Note Leasehold Subtures Plant and Organizations Plant and fucture Plant an | | | | | | | | | |
|--|------------------------------------|--------|---------|-------------------------------|-------------|----------|-----------|-----------|-------------|
| Actually 1, 2016 Cost | | Note | | structures on leasehold | | | | Vehicles | Total |
| Cost | | | | | | | | | |
| Cost | At July 1, 2016 | | | | | | | | |
| Net book value as at July 1, 2016 227,564 1,980,100 7,542,247 50,732 233,014 471,719 10,505,376 Year ended as at June 30, 2017 201,473,196 2,915,128 38 3 131,901 204,955 425,138 Transfer from CWIP | Cost | | 227,564 | 3,619,877 | 14,676,918 | 104,554 | 549,516 | 836,022 | 20,014,451 |
| Direct additions (at cost) | Accumulated depreciation | | - | (1,639,777) | (7,134,671) | (53,822) | (316,502) | (364,303) | (9,509,075) |
| Direct additions (at cost) | Net book value as at July 1, 2016 | | 227,564 | 1,980,100 | 7,542,247 | 50,732 | 233,014 | 471,719 | 10,505,376 |
| Disposals | Year ended as at June 30, 2017 | | | | | | | | |
| Disposals Cost (4,923) - (493,442) - (4,188) (94,000) (596,553) Depreciation - 440,294 - 3,476 66,522 510,292 Net book value (4,923) - (53,148) - (712) (27,478) (86,261) Scraped at net book value (425) (425) Depreciation charge for the year - (373,919) (1,009,926) (5,907) (65,380) (119,342) (1,574,474) Net book value as at June 30, 2017 222,641 3,079,377 9,478,782 48,294 298,823 529,854 13,657,771 Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15,2 824,739 2,321,823 40 3,146,602 Reclassification 15,1.1 - (23,058) - 23,058 Disposals 15,1.3 Cost - (914,891) (45) (3,278) (260,093) (1,178,907) Depreciation - 810,499 21 1,856 144,568 966,944 Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | Direct additions (at cost) | | - | - | 84,481 | 3,801 | 131,901 | 204,955 | 425,138 |
| Cost (4,923) - (433,442) - (4,188) (94,000) (596,553) Depreciation - 440,294 - 3,476 66,522 510,292 Net book value (4,923) - (53,148) - (712) (27,478) (86,261) Scraped at net book value - (373,919) (1,009,926) (5,907) (65,380) (119,342) (1,574,474) Net book value as at June 30, 2017 222,641 3,079,377 9,478,782 48,294 298,823 529,854 13,657,771 Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15,2 - 824,739 2,321,823 40 - 3,146,602 Peclassification 15,1,1 - (23,058) - 23,058 3,146,602 Disposals 15,1,3 - (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - 1,1,2 - (914,891) (45) (3,278) (260,093) (1,178,307) < | Transfer from CWIP | | - | 1,473,196 | 2,915,128 | 93 | - | - | 4,388,417 |
| Cost (4,923) - (433,442) - (4,188) (94,000) (596,553) Depreciation - 440,294 - 3,476 66,522 510,292 Net book value (4,923) - (53,148) - (712) (27,478) (86,261) Scraped at net book value - (373,919) (1,009,926) (5,907) (65,380) (119,342) (1,574,474) Net book value as at June 30, 2017 222,641 3,079,377 9,478,782 48,294 298,823 529,854 13,657,771 Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15,2 - 824,739 2,321,823 40 - 3,146,602 Peclassification 15,1,1 - (23,058) - 23,058 3,146,602 Disposals 15,1,3 - (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - 1,1,2 - (914,891) (45) (3,278) (260,093) (1,178,307) < | Disposals | | | | | | | | |
| Depreciation | Cost | | (4 923) | | (493 442) | | (4.188) | (94 000) | (596 553) |
| Net book value (4,923) - (53,148) - (712) (27,478) (86,261) Scraped at net book value (425) (425) Depreciation charge for the year - (373,919) (1,009,926) (5,907) (65,380) (119,342) (1,574,474) Net book value as at June 30, 2017 222,641 3,079,377 9,478,782 48,294 298,823 529,854 13,657,771 Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15.2 - 824,739 2,321,823 40 3,146,602 Reclassification 15.1.1 - (23,058) - 23,058 Disposals 15.1.3 Cost - (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - 810,499 21 1,856 144,568 956,944 Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost - (485,061) (1,200,083) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | | | (1,020) | _ | | _ | , , , | | |
| Depreciation charge for the year - (373,919) (1,009,926) (5,907) (65,380) (119,342) (1,574,474) Net book value as at June 30, 2017 222,641 3,079,377 9,478,782 48,294 298,823 529,854 13,657,771 Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15.2 - 824,739 2,321,823 40 3,146,602 Reclassification 15.1.1 (23,058) - 23,058 3,146,602 Possels (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation 810,499 21 1,856 144,568 956,944 Net book value (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 5,918,435 18,629,194 111 | • | | (4,923) | - | -, - | - | | | |
| Depreciation charge for the year - (373,919) (1,009,926) (5,907) (65,380) (119,342) (1,574,474) Net book value as at June 30, 2017 222,641 3,079,377 9,478,782 48,294 298,823 529,854 13,657,771 Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15.2 - 824,739 2,321,823 40 3,146,602 Reclassification 15.1.1 (23,058) - 23,058 3,146,602 Possels (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation 810,499 21 1,856 144,568 956,944 Net book value (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 5,918,435 18,629,194 111 | Scraned at net hook value | | _ | _ | | (425) | | | (425) |
| Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15.2 - 824,739 2,321,823 40 3,146,602 Reclassification 15.1.1 (23,058) - 23,058 23,058 Disposals (914,891) (45) (3,278) (260,093) (1,178,307) Cost (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - 810,499 21 1,856 144,568 956,944 Net book value - (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 (3,419,678) (10,541,713) (47,093) (455,369) (371,369) (11,477,039) Net book value as at June 30, 2018 222,641 (5,918,435) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 (3,419,678) (10,541,713) (47,093) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 (3,419,678) (10,541,713) (47,093) (455,369) (371,396) (11,477,039) | · | | - | (373,919) | (1,009,926) | | (65,380) | (119,342) | , , |
| Year ended June 30, 2018 Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15.2 - 824,739 2,321,823 40 3,146,602 Reclassification 15.1.1 (23,058) - 23,058 23,058 Disposals (914,891) (45) (3,278) (260,093) (1,178,307) Cost (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - 810,499 21 1,856 144,568 956,944 Net book value - (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 (3,419,678) (10,541,713) (47,093) (455,369) (371,369) (11,477,039) Net book value as at June 30, 2018 222,641 (5,918,435) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 (3,419,678) (10,541,713) (47,093) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 (3,419,678) (10,541,713) (47,093) (455,369) (371,396) (11,477,039) | Net book value as at June 30, 2017 | , | 222,641 | 3.079.377 | 9.478.782 | 48,294 | 298.823 | 529.854 | 13.657.771 |
| Direct additions (at cost) - 623 68,651 3,151 52,124 61,881 186,430 Transfer from CWIP 15.2 - 824,739 2,321,823 40 3,146,602 Reclassification 15.1.1 (23,058) - 23,058 Disposals 15.1.3 Cost - (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - 810,499 21 1,856 144,568 956,944 Net book value (104,392) (24) (1,422) (115,525) (221,363) Cost - (104,392) (24) (1,422) (115,525) (221,363) Cost - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Cost - (222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | , | | ,- | -,,- | , ,, | -, - | , | , | -,, |
| Transfer from CWIP 15.2 - 824,739 2,321,823 40 3,146,602 Reclassification 15.1.1 (23,058) - 23,058 3,146,602 Disposals 15.1.3 Cost | Year ended June 30, 2018 | | | | | | | | |
| Reclassification 15.1.1 - - (23,058) - 23,058 - - - | Direct additions (at cost) | | - | 623 | 68,651 | 3,151 | 52,124 | 61,881 | 186,430 |
| Reclassification 15.1.1 - - (23,058) - 23,058 - - Disposals 15.1.3 Cost - - (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - - 810,499 21 1,856 144,568 956,944 Net book value - - (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost 222,641 5,918,435 18,629,194 111,129 755,589 748,765 26,385,753 Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | Transfer from CWIP | 15.2 | - | 824,739 | 2,321,823 | 40 | - | - | 3,146,602 |
| Cost - (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - - 810,499 21 1,856 144,568 956,944 Net book value - - (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost 222,641 5,918,435 18,629,194 111,129 755,589 748,765 26,385,753 Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | Reclassification | | - | - | (23,058) | - | 23,058 | - | - |
| Cost - (914,891) (45) (3,278) (260,093) (1,178,307) Depreciation - - 810,499 21 1,856 144,568 956,944 Net book value - - (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost 222,641 5,918,435 18,629,194 111,129 755,589 748,765 26,385,753 Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | Disnosals | 15 1 3 | | | | | | | |
| Depreciation - - 810,499 21 1,856 144,568 956,944 Net book value - - (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost 222,641 5,918,435 18,629,194 111,129 755,589 748,765 26,385,753 Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | · | | _ | _ | (914.891) | (45) | (3.278) | (260.093) | (1.178.307) |
| Net book value - - (104,392) (24) (1,422) (115,525) (221,363) Depreciation charge for the year 15.1.2 - (485,061) (1,200,093) (4,368) (72,363) (98,841) (1,860,726) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost 222,641 5,918,435 18,629,194 111,129 755,589 748,765 26,385,753 Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | | | _ | - | , , , | , , | | , , , | |
| Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 Cost 222,641 5,918,435 18,629,194 111,129 755,589 748,765 26,385,753 Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | · | | - | - | (104,392) | | | | |
| Cost 222,641 5,918,435 18,629,194 111,129 755,589 748,765 26,385,753 Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | Depreciation charge for the year | 15.1.2 | - | (485,061) | (1,200,093) | (4,368) | (72,363) | (98,841) | (1,860,726) |
| Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | Net book value as at June 30, 2018 | | 222,641 | 3,419,678 | 10,541,713 | 47,093 | 300,220 | 377,369 | 14,908,714 |
| Accumulated depreciation - (2,498,757) (8,087,481) (64,036) (455,369) (371,396) (11,477,039) Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | Cost | | 222.641 | 5,918.435 | 18.629.194 | 111.129 | 755.589 | 748.765 | 26,385.753 |
| Net book value as at June 30, 2018 222,641 3,419,678 10,541,713 47,093 300,220 377,369 14,908,714 | | | ,- · · | | | | | | |
| Depreciation rate % per annum - 10 to 20 10 to 20 10 to 12 15 to 33 20 | ' | | 222,641 | | | | | | |
| | Depreciation rate % per annum | | | 10 to 20 | 10 to 20 | 10 to 12 | 15 to 33 | 20 | |



15.1.1 There has been a reclassification in fixed assets from plant and machinery to office equipment, amounting to Rs. 23 million. The Company has made decision to reclassify generators pertaining to retail outlets to office equipment.

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

| | | 2018 | 2017 |
|----------------------|------|-----------|-----------|
| | Note | Rs. (| 000s |
| | | | |
| Cost of sales | 26.1 | 1,466,317 | 1,196,737 |
| Distribution costs | 27 | 188,502 | 208,502 |
| Administrative costs | 28 | 205,907 | 169,235 |
| | | | |
| | | 1,860,726 | 1,574,474 |

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For the Year Ended June 30, 2018

15.1.3 Details of operating assets sold (by negotiation except where stated)

| Plant and machinery | Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|--|-----------------------|---------|--------------------------|------------------|--------------------------------|---------------------|--|
| FD -5 (Unica-1) | | | Rs. 0 | 000s | | | |
| Savio Polar Italy 38,522 3,505 10,500 6,995 Negotiation Diamond International Corporation Ltd. B-238,H.I.T.E Chowki, DistLasballa Hub, Karachi Twister Murata 3C1 26,052 6,992 8,000 1,008 Negotiation Riaz Textile Mills (Pvt) Ltd. A-301,3rd Floor City Tower, Gulberg-2, Gulberg Town, Lahore Cases No.1110Tag No. 03-000780) 1,857 1,000 (857) Negotiation Hasan & Co B-59/2, Qazafi Town, Landhi Main National Highway Poad, Karachi No. 03-000784) 20,263 1,727 1,000 (727) Negotiation Hasan & Co B-59/2, Qazafi Town, Landhi Main National Highway Poad, Karachi National Spinning Mills Plot # A-9, S.I.T.E, Kotri, Pyderabad Santura Machine 49,627 5,732 1,664 (4,068) Negotiation Negotiation Chaudhary Traders Chaudhary Tr | Plant and machinery | | | | | | |
| Twister Murata 3C1 | RD -5 (Unica-1) | 71,482 | 5,205 | 17,500 | 12,295 | Negotiation | A/5-B-3, Metrovil UC-04, Site |
| A-301,3rd Floor City Tower, Gulberg-2, Gulberg Town, Lahore | Savio Polar Italy | 38,522 | 3,505 | 10,500 | 6,995 | Negotiation | Corporation Ltd. B-238,H.I.T.E Chowki, |
| Asset No.1110Tag No. 03-000784) Savio Orion Italy 20,263 1,727 1,000 (727) Negotiation National Spinning Mills Plot # A-9, SLTE, Kotri Plot # A-9, SLTE, Kot | (Asset No.1110Tag | 26,052 | 6,992 | 8,000 | 1,008 | Negotiation | A-301,3rd Floor City Tower, Gulberg-2, Gulberg Town, |
| Senter Machine Ktantz-3 (2800) Tag No. 5011 Complete foreign material detection & sorting installation Air jet looms 127,638 23,168 18,734 (4,434) Negotiation Loptex Italia Valitellina 16,22070 montano lucino road, Italy Air jet looms 127,638 23,168 18,734 (4,434) Negotiation Hi Tech Textile Plot # 674 Ad Dulayl, Q.I. Z Park P.O Box #1495, Al-Mufraq, Jordan Delta machine 1,486 546 81 (465) Negotiation Babar Hosiery Engineering Repairing Works Quald-E-Azam Market Dijkot Road, Faisalabad Embroidery machine 17,862 5,700 1,206 1,206 (4,494) Negotiation Anwer Khan House No F-131, block-6, Gulshan-e-lqbal Karachi Embroidery Machine 24 Head Seeing 14,500 9,442 3,744 (5,698) Negotiation Abdul Ghani House No F-253 Green Park City, Karachi Generator ASH Brother 529,551 35,301 17,400 (17,901) Negotiation Negotiation Various | (Asset No.1110Tag | 6,743 | 1,857 | 1,000 | (857) | Negotiation | B-59/2, Qazafi Town, Landhi Main National Highway Road, |
| Ktantz-3 (2800) Tag No. 5011 Complete foreign material detection & sorting installation Air jet looms 127,688 23,168 18,734 2,643 - Negotiation Loptex Italia Valtellina 16,22070 montano lucino road, Italy Hi Tech Textile Plot # 674 Ad Dulayl, Q.I. Z Park P.O Box #1495, Al-Mufraq, Jordan Delta machine 1,486 546 81 (465) Negotiation Babar Hosiery Engineering Repairing Works Quaid-E-Azam Market Dijkot Road, Faisalabad Embroidery machine 17,862 5,700 1,206 4,494) Negotiation Anwer Khan House No F-131, block-6, Gulshan-e-lqbal Karachi Embroidery Machine 24 Head Seeing 14,500 9,442 3,744 (5,698) Negotiation Abdul Ghani House No R-253 Green Park City, Karachi Generator ASH Brother 35,301 17,400 (17,901) Negotiation Negotiation Various | Savio Orion Italy | 20,263 | 1,727 | 1,000 | (727) | Negotiation | Plot # A-9, S.I.T.E, Kotri Plot # |
| material detection & Sorting installation Air jet looms 127,688 23,168 18,734 (4,434) Negotiation Hi Tech Textile Plot # 674 Ad Dulayl, Q.I. Z Park P.O Box #1495, Al-Mufraq, Jordan Delta machine 1,486 546 81 (465) Negotiation Babar Hosiery Engineering Repairing Works Quaid-E-Azam Market Dijkot Road, Faisalabad Embroidery machine 17,862 5,700 1,206 (4,494) Negotiation Anwer Khan House No F-131, block-6, Gulshan-e-Iqbal Karachi Embroidery Machine 24 Head Seeing 14,500 9,442 3,744 (5,698) Negotiation Abdul Ghani House No R-253 Green Park City, Karachi Generator ASH Brother 4,090 2,574 416 (2,158) Negotiation Plot # A2,Gulzar Colony, Near National refinery sector, Karachi Items with written down value below Rs. 500,000 | Ktantz-3 (2800) Tag | 49,627 | 5,732 | 1,664 | (4,068) | Negotiation | Chak Number 173 G-B, Tehsil |
| Delta machine 1,486 546 81 (465) Negotiation Babar Hosiery Engineering Repairing Works Quaid-E-Azam Market Dijkot Road, Faisalabad Embroidery machine 17,862 5,700 1,206 (4,494) Negotiation Anwer Khan House No F-131, block-6, Gulshan-e-lqbal Karachi Embroidery Machine 24 Head Seeing 14,500 9,442 3,744 (5,698) Negotiation Abdul Ghani House No R-253 Green Park City, Karachi Generator ASH 8,090 2,574 416 (2,158) Negotiation Elite Power Plot # A2,Gulzar Colony, Near National refinery sector, Karachi Items with written down value below Rs. 500,000 | material detection & | 7,025 | 2,643 | 2,643 | - | Negotiation | Valtellina 16,22070 montano |
| Embroidery machine 17,862 5,700 1,206 (4,494) Negotiation Anwer Khan House No F-131, block-6, Gulshan-e-lqbal Karachi Embroidery Machine 24 Head Seeing 14,500 9,442 3,744 (5,698) Negotiation Abdul Ghani House No R-253 Green Park City, Karachi Generator ASH 8,090 2,574 416 (2,158) Negotiation Elite Power Plot # A2,Gulzar Colony, Near National refinery sector, Karachi Items with written down value below Rs. 500,000 | Air jet looms | 127,688 | 23,168 | 18,734 | (4,434) | Negotiation | Plot # 674 Ad Dulayl, Q.I. Z Park P.O Box #1495, Al-Mufraq, |
| Embroidery Machine 24 Head Seeing 14,500 9,442 3,744 (5,698) Negotiation Abdul Ghani House No R-253 Green Park City, Karachi Generator ASH Brother 4,090 2,574 416 (2,158) Negotiation Elite Power Plot # A2,Gulzar Colony, Near National refinery sector, Karachi Items with written down value below Rs. 500,000 | Delta machine | 1,486 | 546 | 81 | (465) | Negotiation | Repairing Works Quaid-E-Azam Market Dijkot |
| 24 Head Seeing Generator ASH Brother 4,090 2,574 416 (2,158) Negotiation Elite Power Plot # A2,Gulzar Colony, Near National refinery sector, Karachi Items with written down value below Rs. 500,000 House No R-253 Green Park City, Karachi Elite Power Plot # A2,Gulzar Colony, Near National refinery sector, Karachi | Embroidery machine | 17,862 | 5,700 | 1,206 | (4,494) | Negotiation | House No F-131, block-6, |
| Brother Plot # A2,Gulzar Colony, Near National refinery sector, Karachi Items with written 529,551 35,301 17,400 (17,901) Negotiation Various down value below Rs. 500,000 | | 14,500 | 9,442 | 3,744 | (5,698) | Negotiation | House No R-253 Green Park |
| down value below Rs. 500,000 | | 4,090 | 2,574 | 416 | (2,158) | Negotiation | Plot # A2, Gulzar Colony, Near |
| 914,891 104,392 83,888 (20,504) | down value below | 529,551 | 35,301 | 17,400 | (17,901) | Negotiation | Various |
| | | 914,891 | 104,392 | 83,888 | (20,504) | | |



| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers | | | | |
|---|--------|--------------------------|------------------|--------------------------------|---------------------|---|--|--|--|--|
| | | | | | | | | | | |
| Furniture & Fixture | | | | | | | | | | |
| Items with written down value below Rs. 500,000 | 45 | 24 | 125 | 101 | Negotiation | Various | | | | |
| Office Equipment | | | | | | | | | | |
| Items with written down value below Rs. 500,000 | 3,278 | 1,422 | 5,182 | 3,760 | Negotiation | Various | | | | |
| Vehicles | | | | | | | | | | |
| Honda City AYC-267 | 1,564 | 525 | 870 | 345 | Company policy | Sheikh Majid Ahmed House No. 3,Street No 35,4-A, Landhi No. 5, Karachi | | | | |
| Toyota Land cruiser prado BF-0485 | 11,108 | 2,815 | 4,000 | 1,185 | Company policy | Muhammad Ali Rashid House No 203/1,27th Street, Khayaban-E-Qasim, Phase-8, Karachi | | | | |
| Honda Atlas BAQ-117 | 1,550 | 619 | 1,132 | 513 | Negotiation | Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road, Karachi | | | | |
| Suzuki Cultus BET-569 | 1,084 | 702 | 851 | 149 | Negotiation | Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road, Karachi | | | | |
| Honda Atlas BBF-261 | 1,570 | 700 | 1,131 | 431 | Company policy | Ahsan Raza Bajwa House No P-20 B, Street No 1, Punjab Town Wireless Gate, Karachi | | | | |
| Suzuki Wagnor BFU-981 | 1,019 | 722 | 828 | 106 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi | | | | |
| Suzuki Swift BEA-559 | 1,289 | 788 | 954 | 166 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi | | | | |
| Honda Atlas BAL-378 | 2,453 | 977 | 1,400 | 423 | Company policy | Muhammad Ammir Flat # D4,block-14, F.B.Area Karachi | | | | |
| Suzuki Cultus BBZ-499 | 1,092 | 533 | 840 | 307 | Company policy | Muhammad Raza Shahzad House # C-6,block-11, North Karachi, Karachi | | | | |
| Suzuki Swift BBZ-496 | 1,313 | 629 | 1,021 | 392 | Company policy | Nasir Ali House # D-6,block-10, North Karachi, Karachi | | | | |
| Suzuki Mehran BEW-142 | 753 | 506 | 494 | (12) | Negotiation | Hayat Gul House # RE-317,block-R, Usman Ghani Colony, North Nazimabad, Karachi | | | | |
| Corolla Altis BDY-263 | 2,005 | 1,200 | 1,632 | 432 | Company policy | Sheraz Khan House No B-98, block-3, Metrovil, Site Area, Karachi | | | | |

Financial Statements

| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|--------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|--|
| | | Rs. (| 000s | | | |
| Honda Atlas BET-413 | 1,671 | 1,082 | 1,351 | 269 | Company policy | Muhammad Akram Khan House No. 3/518, Liaqatabad, Karachi |
| Honda City BAM-324 | 1,672 | 654 | 1,231 | 577 | Negotiation | Hayat Gul House # RE-317,block-R, Usman Ghani Colony, North Nazimabad, Karachi |
| Honda City BBK-158 | 1,713 | 750 | 1,291 | 541 | Negotiation | Hayat Gul House # RE-317,block-R, Usman Ghani Colony, North Nazimabad, Karachi |
| Suzuki Cultus BCG-758 | 1,100 | 549 | 840 | 291 | Company policy | Syed Adil Raza Alam House # H-403, Chapal Apartment, Block 13, Gulistan-E- Johar, Karachi |
| Honda City AYE-535 | 1,659 | 519 | 1,060 | 541 | Company policy | Muhammad Ahmed House # 95/1, Street #20, Khayaban-e-Rahat DHA, Karachi |
| Suzuki Swift BBD-624 | 1,334 | 574 | 969 | 395 | Company policy | Muhammad Khalid Plot # 260,Flat # 202,Street # 17, BMCHS,Sharfabad, Karachi |
| Honda City BCB-028 | 1,539 | 751 | 1,181 | 430 | Negotiation | Najmul Hassan Kalvana Town,House # R-113, Sector 10 North Karachi, Karachi |
| Suzuki Wagnor BDB-285 | 1,021 | 559 | 834 | 275 | Company policy | Mustafa Fakhruddin Flat # A-13, 3rd Floor, Gulshan-e-Zubeda, Karachi |
| Suzuki Swift BBL-860 | 1,302 | 570 | 967 | 397 | Company policy | Ashraf Nawaz House # 8-14/3 F-1, Mohalla Tareen road, Quetta |
| Honda City BCZ-375 | 1,543 | 815 | 1,261 | 446 | Company policy | Zafar Iqbal B-38,Street # 26,Model Colony Karachi |
| Suzuki Swift BFB-817 | 1,289 | 851 | 919 | 68 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Suzuki Wagnor BFR-320 | 1,014 | 706 | 871 | 165 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Swift BAQ-599 | 1,292 | 506 | 889 | 383 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Honda City BBW-845 | 1,537 | 708 | 1,102 | 394 | Company policy | Muhammad Adeel Zaheer House # B-312,block-10, F.B.Area, Gulberg Town, Karachi |
| Suzuki Swift BGQ-610 | 1,305 | 979 | 1,023 | 44 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |



| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|---------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|---|
| | | Rs. 0 | 000s | | | |
| Suzuki Swift BET-574 | 1,289 | 820 | 939 | 119 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi |
| Suzuki Mehran BFQ-728 | 770 | 536 | 560 | 24 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Mehran BFN-840 | 758 | 528 | 564 | 36 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Mehran BFN-956 | 758 | 518 | 572 | 54 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Toyota Corolla BFB-475 | 2,003 | 1,274 | 1,735 | 461 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Corolla Altis BER-671 | 2,003 | 1,274 | 1,748 | 474 | Company policy | Aamir Subhan Flat # A-2,Kj Arcade,12 East Street, Phase 1,DHA, Karachi |
| Suzuki Cultus BDG-068 | 1,097 | 612 | 838 | 226 | Company policy | Sultan Hasan Khan House # A-908/12,F.B Area, Karachi |
| Honda City BBD-206 | 1,713 | 710 | 1,143 | 433 | Company policy | Asif Baig House # 6,Sector D-5,New Karachi |
| Toyota Corolla AYM-392 | 2,139 | 671 | 1,079 | 408 | Negotiation | Meezan Bank Ltd Building # BC-1,4th Floor,Alkram Centre, Block-7,Clifton, Karachi |
| Suzuki Cultus BFB-447 | 1,174 | 746 | 927 | 181 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BEU-285 | 1,114 | 683 | 835 | 152 | Negotiation | Muhammad Umer Millwala Appartment, Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BGR-511 | 1,174 | 865 | 929 | 64 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Wagnor BFL-846 | 1,020 | 672 | 868 | 196 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Wagnor BHA-704 | 1,004 | 769 | 880 | 111 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Swift BFU-301 | 1,303 | 874 | 1,042 | 168 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |

Financial Statements

| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|----------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|--|
| | | | | | | |
| Suzuki Cultus BEM-267 | 1,039 | 624 | 829 | 205 | Negotiation | Muhammad Arif Chak # 229, Jeem Dal, Dakhana Khas, Zillah Chiniot |
| Suzuki Cultus BFY-492 | 1,174 | 800 | 915 | 115 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Suzuki Cultus BCK-491 | 1,055 | 507 | 767 | 260 | Company policy | Wasim Mirza House # A-32,block # 10-A, Gulshan-E-lqbal, Karachi |
| Suzuki Cultus BGH-956 | 1,174 | 831 | 909 | 78 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BGJ-954 | 1,169 | 844 | 925 | 81 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BEM-268 | 1,067 | 641 | 849 | 208 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Suzuki Cultus BGS-906 | 1,204 | 887 | 963 | 76 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Toyota Corolla BEM-737 | 2,003 | 1,204 | 1,652 | 448 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Honda City BGT-960 | 1,549 | 1,141 | 1,339 | 198 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Mehran BGL-301 | 755 | 546 | 593 | 47 | Company policy | Sufiyan Ahmed House No B.30, North Karachi, Karachi |
| Toyota Fortuner BG-5866 | 5,664 | 5,380 | 5,607 | 227 | Negotiation | Meezan Bank Ltd Building # BC-1,4th Floor,Alkram Centre, Block-7,Clifton, Karachi |
| Honda City BCE-916 | 1,682 | 778 | 1,202 | 424 | Company policy | Muhammad Humayun Rana H # P-55-A Punjab Town Malir Halt, Karachi |
| Honda City BAU-745 | 1,550 | 585 | 1,036 | 451 | Company policy | Jawaid Ali House # 111-E18 Nazimabad #3, Karachi |
| Toyota Corolla BHX-147 | 1,886 | 1,497 | 1,823 | 326 | Company policy | Syed Asad Mustafa House # D-106,AI-Falah Housing Project, Malir, Karachi |
| Suzuki Swift BBJ-706 | 1,323 | 537 | 899 | 362 | Company policy | Tariq Mehmood House #A-791,Sector #11/B, North Karachi Karachi |
| Honda City BGJ-705 | 1,548 | 1,075 | 1,432 | 357 | Company policy | Ahsan Bari House # 101,Cantt Bazzar,Malir, Karachi |



| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers | | | | |
|----------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|--|--|--|--|--|
| | | | | | | | | | | |
| Toyota Fortuner BF-5489 | 4,968 | 2,121 | 3,107 | 986 | Company policy | Shahnaz Basit House No. 64/1, Street # 21, Khayaban-e-Badban, Karachi | | | | |
| Toyota Corolla BEJ-287 | 1,854 | 1,051 | 1,506 | 455 | Company policy | Salim Ghaffar House No. A1/174, 2Nd Floor, Block 13-D-2, KDA Scheme 24, Gulshan-e-Iqbal Karachi | | | | |
| Honda City BEH-425 | 1,671 | 947 | 1,375 | 428 | Company policy | Shahid Iqbal Babar House # F-18,Usmania Colony, Nazimabad # 1, Karachi | | | | |
| Suzuki Cultus BER-246 | 1,114 | 643 | 843 | 200 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi | | | | |
| Toyota Corolla BEX-942 | 2,004 | 1,178 | 1,740 | 562 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi | | | | |
| Honda City BAQ-112 | 1,550 | 551 | 950 | 399 | Company policy | Waseem Hussain Flat # 10,Landhi, Karachi | | | | |
| Honda Civic AZQ-496 | 2,108 | 693 | 1,057 | 364 | Negotiation | Muhammad Amin House No R-121, New Karachi, Karachi | | | | |
| Suzuki Wagnor BFU-296 | 1,019 | 643 | 867 | 224 | Negotiation | Muhammad Amin House No R-121, New Karachi, Karachi | | | | |
| Suzuki Swift-BEZ-951 | 1,288 | 758 | 1,035 | 277 | Negotiation | Maaz Saleem Plot No 164, Jogi Mor, Karachi | | | | |
| Suzuki Wagnor BDG-064 | 1,021 | 507 | 851 | 344 | Company policy | Rasheed Khan Ghori 2nd Floor House No L-7, Karachi | | | | |
| Toyota Corolla BGB-721 | 2,050 | 1,340 | 1,826 | 486 | Negotiation | Maaz Saleem Plot No 164, Jogi Mor, Karachi | | | | |
| Honda City BES-151 | 1,670 | 964 | 1,486 | 522 | Company policy | Muhammad Khuram Siddiqui House # .A-9,block-13,Gulshan- E-Iqbal, Karachi | | | | |
| Honda Atlas BBH-582 | 1,745 | 624 | 1,137 | 513 | Company policy | Muhammad Khalil Khadija Villa Flat # 143/B Sector B, SMCH, Karachi | | | | |
| Corolla BCQ-558 | 1,851 | 871 | 1,412 | 541 | Negotiation | Fahim Amir Survey# 54, House #8, Club Road, Noshehra Cantt | | | | |
| Suzuki Cultus BDQ-920 | 1,099 | 634 | 838 | 204 | Company policy | Sultan Khan House # A-908/12,F.B Area Karachi | | | | |
| Swift BEE-190 | 1,428 | 872 | 942 | 70 | Negotiation | Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road, Karachi | | | | |
| Wagon R-VXR BEJ-929 | 1,008 | 571 | 834 | 263 | Company policy | Abdul Quddoos House # L-33/B,Block-3, Gulshan-E-Iqbal, Karachi | | | | |

Financial Statements

| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|---|-----------|--------------------------|------------------|--------------------------------|---------------------|---|
| | | Rs. (| 000s | | | |
| Wagon R-VXR BEN-091 | 953 | 584 | 856 | 272 | Company policy | Waqar Ahmed Khan Flat # 307, West Point Tower Phase-2 Ext DHA Block-B, Karachi |
| Suzuki Cultus-BET-473 | 1,113 | 695 | 923 | 228 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi |
| Suzuki Cultus-BET-573 | 1,084 | 702 | 870 | 168 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Wagon R-VXR BEU-926 | 998 | 611 | 858 | 247 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Cultus-BEQ-429 | 1,129 | 745 | 842 | 97 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Wagon R-VXR BEW-504 | 1,049 | 655 | 859 | 204 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Suzuki Cultus BEV-685 | 1,112 | 747 | 869 | 122 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Corolla BEX-641 | 2,208 | 1,403 | 1,618 | 215 | Negotiation | Najmul Hassan Kalvana Town,House # R-113, Sector 10 North Karachi, Karachi |
| Mehran BGB-640 | 756 | 534 | 626 | 92 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Cultus BGM-877 | 1,174 | 848 | 939 | 91 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Cultus BGT-824 | 1,174 | 915 | 966 | 51 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Items with written down value below Rs. 500,000 | 124,943 | 41,400 | 72,286 | 30,886 | Negotiation | Various |
| | 260,093 | 115,525 | 171,659 | 56,134 | | |
| 2018 | 1,178,307 | 221,363 | 260,854 | 39,491 | | |
| 2017 | 596,553 | 86,261 | 331,091 | 244,830 | | |



15.1.4 Details of net gain on disposal of property, plant and equipment

| | | 2018 | 2017 |
|--|------|----------|---------|
| | Note | Rs. 0 | 000s |
| Gain on disposal of property, plant and equipment - credited to other income | 30 | 80,305 | 251,928 |
| Loss on disposal of property, plant and equipment- charged to other operating expenses | 29 | (40,814) | (7,098) |
| Property, plant and equipment scrapped - charged to other operating expenses | 29 | - | (425) |
| Net gain on sale of Property, Plant and equipment | | 39,491 | 244,405 |

Capital work in progress 15.2

| | | 2018 | 2017 |
|---|------|-------------|-------------|
| | Note | Rs. | 000s |
| Machinery and store items | | 987,904 | 417,869 |
| Civil work | | 85,096 | 1,893,511 |
| Capital Advances | | 122,605 | - |
| Other assets | | - | 40 |
| | | 1,195,605 | 2,311,420 |
| The movement in capital work in progress is as follows: | | | |
| Balance at beginning of the year | | 2,311,420 | 1,545,089 |
| Capital expenditure incurred during the year | | | |
| Machinery and store items | | 1,470,952 | 2,362,462 |
| Civil work | | 437,230 | 2,792,223 |
| Capital advances | | 122,605 | - |
| Other assets | | - | 63 |
| Transfers to operating fixed assets during the year | | 2,030,787 | 5,154,748 |
| Machinery and store items | | (2,321,823) | (2,915,128) |
| Civil work | | (824,739) | (1,473,196) |
| Other assets | | (40) | (93) |
| | | (3,146,602) | (4,388,417) |

Financial Statements

For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|----------------------------|--------|-------------|-----------|
| | Note | Rs. | 000s |
| Reclassification | | | |
| Machinery and store items | | 1,420,906 | - |
| Civil work | 15.2.1 | (1,420,906) | - |
| | | - | - |
| | | | |
| Balance at end of the year | | 1,195,605 | 2,311,420 |

15.2.1 There has been a reclassification in capital work in progress from Civil works to Machinery and store items, amounting to Rs. 1,421 million. This is due to subsequent clarification and bifurcation of capital expenditure.

16 Intangible Assets

| | Note | — Rs. 000s — |
|------------------------------------|------|--------------|
| Computer Software | | |
| At July 1, 2016 | | |
| Cost | | 175,120 |
| Accumulated amortisation | | (161,646) |
| Net book value as at July 1, 2016 | | 13,474 |
| Direct additions (at cost) | | 26,861 |
| Amortisation charge for the year | | (6,588) |
| Net book value as at June 30, 2017 | | 33,747 |
| Intangible assets written off | | |
| Cost | | 100,977 |
| Accumulated amortisation | | (100,977) |
| | 16.4 | - |
| Amortisation charge for the year | 16.1 | (9,762) |
| Net book value as at June 30, 2018 | 16.3 | 23,985 |
| Cost | | 101,004 |
| Accumulated amortisation | | (77,019) |
| Net book value as at June 30, 2018 | | 23,985 |





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

| | | 2018 | 2017 |
|----------------------|------|-------|-------|
| | Note | Rs. | 000s |
| Distribution Costs | 27 | 2,073 | 1,322 |
| Administrative Costs | 28 | 7,689 | 5,266 |
| | | 9,762 | 6,588 |

- **16.2** Remaining useful life range from one to four years
- 16.3 This includes cost of Rs. 45.6 million (2017: Rs. 52.5 million) in respect of assets which are fully amortized but are still in use of the Company.
- 16.4 This represents cost of fully amortised intangibles which are no more in use of the Company.

17 Long Term Investment

| | | 2018 | 2017 |
|---|------|--------|--------|
| | Note | Rs. 0 | 000s |
| Gul Ahmed International Limited - FZC UAE | 17.1 | 58,450 | 58,450 |

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 (2017:10,000) 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, 2018 is Rs. 452 million (2017: Rs. 347 million). This long term investment has been made in accordance with the requirement of the Companies Act, 2017.

Financial Statements

For the Year Ended June 30, 2018

18 Long Term Loans And Advances

| | | 2018 | 2017 |
|---|----------------|----------|----------|
| | Note | Rs. 0 | 000s ——— |
| Considered good | | | |
| - Due from executives (other than CEO and Directors) | 18.3 & 18.4 | 54,594 | 55,972 |
| - Due from non-executive employees | | 5,035 | 6,123 |
| | | 59,629 | 62,095 |
| Current portion being receivable within twelve months | | | |
| following the balance sheet date | | | |
| - Due from executives | | (19,624) | (18,481) |
| - Due from non-executive employees | | (2,691) | (3,522) |
| | 22 | (22,315) | (22,003) |
| | | 37,314 | 40,092 |

18.1 Loans and advances have been given for the purchase of cars, motorcycles and household equipment and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured against cars, outstanding balance of retirement benefits and/or guarantees of two employees.

Included in these are loans of Rs. 2.85 million (2017: Rs. 3.75 million) to executives and Rs. 1.88 million (2017: Rs. 2.85 million) to non-executive which carry no interest. The balance amount carries mark-up ranging from 6.5% to 10% (2017: 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.

- 18.2 These include loans made to following employees of the Company exceeding Rs. 1 million:
 - Akhtar Saeed
 - Arshad Jameel
 - M. Ibrahim
 - Amir Dawood Akbani
 - Arif Saeed
 - Zeeshan Nusrat
 - Arif Bashir
 - Muhammad Jalaluddin
 - Yasir Khan
 - Shakeel Marfani





- Asif Baig
- Mirza Mehran Baig
- Shahid Iqbal Babar
- Samad Ahmed Khan
- Igbal Saeed

Reconciliation of carrying amount of loans to executives 18.3

| | 2018 | 2017 | |
|------------------------------|----------|----------|--|
| Note | Rs. | 000s | |
| Opening balance | 55,972 | 29,638 | |
| Disbursement during the year | 28,488 | 46,472 | |
| Recovered during the year | (29,866) | (20,138) | |
| Closing balance | 54,594 | 55,972 | |

18.4 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 64.71 million (2017: Rs. 60.83 million).

19 Stores and Spares

19.1

| | | 2018 | 2017 |
|--|---------------|-----------|-----------|
| | Note | Rs. (| 000s |
| Stores and spares | | 839,494 | 865,376 |
| Dyes and chemicals | | 270,133 | 254,169 |
| | | 1,109,627 | 1,119,545 |
| Provision for slow moving/obsolete items | 19.1 | (148,539) | (131,329) |
| | | 961,088 | 988,216 |
| Movement in provision for slow moving/ol | bsolete items | | |
| Opening balance | | 131,329 | 115,684 |
| Charge for the year | 28 | 17,210 | 15,645 |
| Closing balance | | 148,539 | 131,329 |

Financial Statements

For the Year Ended June 30, 2018

20 Stock-In-Trade

| | | 2018 | 2017 |
|-----------------|-----------|------------|------------|
| | Note | Rs. 0 | 000s ——— |
| | | | |
| Raw materials | 26.2 | 6,089,797 | 2,951,013 |
| Work-in-process | 26.1 | 326,803 | 252,645 |
| Finished goods | 26 & 20.1 | 9,727,333 | 9,266,304 |
| | | 16,143,933 | 12,469,962 |

- 20.1 Finished goods include stock of waste valuing Rs.49 million (2017: Rs. 60 million) determined at net realizable value.
- 20.2 Stock-in-trade include stock of Rs.1,712 million (2017: Rs. 946 million) with third parties.

21 Trade Debts

| i ilade Debis | | | | |
|---|------|-----------|-----------|--|
| | | 2018 | 2017 | |
| | Note | Rs. 000s | | |
| Export debtors | | | | |
| Export debtors | | | | |
| Considered good | | | | |
| Secured - Letter of credit | | 1,666,220 | 1,212,778 | |
| Unsecured - Contract and other | | 1,171,475 | 1,100,199 | |
| | 21.2 | 2,837,695 | 2,312,977 | |
| Local debtors | | | | |
| Considered good | | | | |
| Secured - Letter of credit | | 832,243 | 148,088 | |
| Unsecured - Contract and other | | 1,728,627 | 883,981 | |
| | | 2,560,870 | 1,032,069 | |
| Considered doubtful | | 313,480 | 271,342 | |
| | | 5,712,045 | 3,616,388 | |
| Impairment allowance against doubtful trade debts | 21.3 | (313,480) | (271,342) | |
| | | 5,398,565 | 3,345,046 | |



21.1 Information of trade debts considered good

| | 2018 | | | 2017 | | |
|-----------------|------------------|--------------------|-----------|------------------|--------------------|-----------|
| | Letter of credit | Contract and Other | Total | Letter of credit | Contract and Other | Total |
| | | | Rs.0 | 00s | | |
| Pakistan | 832,243 | 1,728,627 | 2,560,870 | 148,088 | 883,981 | 1,032,069 |
| Singapore | 732,094 | - | 732,094 | 213,515 | - | 213,515 |
| Italy | 190,151 | 24,583 | 214,734 | 12,651 | 50,575 | 63,226 |
| United States | 157,498 | 341,514 | 499,012 | 207,167 | 223,291 | 430,458 |
| China | 153,884 | - | 153,884 | - | - | - |
| France | 151,399 | 28,707 | 180,106 | 67,059 | 7,612 | 74,671 |
| Chile | 69,802 | - | 69,802 | 83,451 | - | 83,451 |
| South Africa | 49,379 | - | 49,379 | 46,893 | - | 46,893 |
| Spain | 42,760 | - | 42,760 | 166,452 | - | 166,452 |
| Germany | 41,194 | 36,796 | 77,990 | 67,125 | 33,429 | 100,554 |
| Canada | 38,431 | - | 38,431 | 5,334 | - | 5,334 |
| Hong Kong | 10,836 | 11,418 | 22,254 | - | 17,779 | 17,779 |
| Portugal | 10,729 | - | 10,729 | 9,206 | - | 9,206 |
| Netherlands | 7,943 | 119,322 | 127,265 | - | 156,315 | 156,315 |
| Poland | 4,884 | 39,738 | 44,622 | - | 2,138 | 2,138 |
| Australia | 1,216 | 4,678 | 5,894 | - | 775 | 775 |
| United Kingdom | - | 187,653 | 187,653 | - | 393,402 | 393,402 |
| Ireland | - | 99,007 | 99,007 | - | 43,194 | 43,194 |
| Sweden | - | 87,109 | 87,109 | - | 102,160 | 102,160 |
| Denmark | - | 44,521 | 44,521 | - | - | - |
| Bulgaria | - | 5,900 | 5,900 | - | 11,263 | 11,263 |
| Brazil | - | 3,881 | 3,881 | - | 2,271 | 2,271 |
| Argentina | - | 521 | 521 | - | 5,045 | 5,045 |
| Other Countries | 4,020 | 136,127 | 140,147 | 333,925 | 50,949 | 384,874 |
| | 2,498,463 | 2,900,102 | 5,398,565 | 1,360,866 | 1,984,180 | 3,345,046 |

Financial Statements

For the Year Ended June 30, 2018

21.2 Includes amounts due from related parties as under:

| | 2018 2017 | |
|---|-----------|---------|
| | Rs. | 000s |
| Export debtors - unsecured Gul Ahmed International Ltd.(FZC) - UAE - wholly owned | 13,275 | _ |
| subsidiary GTM (Europe) Limited - indirect wholly owned subsidiary | 264,766 | 230,484 |
| GTM USA Corporation - indirect wholly owned subsidiary | 68,018 | 92,661 |
| Sky Home Corporation-USA - indirect wholly owned subsidiary | 44,544 | - |
| | 390,603 | 323,145 |
| Local debtors - unsecured | | |
| Swisstex Chemicals (Private) Limited- Associated company | - | 2,564 |
| | 390,603 | 325,709 |

The maximum aggregate month end balance due from related parties during the year was Rs. 574 million (2017: Rs. 746 million).

21.2.2 Aging analysis of the amounts due from related parties is as follows

| | 0 to 30 Days | 31 to 180 days | More than 181 days | As at June 2018 |
|--------------------------------------|-----------------|-------------------|-----------------------|--------------------|
| | | Rs. (| 000s | |
| Gul Ahmed International Ltd.(FZC) | - | 13,275 | - | 13,275 |
| GTM (Europe) Limited | - | 261,636 | 3,130 | 264,766 |
| GTM USA Corporation | - | 68,018 | - | 68,018 |
| Sky Home Corporation-USA | - | 44,544 | - | 44,544 |
| Swisstex Chemicals (Private) Limited | - | - | - | - |
| | - | 387,473 | 3,130 | 390,603 |
| | | | | |
| | 0 to 30 | 31 to 180 | More than | As at June |
| | Days | days | 181 days | 2017 |
| | | Rs. (| 000s ——— | |
| GTM (Europe) Limited | - | 227,568 | 2,916 | 230,484 |
| GTM USA Corporation | - | 92,661 | - | 92,661 |
| Swisstex Chemicals (Private) Limited | | 1,906 | 658 | 2,564 |
| | | 322,135 | 3,574 | 325,709 |



Movement in impairment allowance against doubtful trade debts 21.3

| | | 2018 | 2017 |
|---------------------|------|---------|---------|
| | Note | Rs. (| 000s |
| Opening balance | | 271,342 | 233,035 |
| Charge for the year | 28 | 42,138 | 38,307 |
| Closing Balance | | 313,480 | 271,342 |

22 Loans, Advances And Other Receivables

| | 2018 | 2017 |
|--|-----------|---------|
| Loans and advances Note | Rs. | 000s |
| Considered Good | | |
| Advances to suppliers | 854,134 | 664,406 |
| Current portion of loans to employees; | | |
| - Executives | 19,624 | 18,481 |
| - Other employees | 2,691 | 3,522 |
| 18 | 22,315 | 22,003 |
| Others | 9,418 | 4,915 |
| | 31,733 | 26,918 |
| | | |
| Other Receivables | | |
| Receivable against sale of property 14.6 | 33,409 | 33,409 |
| Bank guarantee margin | 95,038 | 48,867 |
| Others 22.1 | 183,062 | 67,692 |
| | 311,509 | 149,968 |
| | | |
| | 1,197,376 | 841,292 |

22.1 It includes amount receivable from GTM USA, a related party, amounting to Rs. 22.5 million.

Financial Statements

For the Year Ended June 30, 2018

23 Refunds Due From Government

| | | 2018 | 2017 | |
|--|----------------|-----------|-----------|--|
| | Note | Rs. 000s | | |
| Sales tax | | 334,820 | 623,773 | |
| Income tax | | 25,187 | 25,187 | |
| Duty drawback, markup subsidy and rebate | | 1,467,757 | 990,786 | |
| | | 1,827,764 | 1,639,746 | |
| | | | | |
| 24 Cash And Bank Balances | | | | |
| | | | | |
| Cash in hand | | 33,806 | 24,626 | |
| Balances with banks in current accounts | | | | |
| - Local currency | | 359,164 | 228,940 | |
| - Foreign currency | | 77,280 | 16,316 | |
| | 24.1 & 24.2 | 436,444 | 245,256 | |
| | | 470,250 | 269,882 | |

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- 24.1 Bank balances include amounts held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 115.3 million (2017: Rs.30 million).
- 24.2 This includes an amount of Rs.237.4 million (2017: Rs.187.7 million) placed under Shariah compliant arrangement.

25 Sales-Net

| | 2018 | 2017 | |
|--|------------|------------|--|
| Note | Rs. 000s | | |
| Export sales | | | |
| Direct export | 24,309,799 | 25,250,852 | |
| Indirect export | 4,063,226 | 301,610 | |
| Exchange gain on realization of export receivables | 288,825 | 161,283 | |
| | 28,661,850 | 25,713,745 | |
| Duty drawback | 868,444 | 936,906 | |
| Trade discount | (62,764) | (75,211) | |
| Commission | (461,816) | (302,162) | |
| | 29,005,714 | 26,273,278 | |



| | 2018 | 2017 |
|-------------|------------|------------|
| Note | Rs. | 000s |
| Local sales | 17,530,422 | 14,522,634 |
| Brokerage | (185,704) | (146,485) |
| Sales tax | (724,560) | (583,822) |
| | 16,620,158 | 13,792,327 |
| | 45,625,872 | 40,065,605 |

Sales include revenue from services of Rs. 296.53 million (2017: Rs.325.47 million). 25.1

| 26 Cost of Sales | | 2018 | 2017 |
|---------------------------------|------|-------------|-------------|
| | Note | Rs. 0 | 000s |
| | | | |
| Opening stock of finished goods | | 9,266,304 | 11,285,913 |
| Cost of goods manufactured | 26.1 | 36,510,913 | 30,838,703 |
| | | 45,777,217 | 42,124,616 |
| Closing stock of finished goods | 20 | (9,727,333) | (9,266,304) |
| | | 36,049,884 | 32,858,312 |

Cost of goods manufactured 26.1

| | | 2018 | 2017 | |
|--|--------|------------|------------|--|
| | Note | | | |
| Raw materials consumed | 26.2 | 15,514,627 | 9,490,007 | |
| Other material and conversion cost | | 6,133,153 | 6,187,149 | |
| Stores and spares consumed | | 4,251,166 | 4,569,426 | |
| Salaries, wages and benefits | 28.1 | 5,592,608 | 5,994,437 | |
| Fuel, power and water | | 2,751,319 | 2,638,195 | |
| Insurance | | 121,037 | 123,106 | |
| Repair and maintenance | | 679,609 | 671,357 | |
| Depreciation | 15.1.2 | 1,466,317 | 1,196,737 | |
| Exchange loss/(gain) on purchases | | 17,611 | (170) | |
| Other manufacturing expenses | | 180,632 | 183,404 | |
| Cost of samples shown under Distribution costs | | (123,008) | (193,125) | |
| | | 36,585,071 | 30,860,523 | |

Financial Statements

For the Year Ended June 30, 2018

| | | | | 2018 | 2017 |
|----|-----------|---|-----------------|-------------|-------------|
| | | | Note | Rs. 0 | 00s |
| | | Work-in-process | | | |
| | | Opening | | 252,645 | 230,825 |
| | | Closing | 20 | (326,803) | (252,645) |
| | | | | (74,158) | (21,820) |
| | | | | 36,510,913 | 30,838,703 |
| | 26.2 | Raw materials consumed | | | |
| | | Opening stock | | 2,951,013 | 2,337,553 |
| | | Purchases during the year | | 18,653,411 | 10,103,467 |
| | | Closing stock | 20 | (6,089,797) | (2,951,013) |
| | | | | 15,514,627 | 9,490,007 |
| 27 | Distr | ibution Costs | | | |
| | Salaries | and benefits | 28.1 | 1,228,195 | 1,043,638 |
| | Freight a | and shipment expenses | | 469,532 | 452,688 |
| | Advertise | ement and publicity | | 820,779 | 720,402 |
| | Cost of s | samples transferred from cost of goods manufactured | | 123,008 | 193,125 |
| | Rent | | 4540 | 917,748 | 699,048 |
| | Deprecia | ation & amortisation | 15.1.2 &16.1 | 190,575 | 209,824 |
| | Export d | evelopment surcharge | | 62,360 | 64,520 |
| | Other ex | penses | | 128,533 | 100,613 |
| | | | | 3,940,730 | 3,483,858 |
| 28 | Admi | inistrative Costs | | | |
| | Salaries | and benefits | 28.1 | 858,104 | 773,699 |

194,204

37,919

140,885

158,572

171,963

24,922

244,538

49,427

134,170

150,167 200,544

48,356

Repairs and maintenance

Conveyance and traveling

Printing and stationery

Vehicle up keep and maintenance

Rent

Utilities



| | | 2018 | 2017 |
|---|-----------------|-----------|-----------|
| | Note | Rs. 0 | 000s ——— |
| Postage and telecommunication | | 155,577 | 147,721 |
| Legal and consultancy fees | | 81,550 | 77,925 |
| Depreciation & amortisation | 15.1.2 &16.1 | 213,596 | 174,501 |
| Auditors' remuneration | 28.2 | 3,031 | 2,574 |
| Donations | 28.3 & 28.4 | 13,585 | 10,687 |
| Insurance | | 25,633 | 18,753 |
| Impairment allowance for doubtful trade debts | 21.3 | 42,138 | 38,307 |
| Provision for slow moving/obsolete items | 19.1 | 17,210 | 15,645 |
| Other expenses | | 171,458 | 217,750 |
| | | 2,310,347 | 2,304,764 |

| 28.1 | Salaries, wages and benefits | Cost o | f sales | Distril | | Admini | strative sts | То | tal |
|------|------------------------------------|-----------|-----------|-----------|-----------|---------|-----------------|-----------|-----------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | Rs. | 000s | | | |
| | - Salaries, wages and benefits | 5,424,435 | 5,855,192 | 1,209,458 | 1,019,430 | 817,685 | 741,991 | 7,451,578 | 7,616,613 |
| | Retirement benefits | | | | | | | | |
| | - Gratuity | 64,306 | 31,029 | - | - | - | - | 64,306 | 31,029 |
| | - Contribution to | | | | | | | | |
| | provident fund | 96,667 | 83,218 | 18,728 | 23,575 | 40,419 | 29,913 | 155,814 | 136,706 |
| | | 160,973 | 114,247 | 18,728 | 23,575 | 40,419 | 29,913 | 220,120 | 167,735 |
| | - Staff compensated | | | | | | | | |
| | absences | 7,200 | 24,998 | 9 | 633 | - | 1,795 | 7,209 | 27,426 |
| | | 5,592,608 | 5,994,437 | 1,228,195 | 1,043,638 | 858,104 | 773,699 | 7,678,907 | 7,811,774 |

28.2 Auditor's Remuneration

| | 2018 | 2017 |
|---|-------|-------|
| | Rs. | 000s |
| Audit fee | 1,870 | 1,700 |
| Review fee of half yearly accounts | 176 | 160 |
| Fee for consolidation of holding and subsidiaries | 242 | 220 |

Financial Statements

For the Year Ended June 30, 2018

| Review fee of statement of compliance with code of |
|--|
| corporate governance |
| Other certification fee |
| Sindh sales tax on services |
| Out of pocket expenses |

| 2018 | 2017 |
|-------|----------|
| Rs. | 000s ——— |
| | |
| 70 | 0.5 |
| 72 | 65 |
| 75 | - |
| 189 | 172 |
| 407 | 257 |
| 3,031 | 2,574 |

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

| Name of Donee | Interest in Donee | Name of Director | | |
|----------------------------------|----------------------|---------------------|-------|---|
| Habib University Foundation | Director | Mr. Mohomed Bashir | 5,000 | - |
| Pakistan Retail Business Council | Director | Mr. Ziad Bashir | 500 | - |
| | | | 5,500 | _ |

28.4 Donations include donations to the following organizations exceeding Rs. 500,000:

| | 2018 | 2017 |
|-------------------------------------|---------|----------|
| | Rs. | 000s ——— |
| Name of Donee | | |
| Karwan-e-Hayat | 5,400 | - |
| Habib University Foundation | 5,000 | - |
| Alleviate addiction suffering trust | 1,000 - | |
| Dhoraji Association | 525 | |
| Aga Khan university and hospital | - | 6,660 |
| Ronald McDonald House of NYC Inc. | - | 525 |
| | 11,925 | 7,185 |



29 Other Operating Costs

| | | 2018 | 2017 |
|---|----------------|---------|---------|
| | Note | Rs. (| 000s |
| | | | |
| Workers' profit participation fund | 10.3 | 124,781 | 42,981 |
| Workers' welfare fund | | 42,448 | 7,873 |
| Loss on sale of property, plant and equipment | 15.1.4 | 40,814 | 7,098 |
| Property, plant and equipment scrapped | 15.1.4 | - | 425 |
| | | 208,043 | 58,377 |
| | | | |
| 30 Other Income | | | |
| | | | |
| Income from non-financial assets and others | | | |
| Gain on sale of property, plant and equipment | 15.1.4 | 80,305 | 251,928 |
| Scrap sales | | 24,629 | 19,368 |
| Others | | 89,734 | 51,311 |
| Income from financial assets | | 194,668 | 322,607 |
| Mark-up income from loans and advances | | 3,933 | 3,448 |
| | | 198,601 | 326,055 |
| | | | |
| 31 Finance Cost | | | |
| Mark-up/profit on long term financing | 31.2 | 317,240 | 286,782 |
| Mark-up/profit on short term borrowings | 31.1 & 31.2 | 505,823 | 433,410 |
| Bank charges and commission | | 149,514 | 149,229 |
| Exchange loss on foreign currency loans | | 12,682 | 1,671 |
| Markup on workers' profit participation fund | | 1,817 | 6,495 |
| | | 987,076 | 877,587 |

- Includes mark-up on short term borrowings charged by Habib Metropolitan Bank Limited associated 31.1 company, amounting to Rs. 15.9 million (2017:Rs. 15.9 million)
- This includes Rs. 55.90 million and Rs. 116.7 million (2017:Rs. 70.23 million and Rs. 91.86 million) in long 31.2 term financing and short term borrowing respectively under Shariah Compliant mode of financing.

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For the Year Ended June 30, 2018

32 Taxation

| | | 2018 | 2017 |
|---------------------|------|-----------|-----------|
| | Note | Rs. 0 | 000s |
| Current taxation | | | |
| - For the year | | 614,292 | 430,468 |
| - Prior year | | 189,817 | - |
| | | 804,109 | 430,468 |
| Less: Tax credit | | (277,419) | (430,468) |
| Deferred tax credit | | (273,270) | (9,660) |
| | 32.1 | 253,420 | (9,660) |

32.1 Reconciliation between accounting profit and tax expense

| Net Profit for the year before taxation | 2,328,393 | 808,762 |
|---|-----------|-----------|
| Tax rate (%) | 30% | 31% |
| Tax on accounting profit | 698,518 | 250,716 |
| Tax effect of | | |
| Tax credits/ Rebates | (278,921) | (433,950) |
| Minimum tax | - | 21,181 |
| Prior year | 189,817 | - |
| Final Tax Regime | (179,313) | 129,355 |
| Super tax | 57,002 | 36,329 |
| Inadmissible | 1,502 | 1,161 |
| Tax credit recorded as deffered tax asset | (254,238) | - |
| Tax rate | (9,945) | (10,061) |
| Others | 28,998 | (4,391) |
| | (445,098) | (260,376) |
| | | |
| | 253.420 | (9.660) |



The provision for current year tax represent tax on taxable income at the rate of 30%. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

| Year | As per Accounts | As per Return/ Assessment | | |
|------|-----------------|------------------------------|--|--|
| | Rs. 0 | 000s | | |
| 2017 | 430,468 396,518 | | | |
| 2016 | 381,563 | 354,249 | | |
| 2015 | 235,140 | 238,297 | | |

33 Earnings Per Share - Basic And Diluted

| | | 2018 | 2017 |
|-----------------------------------|------|-------------|-------------|
| | Note | Rs. 0 | 000s |
| Profit for the year | | 2,074,973 | 818,422 |
| Weighted average number of shares | | 356,495,525 | 326,749,674 |
| Earnings per share (Rs.) | 33.1 | 5.82 | 2.50 |

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

34 Segment Information

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

| a) | Spinning: | Production of different qualities of yarn using both natural and artificial fibers. |
|----|--------------------------|---|
| b) | Weaving: | Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric. |
| C) | Retail and Distribution: | On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing. |
| d) | Processing, Home Textile | 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.

Financial Statements

| 1 | 34.1 Segment Profitability | ofitabilit | <u>~</u> | | | | | | | | | | |
|--------|---|------------|-----------|-----------|-----------|--------------|-------------------------|---------------------------------|---|--|---------------|-----------------------------------|------------|
| | | Spinning | guir | Weaving | /ing | Retail and I | Retail and Distribution | Processing, Home and Apparel | Processing, Home Textile and Apparel | Elimination Of Inter Segment Transactions | Inter Segment | Total | al |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | | Rs. | Rs. 000s | | | | | |
| Ø C | Sales Cost of sales | 8,209,767 | 5,891,311 | 1,695,397 | 1,384,410 | 15,701,287 | 15,640,313 | 31,788,050 | 27,578,013 | (11,768,629) | (10,428,442) | 45,625,872 | 40,065,605 |
| U | Gross profit | 1,202,083 | 169,445 | 126,961 | 209,197 | 4,960,166 | 4,223,663 | 3,286,778 | 2,604,988 | | | 9,575,988 | 7,207,293 |
| ВΩ | Distribution costs and administrative costs | 147,523 | 194,449 | 69,843 | 80,024 | 4,041,550 | 3,312,130 | 1,992,161 | 2,202,019 | 1 | 1 | 6,251,077 | 5,788,622 |
| ā ō | Proft/(loss) before tax and before charging the following | 1,054,560 | (25,004) | 57,118 | 129,173 | 918,616 | 911,533 | 1,294,617 | 402,969 | | | 3,324,911 | 1,418,671 |
| 0 | Other operating costs | | | | | | | | | | | 208,043 | 58,377 |
| OE | Other income Finance costs | | | | | | | | | | | (198,601) | (326,055) |
| υ ⊩. υ | Profit before taxation Taxation Profit after taxation | | | | | | | | | | | 2,328,393 253,420 2,074,973 | (9.660) |
| Δ | Depreciation & Amortisation Expense | 508,926 | 445,817 | 298,596 | 128,230 | 301,943 | 291,276 | 761,023 | 715,739 | 1 | ' | 1,870,488 | 1,581,062 |

| 2 | 3 | |
|--------|------|---|
| 010000 | のののの | |
| | |) |
| C 77. | 1 | |

|) | | | | | | | | | | | | |
|-----------------------------|------------|-----------|---------------------|-----------|--------------|-------------------------|-----------------------|---|------------|-------------|------------|------------|
| | Spin | Spinning | Wea | Weaving | Retail and I | Retail and Distribution | Processing, and Al | Processing, Home Textile and Apparel | Unallo | Unallocated | Total | al |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | | -Rs. 000s | | | | | |
| ssets | 11,021,310 | 7,800,444 | 3,357,067 | 2,816,255 | 5,396,751 | 4,372,872 | 22,155,720 | 19,532,953 | 1,332,597 | 2,196,148 | 43,263,445 | 36,718,672 |
| iabilities | 3,802,668 | 3,379,543 | 1,895,092 | 1,682,548 | 905,830 | 852,167 | 7,524,144 | 4,396,382 | 16,514,984 | 15,494,115 | 30,642,718 | 25,804,755 |
| segment Capital Expenditure | 830,051 | 2,412,160 | 2,412,160 1,844,453 | 25,375 | 217,508 | 563,456 | 143,483 | 909'296 | 297,537 | 844,958 | 3,333,032 | 4,813,555 |





- 34.3 The Company has implemented Microsoft Dynamics 365 for Retail & Distribution, which has now enabled the Company to disclose the figures separately for the segment.
- **34.4** Unallocated items represent those assets and liabilities which are common to all segments and these include investment in subsidiary, long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.
- 34.5 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.

34.6 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 10,128 million (2017: Rs.9,594 million)

34.7 Information by geographical area

| | Rev | enue | Non-curr | ent assets |
|----------------------|------------|------------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | Rs. 0 | 000s | |
| | | | | |
| Pakistan | 21,407,944 | 14,093,937 | 16,368,577 | 16,235,659 |
| Germany | 7,061,069 | 5,446,767 | - | - |
| United States | 3,762,018 | 3,705,599 | - | - |
| Italy | 2,303,273 | 2,607,073 | - | - |
| Netherlands | 2,117,128 | 3,159,645 | - | - |
| United Kingdom | 1,868,396 | 2,531,440 | - | - |
| France | 1,563,047 | 1,353,330 | - | - |
| Spain | 1,277,821 | 1,746,675 | - | - |
| China | 1,015,527 | 804,055 | - | |
| Sweden | 806,689 | 982,564 | - | - |
| United Arab Emirates | 155,126 | 441,222 | 58,450 | 58,450 |
| Other Countries | 2,287,834 | 3,193,298 | - | |
| | | | | |
| Total | 45,625,872 | 40,065,605 | 16,427,027 | 16,294,109 |

Financial Statements

For the Year Ended June 30, 2018

35 Cash and Cash Equivalents

| | | _0.0 | | |
|------------------------|------|--------------|--------------|--|
| | Note | Rs. 000s | | |
| Cash and bank balances | 24 | 470,250 | 269,882 | |
| Short term borrowings | 12 | (15,076,081) | (11,935,343) | |
| | | (14,605,831) | (11,665,461) | |

2017

36 Remuneration of Chief Executive, Directors and Executives

| | 2018 | | | 2017 | | | | |
|--------------------------------|--------------------|-----------|------------|---------|--------------------|-----------|------------|---------|
| | Chief Executive | Directors | Executives | Total | Chief Executive | Directors | Executives | Total |
| | Rs. 000s | | | | | | | |
| | | | | | | | | |
| Managerial remuneration | 9,680 | 7,260 | 490,805 | 507,745 | 9,680 | 7,260 | 425,583 | 442,523 |
| Bonus | - | - | 34,192 | 34,192 | - | - | 26,250 | 26,250 |
| House rent allowance | 3,872 | 2,904 | 196,322 | 203,098 | 3,872 | 2,904 | 170,233 | 177,009 |
| Other allowances | 968 | 726 | 108,343 | 110,037 | 1,651 | 1,238 | 92,238 | 95,127 |
| Contribution to provident fund | 806 | 605 | 36,650 | 38,061 | 806 | 605 | 31,459 | 32,870 |
| | 15,326 | 11,495 | 866,312 | 893,133 | 16,009 | 12,007 | 745,763 | 773,779 |
| Number of persons | 1 | 1 | 192 | 194 | 1 | 1 | 181 | 183 |

- 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. During the year, a new vehicle policy has been introduced to provide vehicle allowance for new employees and provided option to current employees to buyback or return their vehicles and avail vehicle allowance.
- **36.2** The Chief Executive is also provided with free residential telephones.
- Aggregate amount charged in the accounts for the year for meeting fee to four Non Executive Directors and the Chairman was Rs. 2.04 million (2017: Rs. 2.7 million for four non executive directors and chairman).
- **36.4** Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.



37 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 | | 2018 | 2017 |
|--|--|-----------|-----------|
| | | Rs. | 000s |
| Parent Company | Dividend Paid | 239,227 | |
| т агент Оотпрану | Subscription of Right Shares | 209,221 | 996,778 |
| | Gasson, p.16.1. 3.1. 1.g. 11. G. 1.a. 65 | | 000, |
| Subsidiaries and | Sales of goods | 1,303,685 | 1,945,889 |
| indirect subsidiaries | Commission paid | 228,765 | 145,236 |
| | | | |
| Associated companies | Purchase of goods | 11,536 | 9,638 |
| and other related parties | Sale of goods | 72 | 6,829 |
| | Rent paid | 80,806 | 69,237 |
| | Fees paid | 2,040 | - |
| | Commission/discount | - | - |
| | Donation paid | 5,500 | - |
| | Bills discounted | 7,985,337 | 7,572,544 |
| | Commission/bank charges paid | 66,585 | 47,999 |
| | Mark-up / interest charged | 15,966 | 15,961 |
| | Company's contribution to provident fund | 155,847 | 136,706 |
| | Dividend paid | 10,896 | 9,080 |
| | Subscription of right shares | - | 45,422 |
| | Services rendered | 4,420 | - |
| | | | |
| Relationship with the Company | Nature of Outstanding Balances | | |
| Subsidiaries and | Long term investment | 58,450 | 58,450 |
| indirect subsidiaries | Corporate guarantee issued in favour | 00,400 | 55,450 |
| i idii dat dabdididi lod | of subsidiary company | 110,450 | 94,222 |
| | Trade and other payables | 37,943 | 90,958 |
| | Trade debts | 390,603 | 323,145 |
| | 11440 40010 | 000,000 | 020,140 |

Financial Statements

| | | 2018 201 | |
|----------------------------|---------------------------------------|----------|---------|
| | | Rs. | 000s |
| | Loans, advances and other receivables | 22,526 | - |
| Associated companies | Deposit with banks | 115,270 | 30,019 |
| and others related parties | Borrowings from Banks | 964,494 | 457,000 |
| | Bank guarantee | 770,804 | 767,698 |
| | Trade and other payables | 15,731 | 2,870 |
| | Trade debts | - | 2,564 |
| | Accrued mark-up | 8,785 | 3,566 |
| | Advances to suppliers | - | 11,843 |
| | Loans to key management personnel | | |
| | & executive | 54,594 | 55,972 |
| | Payable to employee's provident fund | 21,025 | 14,989 |
| | Prepaid Rent | 42,588 | 38,716 |

- There are no transactions with directors of the Company and key management personnel other 37.1 than under the terms of employment. Loans and remuneration of the directors, key management personnel and executives are disclosed in notes 18 and 36 respectively.
- 37.2 Related parties status of outstanding receivables and payables as at June 30, 2018 are also included in respective notes to the financial statements.
- Following are the related parties with whom the Company had entered into transactions or have 37.3 arrangements / agreements in place.

| S.No | Company Name | Basis of Relationship | % of shareholding in the Company |
|------|--------------------------------------|-------------------------------------|----------------------------------|
| | | | |
| 1 | Gul Ahmed International Limited FZC | Wholly owned ultimate subsidiary | 100% |
| 2 | GTM (Europe) Limited | Wholly owned ultimate subsidiary | - |
| 3 | GTM USA Corp. | Wholly owned ultimate subsidiary | - |
| 4 | Sky Home Corp. | Wholly owned ultimate subsidiary | - |
| 5 | Habib Metropolitan Bank Limited | Common Directorship | - |
| 6 | Swisstex Chemicals (Private) Limited | Group Company & Common Directorship | - |
| 7 | Arwen Tech. (Private) Limited | Group Company & Common Directorship | - |





| S.No | Company Name | Basis of Relationship | % of shareholding in the Company |
|------|---|---------------------------------------|----------------------------------|
| 8 | Win Star (Private) Limited | Group Company & Common Directorship | - |
| 9 | TPL Properties Limited | Common Directorship | - |
| 10 | Habib University Foundation | Common Directorship | - |
| 11 | The Pakistan Business Council | Common Directorship | - |
| 12 | Ghafooria Industries (Private) Limited | Group Company & Common Directorship | - |
| 13 | Grand Industries (Private) Limited | Group Company & Major Shareholders | - |
| 14 | Worldwide Developers (Private) Limited | Common Directorship | - |
| 15 | Haji Ali Mohammad Foundation | Member of Foundation | - |
| 16 | Gul Ahmed Holdings (Private) Limited | Holding Company | - |
| 17 | Gul Ahmed Textile Mills Limited Employees | | |
| | Employees Provident Fund Trust | Employees Fund | - |

38 Capacity And Production

| | | | 2018 | | | | |
|----------|---------------------------------|----------|------------|----------|----------|------------|----------|
| | Unit | Capacity | Production | Working | Capacity | Production | Working |
| | | | | | | | |
| Spinning | Kgs. (20 Counts converted) | 47,711 | 45,326 | 3 shifts | 44,128 | 38,476 | 3 shifts |
| Weaving | Sq. meters (50 Picks converted) | 161,598 | 144,176 | 3 shifts | 159,205 | 108,781 | 3 shifts |

Production of Weaving and Spinning is lower as compared to capacity due to variation in production mix and various technical and market factors.

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

Financial Statements

For the Year Ended June 30, 2018

39 Number of Persons Employed

Number of persons employed as on year end were 13,076 (2017: 12,912) and average number of employees during the year were 13,131 (2017: 14,667). Number of factory employees as on year end were 10,580 (2017: 10,215 and average number of factory employees during the year were 10,513 (2017: 12,021).

40 Provident Fund Related Disclosures

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

| | | 2018 | 2017 |
|--|------|------------|---------|
| | Note | Un-audited | Audited |
| | | | |
| Size of the fund - Total assets (Rs. 000s) | | 952,334 | 950,372 |
| Cost of investments made (Rs. 000s) | | 823,501 | 836,739 |
| Percentage of investments made | | 91.07% | 91.87% |
| Fair value of investments (Rs. 000s) | 40.1 | 867,327 | 873,063 |

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

| | 2018 Un | -audited | 2017 Audited | | |
|----------------------------|----------|----------|--------------|--------|--|
| | Rs. 000s | % | Rs. 000s | % | |
| | | | | | |
| Shares in listed companies | 72,735 | 8.39% | 63,040 | 6.84% | |
| Government securities | 63,244 | 7.29% | 134,684 | 14.63% | |
| Debt securities | 222,936 | 25.70% | 28,685 | 3.14% | |
| Mutual funds | 205,280 | 23.67% | 364,978 | 39.44% | |
| Balance in saving accounts | 303,132 | 34.95% | 281,676 | 35.95% | |
| | | | | | |
| | 867,327 | 100% | 873,063 | 100% | |

40.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.



41 Financial Assets And Liabilities

Financial assets and liabiliites of the Company as at June 30, 2018 are as follows

| 2018 | | | | | | | | |
|---|-------------------------------|-----------|------------------------------|-------------------------------|-----------|-------|--|--|
| Interest/mark-up/profit bearing Non interest/mark-up/profit bearing | | | | | | | | |
| Maturity upto one Year | Maturity after one Year | Sub total | Maturity upto one Year | Maturity after one Year | Sub total | Total | | |
| Rs. 000s | | | | | | | | |

Financial assets

Loans and receivables

| Loans, advances and other receivables | 19,377 | 35,522 | 54,899 | 323,865 | 1,792 | 325,657 | 380,556 |
|---------------------------------------|------------|-----------|------------|-----------|-----------|-----------|------------|
| Long term deposits | - | - | - | - | 202,959 | 202,959 | 202,959 |
| Trade debts | - | - | - | 5,398,565 | - | 5,398,565 | 5,398,565 |
| Cash and bank balances | - | - | - | 470,250 | - | 470,250 | 470,250 |
| | 19,377 | 35,522 | 54,899 | 6,192,680 | 204,751 | 6,397,431 | 6,452,330 |
| | | | | | | | |
| Financial liabilities | | | | | | | |
| | | | | | | | |
| Long term financing | 1,365,857 | 6,911,869 | 8,277,726 | - | - | - | 8,277,726 |
| Short term borrowings | 15,076,081 | - | 15,076,081 | - | - | - | 15,076,081 |
| Trade and other payables | 124,781 | - | 124,781 | 6,569,033 | - | 6,569,033 | 6,693,814 |
| Accrued mark-up / profit | - | - | - | 175,633 | - | 175,633 | 175,633 |
| | 16,566,719 | 6,911,869 | 23,478,588 | 6,744,666 | - | 6,744,666 | 30,223,254 |
| | | | | | | | |
| Off balance sheet items | | | | | | | |
| | | | | | | | |
| Guarantees | - | - | - | 949,743 | - | 949,743 | 949,743 |
| Bills discounted | - | - | - | 1,575,871 | - | 1,575,871 | 1,575,871 |
| Commitments | - | - | - | 1,234,487 | 3,092,244 | 4,326,731 | 4,326,731 |
| | - | - | - | 3,760,101 | 3,092,244 | 6,852,345 | 6,852,345 |

Financial Statements

For the Year Ended June 30, 2018

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

| | 2017 | | | | | | |
|---------------------------------------|---|-------------------------------|------------|------------------------------|-------------------------------|--------------|------------|
| | Interest/mark-up/profit bearing | | | Non intere | st/mark-up/pro | ofit bearing | |
| | Maturity upto one Year | Maturity after one Year | Sub total | Maturity upto one Year | Maturity after one Year | Sub total | Total |
| | | | | Rs. 000s | | | |
| Financial assets | | | | | | | |
| | | | | | | | |
| Loans and receivables | | | | | | | |
| | | | | | | | |
| Loans, advances and other receivables | 18,618 | 36,873 | 55,491 | 158,268 | 3,219 | 161,487 | 216,978 |
| Long term deposits | - | - | - | - | 192,629 | 192,629 | 192,629 |
| Trade debts | - | - | - | 3,345,046 | - | 3,345,046 | 3,345,046 |
| Cash and bank balances | | | | 269,882 | | 269,882 | 269,882 |
| | 18,618 | 36,873 | 55,491 | 3,773,196 | 195,848 | 3,969,044 | 4,024,535 |
| | | | | | | | |
| Financial liabilities | | | | | | | |
| Long term financing | 678,511 | 7,146,403 | 7,824,914 | _ | _ | _ | 7,824,914 |
| Short term borrowings | 11,935,343 | - | 11,935,343 | _ | _ | _ | 11,935,343 |
| Trade and other payables | 42,981 | _ | 42,981 | 5,113,586 | _ | 5,113,586 | 5,156,567 |
| Accrued mark-up/profit | | _ | - | 138,898 | _ | 138,898 | 138,898 |
| 7 Oordod Mark dp/profit | 12,656,835 | 7,146,403 | 19,803,238 | 5,252,484 | | 5,252,484 | 25,055,722 |
| | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | | | | | | |
| Off balance sheet items | | | | | | | |
| | | | | | | | |
| Guarantees | - | - | - | 861,347 | - | 861,347 | 861,347 |
| Bills discounted | - | - | - | 2,072,350 | - | 2,072,350 | 2,072,350 |
| Commitments | | | | 181,400 | 2,065,567 | 2,246,967 | 2,246,967 |
| | - | | _ | 3,115,097 | 2,065,567 | 5,180,664 | 5,180,664 |
| | | | | | | | |



42 Financial Instruments And Related Disclosures

Financial risk management objectives

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

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

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

42.1 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 markups or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: currency risk, markup risk and other price risk. The Company is exposed to currency risk and markup risk only.

a Currency risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign exchange.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

| | 2018 | 2017 |
|--|------------------|----------|
| Note | ——— USD 000s ——— | |
| Trade debts | 23,375 | 22,070 |
| Cash and bank balances | 637 | 156 |
| Borrowings from financial institutions | - | (35,479) |
| Trade and other payables | (673) | (418) |
| Net exposure | 23,338 | (13,671) |

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

| | 2018 | 2017 | |
|--|-------------|------|--|
| | 00 | 0s | |
| Foreign currency commitments outstanding at year end are a | as follows: | | |

| USD | 27,976 | 13,557 |
|------|--------|--------|
| EURO | 7,336 | 1,067 |
| JPY | 2,325 | - |
| CHF | - | 32 |

The following significant exchange rates were applied during the year:

Rupee per USD

| Average rate (Buying/Selling) | 110.65 / 110.51 | 104.93/ 104.73 |
|--------------------------------------|-----------------|----------------|
| Reporting date rate (Buying/Selling) | 121.60 / 121.40 | 105 / 104.80 |

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2018 would have increased/ decreased the equity and profit/ loss after tax by Rs. 99.16 million (2017: Rs.50.24 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for June 30, 2017.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

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. 54.89 million (2017: Rs. 55.49 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs.23,478 million (2017: Rs. 19,803 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, 2018, if markups on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 55.05 million (2017: Rs 29.9 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2018, if markups on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 36.2 million (2017: Rs. 28.68 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 markup 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.

42.2 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:

Notes to the Un-consolidated

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For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|---------------------------------------|------|---------------|-----------|
| | Note | USD 000s | |
| Long term loans and advances | 18 | 59,629 | 62,095 |
| Long term deposit | | 202,959 | 192,629 |
| Loans, advances and other receivables | | 380,556 216,9 | |
| Trade debts | 21 | 5,398,565 | 3,345,046 |
| Bank balances | 24 | 436,444 | 245,256 |
| | | 6,478,153 | 4,062,004 |

The Company manages credit risk as follows:

Loans, advances and other receivables

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

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 expect that the recovery will be made soon and can be assessed by reference to Note no 22.

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 fails to meet their obligations except for some doubtful debtors against which adequate allowance for impairment have 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 21.3.

Aging of trade debts considered good is as follows:

| | 2018 | 2017 |
|--------------------|-----------|------------|
| Note | Rs | . 000s ——— |
| 1 to 6 months | 5,368,758 | 3,256,165 |
| 6 months to 1 year | 22,326 | 60,769 |
| 1 year to 3 years | 7,481 | 28,112 |
| 21 | 5,398,565 | 3,345,046 |

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

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:

| | 2018 | 2017 |
|------|---------|------------|
| Note | Rs | . 000s ——— |
| AAA | 44,580 | 11,759 |
| AA+ | 155,968 | 40,268 |
| AA | 2,275 | 6,220 |
| A+ | 437 | 184,575 |
| A1 | 162 | - |
| A | 1,557 | 1,544 |
| A- | 735 | 890 |
| AA- | 230,730 | |
| 24 | 436,444 | 245,256 |

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For the Year Ended June 30, 2018

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

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

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

42.3 Liquidity Risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and Note no 41.

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, 2018, the Company has Rs. 21,486 million (2017: Rs. 19,647 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 6,873 million (2017: Rs. 7,712 million) and also has Rs. 470 million (2017: Rs. 270 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

42.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values except long term investment in subsidiary as stated in note no. 17.

42.5 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, 2018 and 2017 were as follows:

| | 2018 | 2017 |
|-----------------------|------------|------------|
| | Rs. | 000s ——— |
| Total borrowings | 23,353,807 | 19,760,257 |
| Cash and bank | (470,250) | (269,882) |
| Net debt | 22,883,557 | 19,490,375 |
| | | |
| Total equity | 12,620,727 | 10,913,917 |
| Total equity and debt | 35,504,284 | 30,404,292 |
| Gearing ratio (%) | 64 | 64 |
| | | |

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.

43 Fair Values

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

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

Level 1

Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3

Inputs are unobservable inputs for the asset or liability Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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For the Year Ended June 30, 2018

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.

44 Event After Balance Sheet Date

44.1 Subsequent Appropriations

The Board of Directors of the Company in its meeting held on September 18, 2018 has proposed the following:

a) Dividend

Your directors have decided to pay final cash dividend @ Rs. 2.50 per share i.e. 25% for the year ended June 30, 2018.

b) Appropriation

An amount of Rs. 5,380 million to be transferred from general reserve to unappropriated profit.

45 Date of Authorization

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 18, 2018.

46 Corresponding Figures

For better presentation and due to revisions in the Companies Act 2017, certain re-classification have been made in the corresponding figures including following;





| Reclassification from component | Reclassification to component | Amount |
|--|---|----------|
| | | Rs. 000s |
| Intangible assets | Short term prepayments | |
| Intangible assets | Short term prepayments | 43,989 |
| Property, plant and equipment | Short term prepayments | |
| Capital work in progress | Short term prepayments | 65 |
| Trade and other payables | Unclaimed dividend | |
| Trade and other payables | Unclaimed dividend | 5,169 |
| Trade and other payables | Unpaid Dividend | |
| Trade and other payables | Unpaid dividend | 9,042 |
| Other receivables | Refunds due from Government | |
| Duty drawback, markup subsidy and rebate | Duty drawback, markup subsidy and rebate | 990,786 |
| Other receivables | Loans, Advances and Other receivables | |
| Other receivables | Loans, Advances and Other receivables | 152,313 |
| Loans and advances | Loans and advances | |
| Long term loans - Due from executives | Long term loans - Due from | |
| (Other than CEO and Directors) | non-executives employees | 4,594 |
| Other income | Sales | |
| Other income | Sales - net (Exchange gain on realization | |
| | of export receivables) | 161,283 |
| Finance cost | Cost of sales | |
| Finance cost | Cost of sales (Exchange gain on purchase) | 170 |

47 General

Figures have been rounded off to the nearest thousand rupees.

Mohomed Bashir

Chairman

Mohammed Zaki Bashir

Chief Executive Officer

Abdul Aleem Chief Financial Officer

Attendance at Meetings

As at June 30, 2018

| | Boa | | | Audit Committee | | Resource neration nittee |
|------------------------|------------|----------|----------|-----------------|----------|--------------------------------|
| Name of Director | Required * | Attended | Required | Attended | Required | Attended |
| | | | | | | |
| Mohomed Bashir | 4 | 4 | 4 | 4 | 1 | 1 |
| Zain Bashir | 4 | 4 | - | - | 1 | 1 |
| Mohammed Zaki Bashir | 4 | 4 | - | - | - | - |
| Ziad Bashir | 4 | 2 | - | - | - | - |
| S.M. Nadim Shafiqullah | 4 | 2 | 4 | 2 | - | - |
| Dr. Amjad Waheed | 4 | 4 | 4 | 4 | - | - |
| Ehsan A. Malik | 4 | 3 | _ | - | 1 | 1 |

^{*} held during the period the concerned Director was on the Board.



Pattern of Shareholding

As at June 30, 2018

| No. of Shareholders | | Shareh | olding | | Shares held |
|------------------------|------|---------|--------|---------|-------------|
| | | | | | |
| 735 | From | 1 | То | 100 | 26,902 |
| 1,188 | From | 101 | To | 500 | 443,286 |
| 876 | From | 501 | To | 1,000 | 717,154 |
| 1,260 | From | 1,001 | То | 5,000 | 3,230,768 |
| 295 | From | 5,001 | То | 10,000 | 2,270,848 |
| 94 | From | 10,001 | То | 15,000 | 1,194,637 |
| 77 | From | 15,001 | То | 20,000 | 1,403,047 |
| 52 | From | 20,001 | То | 25,000 | 1,213,380 |
| 28 | From | 25,001 | То | 30,000 | 793,561 |
| 21 | From | 30,001 | То | 35,000 | 686,427 |
| 15 | From | 35,001 | То | 40,000 | 577,158 |
| 6 | From | 40,001 | То | 45,000 | 256,690 |
| 29 | From | 45,001 | То | 50,000 | 1,415,834 |
| 9 | From | 50,001 | То | 55,000 | 473,786 |
| 7 | From | 55,001 | То | 60,000 | 408,312 |
| 10 | From | 60,001 | То | 65,000 | 631,154 |
| 2 | From | 65,001 | То | 70,000 | 137,500 |
| 7 | From | 70,001 | То | 75,000 | 522,000 |
| 6 | From | 75,001 | То | 80,000 | 469,695 |
| 2 | From | 85,001 | То | 90,000 | 172,716 |
| 2 | From | 90,001 | То | 95,000 | 187,730 |
| 13 | From | 100,001 | То | 105,000 | 1,306,000 |
| 2 | From | 105,001 | То | 110,000 | 212,500 |
| 2 | From | 110,001 | То | 115,000 | 226,498 |
| 3 | From | 115,001 | То | 120,000 | 350,558 |
| 3 | From | 120,001 | То | 125,000 | 367,500 |
| 2 | From | 125,001 | То | 130,000 | 253,500 |
| 4 | From | 135,001 | То | 140,000 | 553,329 |
| 2 | From | 150,001 | To | 155,000 | 305,000 |
| 1 | From | 155,001 | То | 160,000 | 156,000 |
| 1 | From | 165,001 | То | 170,000 | 169,500 |
| 3 | From | 175,001 | То | 180,000 | 530,000 |
| 1 | From | 185,001 | То | 190,000 | 189,213 |

Pattern of Shareholding

As at June 30, 2018

| No. of Shareholders | | Share | holding | | Shares held |
|---------------------|------|-----------|---------|-----------|-------------|
| 4 | From | 195,001 | То | 200,000 | 795,000 |
| 1 | From | 205,001 | То | 210,000 | 207,000 |
| 1 | From | 210,001 | То | 215,000 | 210,500 |
| 2 | From | 220,001 | То | 225,000 | 441,500 |
| 1 | From | 230,001 | То | 235,000 | 231,500 |
| 2 | From | 235,001 | То | 240,000 | 477,162 |
| 1 | From | 240,001 | То | 245,000 | 240,566 |
| 2 | From | 245,001 | То | 250,000 | 499,500 |
| 2 | From | 250,001 | То | 255,000 | 507,400 |
| 2 | From | 255,001 | То | 260,000 | 516,700 |
| 1 | From | 260,001 | То | 265,000 | 262,200 |
| 2 | From | 270,001 | То | 275,000 | 548,500 |
| 1 | From | 275,001 | То | 280,000 | 276,439 |
| 1 | From | 285,001 | То | 290,000 | 288,600 |
| 1 | From | 290,001 | То | 295,000 | 291,000 |
| 2 | From | 300,001 | То | 305,000 | 603,500 |
| 2 | From | 305,001 | То | 310,000 | 614,000 |
| 1 | From | 310,001 | То | 315,000 | 314,500 |
| 2 | From | 380,001 | То | 385,000 | 763,500 |
| 3 | From | 395,001 | То | 400,000 | 1,198,400 |
| 1 | From | 400,001 | То | 405,000 | 400,749 |
| 1 | From | 425,001 | То | 430,000 | 430,000 |
| 1 | From | 495,001 | То | 500,000 | 500,000 |
| 1 | From | 510,001 | То | 515,000 | 514,000 |
| 1 | From | 515,001 | То | 520,000 | 520,000 |
| 2 | From | 520,001 | То | 525,000 | 1,043,000 |
| 2 | From | 555,001 | То | 560,000 | 1,114,651 |
| 1 | From | 560,001 | То | 565,000 | 564,600 |
| 1 | From | 575,001 | То | 580,000 | 579,000 |
| 1 | From | 580,001 | То | 585,000 | 583,500 |
| 1 | From | 630,001 | То | 635,000 | 633,426 |
| 1 | From | 760,001 | То | 765,000 | 763,500 |
| 1 | From | 955,001 | То | 960,000 | 960,000 |
| 1 | From | 1,010,001 | То | 1,015,000 | 1,011,500 |



| No. of Shareholders | | Shareholding | | | |
|---------------------|------|--------------|----|---------------|-------------|
| 1 | From | 1,245,001 | То | 1,250,000 | 1,250,000 |
| 1 | From | 1,355,001 | То | 1,360,000 | 1,358,000 |
| 1 | From | 1,410,001 | То | 1,415,000 | 1,414,500 |
| 1 | From | 1,510,001 | То | 1,515,000 | 1,515,000 |
| 1 | From | 1,690,001 | То | 1,695,000 | 1,694,281 |
| 1 | From | 1,815,001 | То | 1,820,000 | 1,817,000 |
| 1 | From | 1,980,001 | То | 1,985,000 | 1,981,314 |
| 1 | From | 1,985,001 | То | 1,990,000 | 1,988,000 |
| 1 | From | 2,005,001 | То | 2,010,000 | 2,009,004 |
| 1 | From | 2,140,001 | То | 2,145,000 | 2,142,000 |
| 1 | From | 2,960,001 | То | 2,965,000 | 2,962,700 |
| 1 | From | 3,905,001 | То | 3,910,000 | 3,907,400 |
| 1 | From | 4,130,001 | То | 4,135,000 | 4,133,368 |
| 1 | From | 4,470,001 | То | 4,475,000 | 4,471,000 |
| 1 | From | 5,510,001 | То | 5,515,000 | 5,512,500 |
| 1 | From | 7,185,001 | То | 7,190,000 | 7,185,209 |
| 1 | From | 9,435,001 | То | 9,440,000 | 9,437,866 |
| 1 | From | 10,700,001 | То | 10,705,000 | 10,702,493 |
| 1 | From | 11,025,001 | То | 11,030,000 | 11,029,600 |
| 1 | From | 239,225,001 | То | 239,230,000 _ | 239,226,714 |
| 4,828 | | | | = | 356,495,525 |

| Number | Shares held | Percentage |
|--------|--|---|
| 4,667 | 41,839,693 | 11.74 |
| 98 | 272,275,624 | 76.38 |
| 8 | 16,999,715 | 4.77 |
| 32 | 13,647,189 | 3.83 |
| 1 | 75 | - |
| 5 | 1,495,817 | 0.42 |
| 8 | 9,358,374 | 2.63 |
| 6 | 689,631 | 0.18 |
| 3 | 189,407 | 0.05 |
| 4,828 | 356,495,525 | 100.00 |
| | 4,667 98 8 32 1 5 8 6 | 4,667 41,839,693 98 272,275,624 8 16,999,715 32 13,647,189 1 75 5 1,495,817 8 9,358,374 6 689,631 3 189,407 |

Pattern of Shareholding

As at June 30, 2018

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 | 1,694,281 |
| NIT and ICP | | |
| IDBP (ICP Unit) | 1 | 2,064 |
| IDBP (ICP Unit) | 1 | 2,064 |
| CDC - Trust National Investment (Unit) Trust | 1 | 17,902 |
| CDC - Trust National Investment (Unit) Trust | 1 | 17,902 |
| 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 | 39,800 |
| CDC - Trustee Faysal Stock Fund | 1 | 25,000 |
| CDC - Trustee First Dawood Mutual Fund | 1 | 1,500 |
| CDC - Trustee JS Large Cap. Fund | 1 | 180,000 |
| CDC - Trustee Lakson Equity Fund | 1 | 633,426 |
| CDC - Trustee Lakson Tactical Fund | 1 | 136,923 |
| CDC - Trustee MCB Pakistan Asset Allocation Fund | 1 | 1,817,000 |
| CDC - Trustee MCB Pakistan Stock Market Fund | 1 | 3,907,400 |
| CDC - Trustee NAFA Stock Fund | 1 | 2,962,700 |
| CDC - Trustee Pakistan Capital Market Fund | 1 | 275,000 |
| CDC - Trustee PIML Asset Allocation Fund | 1 | 105,000 |
| CDC - Trustee PIML Value Equity Fund | 1 | 50,000 |
| CDC - Trustee UBL Dedicated Equity Fund | 1 | 20,000 |
| CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund | 1 | 381,500 |
| CDC - Trustee UBL Stock Advantage Fund | 1 | 1,988,000 |
| CDC - Trustee Unit Trust Of Pakistan | 1 | 257,500 |
| CDC- Trustee NAFA Asset Allocation Fund | 1 | 558,800 |



| Golden Arrow Selected Stocks Fund Limited | 1 | 300,000 |
|--|----|-------------|
| MC FSL - Trustee JS Growth Fund | 1 | 514,000 |
| MCBFSL - Trustee JS Value Fund | 1 | 303,500 |
| MCBFSL Trustee MCB Pakistan Frequent Payout Fund | 1 | 12,000 |
| | | |
| Banks, NBFI, DFI and Investment Companies | 68 | 9,089,698 |
| Insurance Companies | 8 | 16,999,715 |
| Joint Stock Companies | 31 | 2,944,696 |
| Modaraba Companies | 1 | 75 |
| Financial Institutions | 5 | 1,495,817 |
| Foreign Investors | 8 | 9,358,374 |
| Charitable Institutions | 6 | 689,631 |
| Government Departments | 3 | 189,407 |
| | | |
| Directors | | |
| Mohomed Bashir (Chairman) | 1 | 1,981,314 |
| 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 the Chairman during the year under review:-

Directors

Mohomed Bashir (Chairman)

693,000 Shares Purchased

Consolidated

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The directors are leased to present their report together with the audited Consolidated Financial Statements of the Group for the year ended June 30, 2018.

The Group

The Group comprises of Gul Ahmed International Limited (FZC) – 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 subsidiaries are engaged in trading of textile related products.

Group Results

The Consolidated financial results of the group are given below:

| | Rupees (000s) |
|--|---------------|
| Profit before tax | 2,421,688 |
| Taxation | 261,307 |
| Profit after tax | 2,160,381 |
| Un-appropriated profit brought forward | 1,103,678 |
| Amount available for appropriation | 3,264,059 |
| Appropriation | |
| Transfer to general reserves | 400,000 |
| Transfer to statutory reserve | 1,588 |
| Amount carried to other comprehensive Income | 11,667 |
| Cash dividend | 356,496 |
| Amount carried forward | 2,494,308 |
| | 3,264,059 |
| Earnings per share (Rs.) | 6.06 |

Pattern of Shareholding

Gul Ahmed International Limited (FZC) - 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, GTM USA Corp. - USA and Sky Home Corp. - USA are wholly owned subsidiaries of GTM (Europe) Limited.

Parent Company is a subsidiary of Gul Ahmed Holdings (Private) Limited holding 239,226,714 (2017: 239,226,714) shares of Rs. 10 each constituting 67.1% (2017:67.1%) of total paid up capital.

Subsequent Effects

The directors of the group in their meeting held on 18th September 2018 have proposed the following:

1 Cash dividend: Pay cash dividend @ Rs. 2.5 per share i.e. 25% for the year ended June 30, 2018

2 Reserves: An amount of Rs. 5,380 million to be transferred from general reserves to un-appropriated profit.

Karachi

September 18, 2018

Mohomed Bashir

Chairman

Mohammed Zaki Bashir

Chief Executive Officer

Independent Auditor's Report to the Members of Gul Ahmed Textile Mills Limited Report on the Audit of the

Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Gul Ahmed Textile Mills Limited and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

We draw attention to note 1.2 to the annexed consolidated financial statements, which describes that the only customer of an indirect subsidiary company, GTM USA Corporation (GTM USA), is going through serious financial crises and it is probable that it may file bankruptcy. To avoid any claw back under title 11 of the United States Code "Bankruptcy Code", GTM USA has significantly reduced its sales to the customer. Further the income from FOB commission has been discontinued by the principal. In such circumstances financial assistance from related parties is inevitable for future sustainability of GTM USA. As stated in note 1.2, these events and conditions along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt about the GTM USA's ability to continue as going concern. The underlying going concern assumption is contingent upon the mitigating factors as mentioned in the note 1.2 to these consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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



Following are the Key audit matters:

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|--|--|
| 1 | Stock in Trade The Group has significant levels of stock in trade amounting to Rs. 16.420 billion as at the reporting date, being 37.4% of total Assets of the Group. A number of estimates and judgments are involved in valuation of stock in trade, in determining the net realizable values of finished goods and intended use of raw materials. The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter. | Our audit procedures included the following: Attending the year end stock taking at selected locations to gain comfort over the existence and condition of inventories and internal controls designed by the Group. Obtaining understanding of internal controls designed by the Group over recording of purchases and valuation & costing of the inventories, and testing their operating effectiveness on sample basis. Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. Re-calculation weighted average costs on sample basis. Obtaining the valuation sheets of the inventories and tracing / reconciling quantities from working papers of observation of physical stock taking. Evaluating valuation basis used are appropriate and consistently applied that includes analysis of costing of different items on sample basis. Assessing the management's determination of the net realizable values and expected use of raw material that included performing tests on the sales prices fetched by the Group before and after year end. Performing analytical and other relevant audit procedures. Considering the adequacy of the Group's disclosures in respect of inventories. |

| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|---|--|
| 2 | Borrowings The Group has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 23.425 billion, being 75.9% of total liabilities, as at reporting date. Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in the consolidated financial statements and compliance with various loan covenants, this is considered to be a key audit matter. | Our audit procedures included: Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used by management in calculation of finance costs and disclosed by management and to ensure that the borrowings have been approved at appropriate level. Verification of disbursement of loans and utilization on sample basis. Review of charge registration documents. Verification of repayments made by the Group during the year on sample basis to confirm that repayments are being made on time and no default has been made. Understating and assessing procedures designed by management to comply with the debt covenants. Obtaining confirmation from Banks and other lenders of the Group to confirm balances, terms & conditions stated in the terms sheets and compliance thereof and any other related information. Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the consolidated financial statements. |



| S. No. | Key audit matter | How the matter was addressed in our audit |
|--------|--|--|
| 3 | Contingencies The Group is under litigation cases in respect of various matters including Gas Infrastructure Developments Cess (GIDC), Infrastructure Development Cess on Imports, claims from various Government Institutions / Departments and other miscellaneous claims in respect of the assets of the Group as disclosed in note 10 & 14 of the accompanying consolidated financial statements. | Our audit procedures included the following: Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. Review of the relevant information including case proceedings, related industry information and correspondences in respect of the ongoing litigations. Obtaining confirmation from the legal counsel of the Group to evaluate the status of the pending litigations and view point of the legal counsel thereon. Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. Re-computing the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. Assessing the appropriateness of the related disclosures made in the accompanying consolidated financial statements in light of IAS-37 "Provisions and Contingencies". |

Information Other than the Consolidated Financial **Statements and Auditor's Report thereon**

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

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

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

If, based on the work we have performed, we conclude that

there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of **Directors for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable,





matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the **Consolidated Financial Statements**

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Kreston Hyder Bhimji & Co

Chartered Accountants

Karachi:

Dated: September 18, 2018

Financial Position

As at June 30, 2018

| | | 2018 | 2017 |
|---|------|------------|------------|
| | Note | Rs. 000s | |
| Equity and Liabilities | | | |
| Share Capital and Reserves | | | |
| Share capital | 5 | 3,564,955 | 3,564,955 |
| Reserves | 6 | 9,458,376 | 7,630,703 |
| | | 13,023,331 | 11,195,658 |
| Non-Current Liabilities | | | |
| Long term financing | 7 | 6,911,869 | 7,146,403 |
| Deferred Liabilities | | | |
| Deferred taxation | 8 | 37,690 | 316,420 |
| Staff Gratuity | 9 | 71,517 | 31,033 |
| | | 109,207 | 347,453 |
| | | 7,021,076 | 7,493,856 |
| Current Liabilities | | | |
| Trade and other payables | 10 | 7,126,081 | 5,759,393 |
| Accrued mark-up / profit | 11 | 175,633 | 138,898 |
| Short term borrowings | 12 | 15,146,734 | 11,935,343 |
| Current maturity of long term financing | 7 | 1,365,857 | 678,511 |
| Unclaimed dividend | | 6,421 | 5,169 |
| Unpaid dividend | 13 | 11,052 | 9,042 |
| Provision for taxation | | 13,157 | 3,043 |
| | | 23,844,935 | 18,529,399 |
| Contingencies and Commitments | 14 | | |
| | | 43,889,342 | 37,218,913 |

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

Mohomed Bashir Chairman

Mohammed Zaki Bashir

Chief Executive Officer

Abdul Aleem Chief Financial Officer



| | | 2018 | 2017 |
|---------------------------------------|------|------------|------------|
| | Note | Rs. 0 | 00s |
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 15 | 16,121,877 | 15,991,997 |
| Intangible assets | 16 | 32,005 | 41,887 |
| Long Term Investment | 17 | 55,794 | - |
| Long term loans and advances | 18 | 38,607 | 40,092 |
| Long term deposits | | 205,999 | 195,249 |
| Deferred taxation | | 290 | 98 |
| | | 16,454,572 | 16,269,323 |
| | | | |
| | | | |
| Current Assets | | | |
| Stores and spares | 19 | 961,088 | 988,216 |
| Stock-in-trade | 20 | 16,419,958 | 12,661,087 |
| Trade debts | 21 | 5,666,199 | 3,640,608 |
| Loans, advances and other receivables | 22 | 1,192,970 | 846,193 |
| Short term prepayments | | 249,933 | 212,864 |
| Refunds due from Government | 23 | 1,827,764 | 1,639,746 |
| Taxation-net | | 597,781 | 673,701 |
| Cash and bank balances | 24 | 519,077 | 287,175 |
| | | 27,434,770 | 20,949,590 |
| | | | |
| | | 43,889,342 | 37,218,913 |

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

Mohomed Bashir

Chairman

Mohammed Zaki Bashir

Chief Executive Officer

Abdul Aleem

Chief Financial Officer

Profit or Loss

For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|--|------|------------|------------|
| | Note | Rs. 000s | |
| | | | |
| Sales - net | 25 | 46,859,143 | 40,980,061 |
| Cost of sales | 26 | 36,702,692 | 33,400,582 |
| | | | |
| Gross profit | | 10,156,451 | 7,579,479 |
| Distribution costs | 27 | 4,052,193 | 3,530,626 |
| Administrative costs | 28 | 2,687,136 | 2,601,701 |
| Other operating costs | 29 | 208,043 | 58,429 |
| | | 6,947,372 | 6,190,756 |
| | | 3,209,079 | 1,388,723 |
| Other income | 30 | 202,222 | 326,587 |
| Operating profit | | 3,411,301 | 1,715,310 |
| Finance cost | 31 | 989,613 | 879,457 |
| Profit before taxation | | 2,421,688 | 835,853 |
| Taxation | 32 | 261,307 | 5,764 |
| | | 0.400.00 | |
| Profit after taxation | | 2,160,381 | 830,089 |
| Earnings per share - basic and diluted (Rs.) | 33 | 6.06 | 2.54 |

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



Comprehensive Income

For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|---|------|-----------|----------|
| | Note | | |
| | | | |
| Profit after taxation | | 2,160,381 | 830,089 |
| | | | |
| Other comprehensive income | | | |
| | | | |
| Items that will not be reclassified to statement of profit or loss subsequently | | | |
| p.o o. 1995 oursequently | | | |
| Remeasurement loss on defined benefit plan | 9.1 | (13,063) | (11,705) |
| Related tax effect | | 1,396 | 1,290 |
| | | (11,667) | (10,415) |
| Items that will be reclassified to statement of | | | |
| profit or loss subsequently | | | |
| Exchange difference on translation of foreign subsidiaries | | 35,455 | 7,302 |
| | | 23,788 | (3,113) |
| | | | |
| Total comprehensive income | | 2,184,169 | 826,976 |
| | | | |

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

Cash Flows

For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|--|--------|-------------|-------------|
| | Note | Rs. | . 000s |
| Cash Flows From Operating Activities | | | |
| Profit before taxation | | 2,421,688 | 835,853 |
| Adjustments for: | | | |
| Depreciation | 15.1.2 | 1,865,421 | 1,578,851 |
| Amortisation | 16.1 | 12,680 | 9,125 |
| Provision for gratuity | 9.2 | 67,792 | 33,280 |
| Finance cost | 31 | 989,613 | 879,457 |
| Provision for slow moving/obsolete stores | | | |
| and spares | 19.1 | 17,210 | 15,645 |
| Impairment allowance against doubtful trade debts | 21.3 | 42,138 | 38,307 |
| Gain on disposal of property, plant and equipment | 15.1.4 | (80,407) | (252,460) |
| Loss on disposal of property, plant and equipment | 15.1.4 | 40,814 | 7,150 |
| Property, plant and equipment scrapped | 15.1.4 | - | 425 |
| | | 2,955,261 | 2,309,780 |
| Cash flows from operating activities before | | | |
| adjustments of working capital | | 5,376,949 | 3,145,633 |
| | | | |
| Changes in working capital: | | | |
| Decrease / (increase) in current assets | | | |
| Stores and spares | | 9,918 | (100,414) |
| Stock-in-trade | | (3,758,871) | 1,396,115 |
| Trade debts | | (2,067,729) | (892,133) |
| Loans, advances and other receivables | | (346,777) | (631,359) |
| Short term prepayments | | (37,069) | 58,978 |
| Refunds due from Government - Net | | (188,018) | 382,249 |
| | | (6,388,546) | 213,436 |
| Increase in current liabilities | | | |
| Trade and other payables | | 1,366,687 | 393,371 |
| | | (5,021,859) | 606,807 |
| Cash generated from operations before following: | | 355,090 | 3,752,440 |
| Gratuity paid | | (40,371) | (55,298) |
| Finance cost paid | | (952,878) | (854,927) |
| Income tax paid or deducted | | (452,799) | (681,722) |
| Net decrease / (increase) in Long term loans and adv | ances | 1,485 | (18,272) |
| Increase in Long term deposits - Net | | (10,750) | (37,113) |
| | | (1,455,313) | (1,647,332) |
| Net cash (used in) / generated from operating activities | | (1,100,223) | 2,105,108 |



| | 2018 | 2017 |
|--|---|---|
| Note | Rs. | . 000s ——— |
| Cash Flows From Investing Activities | | |
| Addition to property, plant and equipment Addition to intangible assets Proceeds from sale of property, plant and equipment Long term Investment | (2,216,870) (2,797) 261,162 (55,794) | (5,590,166) (74,509) 333,746 |
| Net cash used in investing activities | (2,014,299) | (5,330,929) |
| | (3,114,522) | (3,225,821) |
| Cash Flows From Financing Activities | | |
| Long term financing obtained Long term financing repaid Proceeds from issue of right shares Dividend paid | 1,270,699 (817,887) - (353,234) | 3,427,770 (720,860) 1,485,398 (95,129) |
| Net cash generated from financing activities | 99,578 | 4,097,179 |
| Exchange difference on translation of foreign subsidiaries | 35,455 | 7,302 |
| Net (decrease) / increase in cash and cash equivalents | (2,979,489) | 878,659 |
| Cash and cash equivalents - at the beginning of the year | (11,648,168) | (12,526,827) |
| Cash and cash equivalents - at the end of the year 35 | (14,627,657) | (11,648,168) |

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

Changes in Equity

For the Year Ended June 30, 2018

| | | Reserves | | | | | | |
|---|------------------|--|--------------------|--|---|-----------------------|-----------|------------|
| | | Revenue reserve | | | | | | |
| | Share capital | Capital reserve - Share Premium | General Reserve | Exchange difference on translation of foreign subsidiaries | Statutory reserve created by foreign subsidiary (Note 6.3) | Unappropriated profit | Reserves | Total |
| | | | | R | s. 000s | | | |
| 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) | - | - |
| Transaction 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 / (loss) | - | - | - | 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 |
| Transfer to general reserve | | | | | | | | |
| General reserve | - | - | 400,000 | - | - | (400,000) | - | - |
| Statutory reserve | - | - | - | - | 1,588 | (1,588) | - | - |
| | - | - | 400,000 | - | 1,588 | (401,588) | - | - |
| Transactions with owners | | | | | | | | |
| Final dividend for the year ended June 30, 2017 | - | - | - | - | - | (356,496) | (356,496) | (356,496) |
| Total comprehensive income for the year ended June 30, 2018 | | | | | | | | |
| Profit after taxation | - | - | - | - | - | 2,160,381 | 2,160,381 | 2,160,381 |
| Other comprehensive income / (loss) | - | - | - | 35,455 | - | (11,667) | 23,788 | 23,788 |
| | - | - | - | 35,455 | - | 2,148,714 | 2,184,169 | 2,184,169 |
| Balance as at June 30, 2018 | 3,564,955 | 1,405,415 | 5,380,000 | 159,005 | 19,648 | 2,494,308 | 9,458,376 | 13,023,331 |

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

Mohomed Bashir

Mohammed Zaki Bashir

Abdul Aleem
Chief Financial Officer

Chairman Chief Executive Officer



Notes to the Consolidated

Financial Statements

For the Year Ended June 30, 2018

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 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.

The Holding Company is a subsidiary of Gul Ahmed Holdings (Private) Limited. Note no.5.2.1.

| Details of Subsidiaries | | | | | | | |
|---|-------------------------------|---|--------------------------|--------------------------|--------------------------|-------------|--|
| Name | Chief Executive officer | Address | Date of Incorporation | Country of Incorporation | Percentage of Holding | Status | Auditor's Opinion |
| Gul Ahmed International Limited FZC | Mr. Mohomed Bashir | P.O.box 8705, Q4-29, Sharjah Airport International free zone, Sharjah, U.A.E. | December 11, 2002 | U.A.E | 100% | Operational | Unmodified opinion |
| GTM (Europe) Limited - Indirect subsidiary | Mr. Mohomed Bashir | City Wharf, New Bailey Street, Manchester M3 5ER, United Kingdom | April 17, 2003 | U.K | 100% | Operational | Unmodified opinion |
| GTM USA Corp Indirect subsidiary | Mr. Mohomed Bashir | 515, 7 West 34th Street, New York, USA | March 19, 2012 | U.S.A | 100% | Operational | Unmodified opinion with paragraph on material uncertainity regarding going concern and an emphasis of matter paragraph related to use of financial statements (note 1.2) |
| Sky Home Corp Indirect Subsidiary | Mr. Mohomed Bashir | Street No. 328, South King Charles Road, City Raleigh, State North Carolina | February 28, 2017 | U.S.A | 100% | Operational | Unmodified opinion with an emphasis of matter paragraph related to use of financial statements |

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

Notes to the Consolidated

Financial Statements

For the Year Ended June 30, 2018

1.2 During the year the Sears Holdings (the only customer of the subsidiary company GTM USA Corporation (GTM USA)) has closed its more than 550 stores all over the USA out of 1429 stores is and expected to shut down further loss making stores subsequent to year end. The closure of stores is being continued to keep the Sears Holdings out of risk of forced liquidation. It is in process of selling out its brands and assets for which communications are in process.

Despite the fact that sales related to textile wearable is showing positive trend in Sears Holdings due to the matter described in note 2 (j to I) to these consolidated financial statements GTM USA has already limited its trade with Sears Holdings to avoid any claw back in case of probable bankruptcy application by Sears Holdings. This has reduced the sales of GTM USA significantly, however gross profit margin remains the same as it is being charged at fixed percentage from the Holding Company.

The Group has decided to meet available demand in the USA market through other subsidairy Sky Home Corporation and through direct supplies by other related parties to retain its overall market share. The Group is dealing in overall USA market through several stores. The activity of earning FOB commission is no more being performed by GTM USA. It was the major income which assisted GTM USA in meeting its administrative and selling expenses in past. However, the activity of trading through retail stores of K-Mart is still being carried by GTM USA but at limited extent.

The management intends to continue the operations of GTM USA Corporation with Sears Holdings and to expand its business through other renown retail stores. Significant steps shall be taken to enhance business of GTM USA Corporation after establishing Sky Home Corporation as single business strategic unit in USA.

1.3 Geographical locations and addresses of all lands owned by The Holding Company is as follows:

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

1.4 Geographical locations and addresses of all factory buildings and warehouses on rented premises are as follows:

| Unit | t | Address |
|-------|--------------------------|--|
| High | nway stitching complex | Plot# 369, Main National Highway, Landhi, Karachi |
| Yarr | Dyeing and Knitting unit | Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi |
| Stito | ching unit | Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi |
| Hus | saini stitching unit | Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi |
| App | arel division | Plot# 12, Sector 23, Korangi Industrial area, Karachi |
| GTN | 1 USA Corp. | 295 5th ave, suit 702, NewYork - NY - 10016 |
| | | |



1.5 As at June 30, 2018, The Group has 65 outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises.

1.6 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries, herein-after collectively referred to as the Group.

A company is a subsidiary if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary companies are prepared for the same reporting period as the Holding Company's. using consistent accounting policies.

The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital. All intra group balances, transactions and unrealised gains/losses resulting from intra-group transactions and dividends are eliminated in full.

2 Significant Transactions and **Events Affecting The Group's** Financial Position and **Performance**

During the year ended June 30, 2018 following significant events took place which affected the entity's performance:

New spinning machineries which were

started to be erected last year in replacement of old spinning machineries became operational and have added not only to the sales volume but also to the net profit significantly.

- New looms were acquired and erected in replacement of old looms. The new looms are most modern version requiring reduced headcount, energy and are more efficient in terms of output and maintenance.
- A phased-out change of old gensets has been started in the last quarter of the year which is expected to be completed by end of first half of next year. This has started and will further enable to produce same KWH of electricity from lesser number of gensets thus reducing the operational cost though the depreciation has increased accordingly.
- Eight retail shops have been added in the network resulting in more sales volume during the year.
- Significant borrowings were made under the SBP's Long Term Finance Facility to finance the above projects and this results in increase in finance cost.
- Extra amount was invested by the Company in the purchase of inventories considering Rupee Dollar parity and subsequent increase and benefits of same has accrued to some extent in this year and will further accrue in ensuing financial year.
- During the year, direct subsidairy Gul Ahmed International Limited FZC decided to increase investment in equity from 10,000 shares to 500,000 shares of GBP 1 each of GTM (Europe) Limited, United Kingdom.
- GTM (Europe) Limited has invested in a joint venture, JCCO 406 Limited whereby GTM (Europe) Limited purchased 50 shares and 50 shares were purchased by Mrs M Soper. JCCO 406 Limited owns the entire share capital of Vantona Homes Limited, a company that sells Roller Blinds.

Notes to the Consolidated

Financial Statements

For the Year Ended June 30, 2018

- During the year, the subsidiary Company Sky Home Corporation USA commenced its economic business activity. It carries its business of trading in textile products mainly means of sales through shelves different shopping stores. The subsidiary has several major including some renowned multinational retail business. During the year, the subsidiary has also initiated providing furnishing services and earning designing and management fee. The activity commenced from October, 2017 and presently it is being provided only to GTM USA Corporation. Total revenue earned during the year from the activity is 31,500 USD.
- Due to the declining financial position of the GTM USA Corporation's only customer "Sears Holdings" the group has decided to switch its finances and attentions towards another subsidiary "Sky Home Corporation" and secured debts. To deal in USA market now Sky Home Corporation is being created as single strategic business unit in order to concentrate on meeting strategic objective of the Group. The business was switched from October, 2017 therefore, commission income is earned for only upto September, 2017. Previously FOB commission constituted a significant portion of profits of the GTM USA Corporation. Due to shift of activity, employees of the GTM USA Corporation, from October, 2017, onwards are being remunerated through Sky Home Corporation only as all the employees are common employees with Sky Home Corporation.
- k According to Bankruptcy Code (11 U.S.C. § 101 et seq.) and Code 547, of United States of America, any payment by a falter business to its creditors in excess of specified amount (i.e. USD 500,000 per 3 months) shall be treated as preferential transfers under the Bankruptcy Code, if such payments have been made during preceding 3 months

- before filing application for bankruptcy by falter business. Any such amount shall be clawed back by the appointed administrator fully. In view of the present financial position of Sears Holdings the management has decided to limit its business with Sears Holdings only to the extent that it receives not more than USD 500,000 during any quarter with aim to reduce its receivables as low as possible. During the year the GTM USA Corporation has strictly followed the decision which causes the debtors turnover days below 15 days and also results in significant decline in revenue.
- I Design management fee of monthly billing of USD 3,500, for improving the ambience and visual impact of shelf area of the GTM USA Corporation in Sears Holdings' stores to influence greater sales and enhance the shopping experience, is being paid to Sky Home Corporation by GTM USA Corporation. It is the only activity against which the inter-company balance with Sky Home Corporation is being settled.
- m During the year, GTM USA Corporation had made several transactions related to receipt and payments for financial assistance with Gul Ahmed Textile Mills Limited and Sky Home Corporation respectively. The assets and liabilities of GTM USA Corporation mainly comprise of these transactions only.

3 Basis Of Preperation

3.1 Basis of measurement

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



stated below in respective notes.

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

3.2 Statement of compliance

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

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

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

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the functional currency of the Holding Company and figures are rounded off to the nearest thousand of Rupees.

3.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience

including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the Group's consolidated financial statements, are as follows:

(a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no. 9.3 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 asset is made for possible impairment on an annual basis.

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For the Year Ended June 30, 2018

(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 allowance required there against on annual While determining impairment allowance, 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 and decisions taken by the Taxation Authorities while providing for current and deferred taxes as explained in note no. 4.5 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.

3.5 New and revised standards and interpretations

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

Details of new and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2017 are as follows:

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 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 of regardless 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

The amendments are unlikely to have any material impact on the Group's consolidated financial statements.



Companies Act 2017

During the year Companies Act, 2017 have become effective, which has brought certain additional disclosure requirements and changes in presentation of certain items and few disclosure requirements of fourth schedule to the repealed Companies Ordinance 1984 have been removed to make the disclosure in line with the requirements of IFRS. Therefore the Group has made certain additional disclosures and have also made certain reclassifications in order to comply with the requirements of the Companies Act, 2017.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

(b) Standards, Interpretations and Amendments not vet 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 19 'Employee Benefits' amendments in Plan Amendment, Curtailment or Settlement (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments are unlikely to have any material impact on the Group's consolidated financial statements.

IAS 28 'Investments in Associates and Joint Ventures' (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are:

- Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. The amendment is not relevant to the Group's consolidated financial statements.

IAS 40 'Investment Property' amendments to clarify transfers of 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. The amendment is not relevant to the Group's consolidated financial statements.

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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 Group's consolidated financial statements.

IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment) (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 amendment is not relevant to the Group's consolidated financial statements.

IFRS 9 'Financial instruments' (Effective for annual periods beginning on or after 1 January 2018)

IASB has published the complete version

of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model currently being used. The standard not likely to have material impact on the Group's consilidated financial statements.

IFRS 15 'Revenue from contract with customers' (Effective for annual periods beginning on or after 1 January 2018)

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. April 1, 2019), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Group has yet to assess the full impact of this standard on its consolidated financial statements.

IFRS 16 'Leases' (Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased



item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and lowvalue leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Group has yet to assess the full impact of this standard on its consolidated financial statements.

IFRIC 22 'Foreign currency transactions' (Effective for annual periods beginning on or after 1 January 2019)

The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRIC 23 **'the** 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 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 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 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 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 investmentby-investment basis, upon initial recognition. The amendment is not relevant to the Group's consolidated financial statements.

Annual improvements to IFRS standards 2015-2017 cycle.

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

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For the Year Ended June 30, 2018

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - (Effective for annual periods beginning on or after 1 January 2018)

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendment is not relevant to the Group's consolidated financial statements."

IAS 12 - Income Taxes (Effective for annual periods beginning on or after 1 January 2019)

This amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the

distributable profits - i.e. in profit or loss, other comprehensive income or equity. The amendment is not likely to have material impact on the Group's consolidated financial statements.

IAS 23 - Borrowing Costs (Effective for annual periods beginning on or after 1 January 2019)

The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale or any non qualifying assets are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. 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)

IFRS 1 - First Time Adoption of IFRS IFRS 14 - Regulatory Deferral Accounts IFRS 17 - Insurance Contracts

IASB effective date annual periods beginning on or after

January 1, 2004 January 1, 2016 January 1, 2021

4 Significant Accounting Policies

4.1 Foreign currency transactions and translation

monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the consolidated statement of financial position 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 recognized in the consolidated statement of profit or loss.

For the purposes of consolidation, income and expense items of the foreign subsidiaries are translated at annual average exchange rate. All monetary and non monetary assets and liabilities are translated at the exchange rate prevailing at the statement of financial



position date. Exchange differences arising on the translation of foreign subsidiaries are recognized under translation reserve in consolidated reserves until the disposal of interest in such subsidiaries.

4.2 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, 2018. The results of valuation are summarized in note no. 9. 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 consolidated statement of profit or loss. Actuarial gains and losses arising at each valuation date are recognized fully in other statement of comprehensive income.

Defined contribution plan

Staff Provident fund

The Holding Company operates 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 consolidated statement of profit or loss.

Defined contribution pension plan

The Subsidairy Company GTM (Europe)

Limited ("GTM (Europe) Ltd") operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the GTM (Europe) Ltd pays fixed contributions into a separate entity. Once the contributions have been paid the GTM (Europe) Ltd has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the GTM (Europe) Ltd in independently administered funds.

4.3 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.

4.4 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 statement of financial position date and adjusted to reflect current best estimate.

4.5 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

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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 statement of financial position date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except that it relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively.

4.6 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.

4.7 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.

4.8 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.

4.9 Property, plant and equipment

4.9.1 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 accumulated impairment losses except leasehold land which is stated at cost.

Subsequent Cost

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

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably.



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

Depreciation

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 15.1. Depreciation is charged on additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Derecognition

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

4.9.2 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the statement of financial position 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.

4.10 Intangible assets

Intangible assets are stated at cost less amortisation accumulated 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. 16.1

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.

4.11 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 in joint venture

Investment in joint venture is accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the joint ventures.

Investment at fair value through consolidated statement of profit or loss

These are investments designated as at the held-for-trading inception. under this Investments 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 consolidated statement of

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profit or loss in the period in which they arise. Gains or losses on disinvestments are also recognised in consolidated statement of profit or loss.

4.12 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 measured at amortised cost less impairment, if any.

4.13 Stores and spares

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

4.14 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 consolidated statement of financial position 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.

4.15 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 on the consolidated ruling statement of financial position date. Debts considered irrecoverable are written off and impairment allowance is made for debts considered doubtful.

4.16 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.
- Commission on Free On Board (FOB) sales is recognised when goods leave the port from the country of origin. Other commission is recognized as and when services are rendered.



4.17 Financial Instruments

Financial instruments carried on the consolidated statement of financial position include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financina. 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. recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through statement of profit or 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 consolidated statement of profit or loss.

4.18 Derecognition of **Financial** Instruments

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. The Group loses 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 consolidated statement of profit or loss.

4.19 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 expense in consolidated statement of profit or loss. 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 recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

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

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For the Year Ended June 30, 2018

4.20 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 consolidated statement of profit or loss.

4.21 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the 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.

4.22 Cash and cash equivalents

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

4.23 Dividend and appropriation to reserves

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

in the consolidated financial statements in the period in which the dividends are approved by the Group's shareholders at the Annual General Meeting, while the interim dividend distributions are 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.

4.24 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.



5 Share Capital



- **5.2.1** As at June 30, 2018, Gul Ahmed Holdings (Private) Limited (GAHPL), the ultimate holding company of the Group, held 239,226,714 (2017: 239,226,714) ordinary shares of Rs. 10 each, constituting 67.10% (2017: 67.10%) of total paid-up capital of the holding company. Number of shares held by the associated companies and undertakings, other than GAHPL, aggregated to 12,396,774 (2017: 10,896,774) ordinary shares of Rs. 10 each.
- **5.2.2** 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 GAHPL, 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.

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| | 5.3 Reconciliation of the number of shares outstan | 2018 | 2017 | |
|---|--|------|-------------|--------------|
| | | Note | — Number o | of Shares —— |
| | | | | |
| | Number of shares outstanding at the beginning of the year | | 356,495,525 | 297,079,604 |
| | Add: 20% Right shares issued in 2017 | | - | 59,415,921 |
| | | | 356,495,525 | 356,495,525 |
| 6 | Reserves | | | |
| | | | Rs. 0 | 000s |
| | Capital Reserve | | | |
| | - Share premium | 6.1 | 1,405,415 | 1,405,415 |
| | | | | |
| | Revenue Reserve | | | |
| | - General Reserve | 6.2 | 5,380,000 | 4,980,000 |
| | - Unappropriated Profit | | 2,494,308 | 1,103,678 |
| | | | 7,874,308 | 6,083,678 |
| | | | | |
| | Exchange difference on translation of foreign subsidiaries | | 159,005 | 123,550 |
| | Statutory reserve | 6.3 | 19,648 | 18,060 |
| | | | 9,458,376 | 7,630,703 |
| | | | | |

- **6.1** This capital reserve can be applied only in accordance with provisions of section 81 of the Companies Act, 2017.
- **6.2** This represents appropriation of profit in past years to meet future exigencies.
- 6.3 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.



7 Long Term Financing

| roug | j term Finan | cing | | | | | | |
|--------|--------------------------------------|----------------------|----------------------------|-----------------------|-------------|-------|---------|-----------|
| | | | | | | 20 | 18 | 2017 |
| | | Note ——— Rs. 000s —— | | | | | 00s | |
| | | 0 | | | 7.4 | - A | 99,037 | 5.047.700 |
| From E | From Banking Companies - Secured 7.1 | | | | | | | 5,017,703 |
| From N | Non-Banking Financi | ial Institut | ions - Secured | | 7.2 | 2,7 | 78,689 | 2,807,211 |
| | | | | | | 8,2 | 77,726 | 7,824,914 |
| Curren | t portion shown und | der currer | nt liabilities | | | (1,36 | 65,857) | (678,511) |
| | | | | | | 6,9 | 11,869 | 7,146,403 |
| | | | | | | | | |
| | | | Number of installments and | Installment | Mark-up rat | e per | 2018 | 2017 |
| | Particulars | Note | commencement | amount Rs. In 000s | annum | • | | Rs. 000s |

7.1 Banking Companies Secured

| Allied Bank Limited Loan Under LTFF scheme | 7.5, 7.7 | 32 quarterly July-2010 | 9,256 | Three months KIBOR Ask rate + 0.50% payable quarterly | - | 37,034 |
|--|----------|-------------------------------|-------|---|---------|---------|
| Askari Bank Limited Loan 1 Under LTFF scheme | 7.4, 7.7 | 20 quarterly October-2016 | 8,346 | 8.50 % p.a payable quarterly | 108,498 | 141,882 |
| Askari Bank Limited Loan 2 | 7.4, 7.7 | 20 quarterly December-2016 | 2,930 | 8.50 % p.a. payable quarterly | 38,068 | 49,788 |
| Under LTFF scheme | | | | | | |
| Askari Bank Limited Loan 3 Under LTFF scheme | 7.4, 7.7 | 20 quarterly March-2017 | 1,066 | 8.50 % p.a. payable quarterly | 14,924 | 19,192 |
| Askari Bank Limited Loan 4 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 63 | 3 % p.a. payable quarterly | 1,197 | 1,259 |
| Askari Bank Limited Loan 5 Under LTFF scheme | 7.3, 7.7 | 20 quarterly February-2018 | 165 | 3 % p.a. payable quarterly | 2,970 | 3,300 |
| Askari Bank Limited Loan 6 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 2,384 | 3 % p.a. payable quarterly | 45,291 | 47,675 |
| Askari Bank Limited Loan 7 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 1,332 | 3 % p.a. payable quarterly | 25,303 | 26,635 |
| Askari Bank Limited Loan 8 Under LTFF scheme | 7.3, 7.7 | 20 quarterly May-2018 | 1,101 | 3 % p.a. payable quarterly | 20,910 | 22,010 |
| Askari Bank Limited Loan 9 Under LTFF scheme | 7.3, 7.7 | 20 quarterly June-2018 | 200 | 3 % p.a. payable quarterly | 3,795 | 3,995 |

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| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|--|----------|---------------------------------|-----------------------|---|---------|---------|
| Particulars | Note | commencement month | amount Rs. In 000s | annum | Rs. | 000s |
| | | | | | | |
| Askari Bank Limited Loan 10 Under LTFF scheme | 7.3, 7.7 | 20 quarterly June-2018 | 269 | 3 % p.a. payable quarterly | 5,103 | 5,372 |
| Askari Bank Limited Loan 11 Under LTFF scheme | 7.3, 7.7 | 20 quarterly July-2018 | 2,274 | 3 % p.a. payable quarterly | 45,470 | 45,470 |
| Askari Bank Limited Loan 12 Under LTFF scheme | 7.3, 7.7 | 28 quarterly April-2019 | 1,210 | 3 % p.a. payable quarterly | 33,871 | 33,871 |
| Askari Bank Limited Loan 13 Under LTFF scheme | 7.3, 7.7 | 28 quarterly May-2019 | 96 | 3 % p.a. payable quarterly | 2,680 | 2,680 |
| Askari Bank Limited Loan 14 Under LTFF scheme | 7.3, 7.7 | 28 quarterly June-2019 | 180 | 3 % p.a. payable quarterly | 5,030 | 5,030 |
| Askari Bank Limited Loan 15 Under LTFF scheme | 7.3, 7.7 | 20 quarterly August-2020 | 9,848 | 2.75 % p.a. payable quarterly | 196,956 | - |
| Askari Bank Limited Loan 16 Under LTFF scheme | 7.3, 7.7 | 20 quarterly September-2020 | 592 | 2.75 % p.a. payable quarterly | 11,843 | - |
| AlBaraka Bank (Pakistan) Limited Loan Islamic Banking | 7.3, 7.7 | 20 quarterly March-2016 | 7,780 | Three months KIBOR Ask rate + 1.10% payable quarterly | 77,800 | 108,920 |
| Bank Al-Habib Limited Loan Under LTFF scheme | 7.4, 7.8 | 16 half yearly October-2019 | 13,519 | 2.75 % p.a. payable quarterly | 216,296 | 216,296 |
| Bank Al-Falah Limited Loan 1 Islamic Banking | 7.6 | 09 half yearly March-2014 | 9,439 | Six months KIBOR Ask rate + 1.25% payable half yearly | - | 18,878 |
| Bank Al-Falah Limited Loan 2 Islamic Banking | 7.4,7.8 | 09 half yearly April-2014 | 6,457 | Six months KIBOR Ask rate + 1.25% payable half yearly | - | 12,915 |
| Bank Al-Falah Limited Loan 3 Islamic Banking | 7.4,7.8 | 9 half yearly July-2014 | 1,147 | Six months KIBOR Ask rate + 1.25% payable half yearly | 1,147 | 3,442 |
| Bank Al-Falah Limited Loan 4 Islamic Banking | 7.4,7.8 | 9 half yearly August-2014 | 1,472 | Six months KIBOR Ask rate + 1.25% payable half yearly | 1,472 | 4,417 |
| Bank Al-Falah Limited Loan 5 Islamic Banking | 7.4,7.8 | 9 half yearly September-2014 | 8,172 | Six months KIBOR Ask rate + 1.25% payable half yearly | 8,172 | 24,516 |
| Bank Al-Falah Limited Loan 6 Islamic Banking | 7.4,7.8 | 9 half yearly October-2014 | 10,285 | Six months KIBOR Ask rate + 1.25% payable half yearly | 10,285 | 30,856 |
| Bank of Punjab Loan 1 Under LTFF scheme | 7.3,7.7 | 28 quarterly September-2018 | 84 | 3 % p.a. payable quarterly | 2,358 | 2,358 |



| | | Number of installments and | Installment | Mark up rata nar | 2018 | 2017 |
|---|------------------|--------------------------------|-----------------------|--|----------|---------|
| Particulars | Note | commencement month | amount Rs. In 000s | Mark-up rate per annum | Rs. 000s | |
| | | | | | | |
| Bank of Punjab Loan 2 Under LTFF scheme | 7.3, 7.7 | 28 quarterly September-2018 | 1,143 | 3 % p.a. payable quarterly | 31,998 | 31,998 |
| Bank of Punjab Loan 3 Under LTFF scheme | 7.3, 7.7 | 28 quarterly October-2018 | 2,144 | 3 % p.a. payable quarterly | 60,040 | 60,040 |
| Bank of Punjab Loan 4 Under LTFF scheme | 7.3, 7.7 | 28 quarterly November-2018 | 3,085 | 3 % p.a. payable quarterly | 86,380 | 86,380 |
| Bank of Punjab Loan 5 Under LTFF scheme | 7.3, 7.7 | 28 quarterly December-2018 | 6,904 | 3 % p.a. payable quarterly | 193,323 | 193,323 |
| Bank of Punjab Loan 6 Under LTFF scheme | 7.3, 7.7 | 28 quarterly January-2019 | 1,644 | 3 % p.a. payable quarterly | 46,035 | 46,035 |
| Bank of Punjab Loan 7 Under LTFF scheme | 7.3, 7.7 | 28 quarterly February-2019 | 7,692 | 3 % p.a. payable quarterly | 215,382 | 215,382 |
| Bank of Punjab Loan 8 Under LTFF scheme | 7.3, 7.7 | 28 quarterly March-2019 | 6,128 | 3 % p.a. payable quarterly | 171,579 | 171,579 |
| Bank of Punjab Loan 9 Under LTFF scheme | 7.3, 7.7 | 28 quarterly April-2019 | 3,212 | 3 % p.a. payable quarterly | 89,924 | 89,924 |
| Bank of Punjab Loan 10 Under LTFF scheme | 7.3, 7.7 | 28 quarterly June-2019 | 195 | 3 % p.a. payable quarterly | 5,469 | 5,469 |
| Bank of Punjab Loan 11 Under LTFF scheme | 7.3, 7.7 | 28 quarterly May-2020 | 3,483 | 3 % p.a. payable quarterly | 97,512 | - |
| Habib Bank Limited Loan 1 Under LTFF scheme | 7.5, 7.8 | 04 half yearly October-2017 | 10,391 | Three months KIBOR Ask rate + 0.5% payable half yearly | 20,781 | 62,345 |
| Habib Bank Limited Loan 2 Under LTFF scheme | 7.5, 7.8 | 05 half yearly October-2017 | 249 | Three months KIBOR Ask rate + 0.5% payable half yearly | 747 | 1,660 |
| Habib Bank Limited Loan 3 Under LTFF scheme | 7.5, 7.8 | 06 half yearly October-2017 | 3,306 | Three months KIBOR Ask rate + 0.5% payable half yearly | 13,221 | 24,789 |
| Habib Bank Limited Loan 4 Under LTFF scheme | 7.5, 7.8 | 09 half yearly October-2017 | 14,063 | Three months KIBOR Ask rate + 0.5% payable half yearly | 98,438 | 150,000 |
| Habib Bank Limited Loan 5 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly October-2018 | 14,747 | 3 % p.a. payable quarterly | 471,900 | 471,900 |
| Habib Bank Limited Loan 6 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly November-2018 | 82 | 3 % p.a. payable quarterly | 2,613 | 2,613 |

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| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|--|------------------|---------------------------------|-----------------------|---|---------|---------|
| Particulars | Note | commencement month | amount Rs. In 000s | annum | Rs. | 000s |
| | | | | | | |
| Habib Bank Limited Loan 7 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly February-2019 | 221 | 3 % p.a. payable quarterly | 7,072 | 7,072 |
| Habib Bank Limited Loan 8 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly February-2019 | 95 | 3 % p.a. payable quarterly | 3,036 | 3,036 |
| Habib Bank Limited Loan 9 Under LTFF scheme | 7.4, 7.5, 7.7 | 32 quarterly March-2019 | 174 | 3 % p.a. payable quarterly | 5,564 | 5,564 |
| MCB Bank Limited Loan 1 Under LTFF scheme | 7.5 | 10 half yearly February-2017 | 1,486 | Three months KIBOR Ask rate + 2.25% payable half yearly | 10,402 | 13,374 |
| MCB Bank Limited Loan 2 Under LTFF scheme | 7.5, 7.7 | 10 half yearly March-2017 | 15,864 | 8.25% p.a. payable quarterly | 111,048 | 142,776 |
| MCB Bank Limited Loan 3 Under LTFF scheme | 7.5, 7.7 | 10 half yearly March-2017 | 1,541 | 6.75% p.a. payable quarterly | 10,787 | 13,869 |
| MCB Bank Limited Loan 4 Under LTFF scheme | 7.5, 7.7 | 10 half yearly April-2017 | 2,425 | 8.25% p.a. payable quarterly | 16,976 | 21,825 |
| MCB Bank Limited Loan 5 Under LTFF scheme | 7.5, 7.7 | 10 half yearly June-2017 | 5,773 | 8.25% p.a. payable quarterly | 40,411 | 51,957 |
| Meezan Bank Limited Loan Islamic Banking | 7.5, 7.8 | 8 quarterly March-2017 | 107,910 | Three months KIBOR Ask rate +1% payable quarterly | 431,640 | 647,460 |
| National Bank of Pakistan Loan 1 Under LTFF scheme | 7.3 | 10 half yearly August-2016 | 49,598 | Six months KIBOR Ask rate + 0.75% payable half yearly | 297,588 | 396,784 |
| National Bank of Pakistan Loan 2 Under LTFF scheme | 7.4, 7.5, 7.7 | 20 quarterly May-2018 | 5,835 | 2.80% p.a. payable quarterly | 110,875 | 116,700 |
| National Bank of Pakistan Loan 3 Under LTFF scheme | 7.4, 7.5, 7.7 | 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 | 7.4, 7.5, 7.7 | 20 quarterly August-2018 | 179 | 2.80% p.a. payable quarterly | 3,570 | 3,570 |
| National Bank of Pakistan Loan 5 Under LTFF scheme | 7.4, 7.5, 7.7 | 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 | 7.4, 7.5, 7.7 | 20 quarterly October-2018 | 5,699 | 2.80% p.a. payable quarterly | 113,970 | 113,970 |
| National Bank of Pakistan Loan 7 Under LTFF scheme | 7.4, 7.5, 7.7 | 20 quarterly November-2018 | 708 | 2.80% p.a. payable quarterly | 14,156 | 14,156 |



| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|---|----------|----------------------------------|-----------------------|---|----------|---------|
| Particulars | Note | commencement month | amount Rs. In 000s | annum | Rs. 000s | |
| | | | | | | |
| NIB Bank Limited Loan 1 Under LTFF scheme | 7.3 | 16 quarterly March-2014 | 829 | Three months KIBOR Ask rate + 1.50% payable quarterly | - | 1,659 |
| NIB Bank Limited Loan 2 Under LTFF scheme | 7.3 | 16 quarterly June-2014 | 2,827 | Three months KIBOR Ask rate + 1.50% payable quarterly | - | 8,484 |
| NIB Bank Limited Loan 3 Under LTFF scheme | 7.3 | 16 quarterly June-2015 | 168 | Three months KIBOR Ask rate + 1.50% payable quarterly | 679 | 1,183 |
| Soneri Bank Loan Under LTFF scheme | 7.3, 7.7 | 16 quarterly March-2018 | 14,457 | 5% p.a. payable quarterly | 216,853 | 231,310 |
| United Bank Limited Loan 1 Under LTFF scheme | 7.3 | 12 half yearly September-2013 | 269 | Six months KIBOR Ask rate + 1.00% payable half yearly | 537 | 1,075 |
| United Bank Limited Loan 2 Under LTFF scheme | 7.3 | 12 half yearly October-2013 | 1,235 | Six months KIBOR Ask rate + 1.00% payable half yearly | 2,470 | 4,941 |
| United Bank Limited Loan 3 Under LTFF scheme | 7.3 | 12 half yearly December-2013 | 5,892 | Six months KIBOR Ask rate + 1.00% payable half yearly | 11,783 | 23,565 |
| United Bank Limited Loan 4 Under LTFF scheme | 7.3 | 12 half yearly January-2014 | 11,913 | Six months KIBOR Ask rate + 1.00% payable half yearly | 35,738 | 59,562 |
| United Bank Limited Loan 5 Under LTFF scheme | 7.4, 7.7 | 10 half yearly July-2017 | 1,802 | 8.00% p.a. payable quarterly | 14,416 | 18,020 |
| United Bank Limited Loan 6 Under LTFF scheme | 7.4, 7.7 | 10 half yearly August-2017 | 398 | 6.50% p.a. payable quarterly | 3,188 | 3,985 |
| United Bank Limited Loan 7 Under LTFF scheme | 7.4, 7.7 | 10 half yearly September-2017 | 215 | 6.50% p.a. payable quarterly | 1,720 | 2,150 |
| United Bank Limited Loan 8 Under LTFF scheme | 7.4, 7.7 | 10 half yearly October-2017 | 102 | 6.50% p.a. payable quarterly | 816 | 1,020 |
| United Bank Limited Loan 9 Under LTFF scheme | 7.4 | 10 half yearly March-2018 | 2,385 | 5% p.a. payable quarterly | 21,465 | 23,850 |
| United Bank Limited Loan 10 Under LTFF scheme | 7.4, 7.7 | 10 half yearly December-2017 | 89 | 6.50% p.a. payable quarterly | 712 | 890 |
| United Bank Limited Loan 11 Under LTFF scheme | 7.4, 7.7 | 10 half yearly February-2018 | 318 | 5% p.a. payable quarterly | 2,869 | 3,187 |
| United Bank Limited Loan 12 Under LTFF scheme | 7.4, 7.7 | 10 half yearly March-2018 | 4,182 | 5% p.a. payable quarterly | 37,639 | 41,822 |

Financial Statements

| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|---|----------|----------------------------------|-----------------------|---------------------------------|-----------|-----------|
| Particulars | Note | commencement | amount Rs. In 000s | annum | Rs. 000s | |
| | | | | | | |
| United Bank Limited Loan 13 Under LTFF scheme | 7.4, 7.7 | 10 half yearly April-2018 | 1,827 | 5% p.a. payable quarterly | 16,443 | 18,270 |
| United Bank Limited Loan 14 Under LTFF scheme | 7.4, 7.7 | 10 half yearly May-2018 | 954 | 4% p.a. payable quarterly | 8,592 | 9,547 |
| United Bank Limited Loan 15 Under LTFF scheme | 7.4, 7.7 | 10 half yearly March-2018 | 132 | 5% p.a. payable quarterly | 1,183 | 1,315 |
| United Bank Limited Loan 16 Under LTFF scheme | 7.4, 7.7 | 10 half yearly August-2018 | 11,979 | 5% p.a. payable quarterly | 119,798 | 119,798 |
| United Bank Limited Loan 17 Under LTFF scheme | 7.4, 7.7 | 16 half yearly June-2020 | 9,384 | 2.75% p.a. payable quarterly | 150,142 | - |
| United Bank Limited Loan 18 Under LTFF scheme | 7.4, 7.7 | 16 half yearly October-2020 | 23,826 | 2.75% p.a. payable quarterly | 381,215 | - |
| United Bank Limited Loan 19 Under LTFF scheme | 7.4, 7.7 | 16 half yearly November-2020 | 1,495 | 2.75% p.a. payable quarterly | 23,920 | - |
| United Bank Limited Loan 20 Under LTFF scheme | 7.4, 7.7 | 16 half yearly December-2020 | 8,335 | 2.75% p.a. payable quarterly | 133,353 | - |
| Samba Bank Limited Loan 1 Under LTFF scheme | 7.3, 7.7 | 10 half yearly September-2019 | 15,710 | 3% p.a. payable quarterly | 157,099 | 157,099 |
| Samba Bank Limited Loan 2 Under LTFF scheme | 7.3, 7.7 | 10 half yearly January-2020 | 10,809 | 3% p.a. payable quarterly | 108,084 | - |
| Samba Bank Limited Loan 3 Under LTFF scheme | 7.3, 7.7 | 10 half yearly February-2020 | 1,339 | 3% p.a. payable quarterly | 13,391 | - |
| Samba Bank Limited Loan 4 Under LTFF scheme | 7.3, 7.7 | 10 half yearly March-2020 | 140 | 3% p.a. payable quarterly | 1,402 | - |
| Samba Bank Limited Loan 5 Under LTFF scheme | 7.3, 7.7 | 10 half yearly August-2020 | 2,237 | 3% p.a. payable quarterly | 22,369 | - |
| Samba Bank Limited Loan 6 Under LTFF scheme | 7.3, 7.7 | 10 half yearly November-2020 | 5,461 | 3% p.a. payable quarterly | 54,613 | - |
| Samba Bank Limited Loan 7 Under LTFF scheme | 7.3, 7.7 | 10 half yearly December-2020 | 4,304 | 3% p.a. payable quarterly | 43,042 | - |
| | | Total from Banking (| Companies | | 5,499,037 | 5,017,703 |



| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|-------------|------|----------------------------|-----------------------|------------------|------|------|
| Particulars | Note | commencement month | amount Rs. In 000s | annum | Rs. | 000s |

7.2 Non-Banking Financial Institutions Secured

| Pair Investment Company Loan 1 Under LTFF scheme | 7.5, 7.7 | 12 half yearly May-2018 | 11,417 | 3.5% p.a. payable half yearly | 125,583 | 137,000 |
|---|------------------|---------------------------------|--------|----------------------------------|---------|---------|
| Pair Investment Company Loan 2 Under LTFF scheme | 7.5, 7.7 | 12 half yearly June-2018 | 11,346 | 3.5% p.a. payable half yearly | 124,775 | 136,150 |
| Pair Investment Company Loan 3 Under LTFF scheme | 7.5, 7.7 | 12 half yearly October-2019 | 17,798 | 3% p.a. payable half yearly | 213,579 | 213,579 |
| Pair Investment Company Loan 4 Under LTFF scheme | 7.5, 7.7 | 12 half yearly December-2019 | 236 | 3% p.a. payable half yearly | 2,831 | 2,831 |
| Pair Investment Company Loan 5 Under LTFF scheme | 7.5, 7.7 | 12 half yearly February-2020 | 1,230 | 3% p.a. payable half yearly | 14,756 | - |
| Pair Investment Company Loan 6 Under LTFF scheme | 7.5, 7.7 | 12 half yearly April-2020 | 1,508 | 3% p.a. payable half yearly | 18,101 | - |
| Pak Kuwait Investment Company Loan 1 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly February-2018 | 10,093 | 3% p.a. payable quarterly | 302,792 | 322,990 |
| Pak Kuwait Investment Company Loan 2 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly February-2018 | 816 | 3% p.a. payable quarterly | 24,487 | 26,120 |
| Pak Kuwait Investment Company Loan 3 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly March-2018 | 2,479 | 3% p.a. payable quarterly | 74,378 | 79,340 |
| Pak Kuwait Investment Company Loan 4 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly March-2018 | 1,317 | 3% p.a. payable quarterly | 39,484 | 42,126 |
| Pak Kuwait Investment Company Loan 5 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly March-2018 | 417 | 3% p.a. payable quarterly | 12,495 | 13,330 |
| Pak Kuwait Investment Company Loan 6 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly April-2018 | 31 | 3% p.a. payable quarterly | 954 | 985 |
| Pak Kuwait Investment Company Loan 7 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly May-2018 | 1,218 | 3% p.a. payable quarterly | 37,752 | 38,970 |

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| | | Number of installments and | Installment | Mark-up rate per | 2018 | 2017 |
|---|------------------|-------------------------------|-----------------------|--------------------------------|-----------|-----------|
| Particulars | Note | commencement | amount Rs. In 000s | annum | Rs. | 000s |
| Pak Kuwait Investment Company Loan 8 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly May-2018 | 71 | 3% p.a. payable quarterly | 2,208 | 2,279 |
| Pak Kuwait Investment Company Loan 9 Under LTFF scheme | 7.3, 7.4, 7.7 | 32 quarterly June-2018 | 6,997 | 3% p.a. payable quarterly | 216,863 | 223,860 |
| Pak Brunei Investment Company Loan 1 Under LTFF scheme | 7.3, 7.4, 7.7 | 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 | 7.3, 7.4, 7.7 | 16 quarterly May-2019 | 2,419 | 2.5% p.a payable quarterly | 38,710 | 38,710 |
| Pak Brunei Investment Company Loan 3 Under LTFF scheme | 7.3, 7.4, 7.7 | 16 quarterly July-2019 | 5,468 | 2.5% p.a payable quarterly | 87,496 | 87,496 |
| Pak Oman Investment Company Loan 1 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly January-2019 | 8,596 | 2.75% p.a payable quarterly | 275,083 | 275,083 |
| Pak Oman Investment Company Loan 2 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly February-2019 | 7,410 | 2.75% p.a payable quarterly | 237,121 | 237,121 |
| Pak Oman Investment Company Loan 3 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly March-2019 | 6,927 | 2.75% p.a payable quarterly | 221,667 | 221,667 |
| Pak Oman Investment Company Loan 4 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly May-2019 | 238 | 2.75% p.a payable quarterly | 7,627 | 7,627 |
| Pak Oman Investment Company Loan 5 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly May-2019 | 60 | 2.75% p.a payable quarterly | 1,908 | 1,908 |
| Pak Oman Investment Company Loan 6 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly June-2019 | 7,144 | 2.75% p.a payable quarterly | 228,624 | 228,624 |
| Pak Oman Investment Company Loan 7 Under LTFF scheme | 7.4, 7.7, 7.9 | 32 quarterly June-2019 | 351 | 2.75% p.a payable quarterly | 11,228 | 11,228 |
| | | Total from Non-Bank | ing Financial In | stitutions | 2,778,689 | 2,807,211 |





- **7.3** These loans are secured by first pari passu charge over present and future property, plant and equipment of the Company.
- 7.4 These loans are secured by charge over specified machinery.
- 7.5 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.
- **7.6** These loans are secured by charge over specified machinery of the Company and equitable mortgage over land and building.
- 7.7 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.
- 7.8 These loans are obtained under Shariah Compliant Arrangements.
- **7.9** These loans are secured by ranking charge over present and future property plant and equipment of the company.

| 8 | Defe | erred Taxation | | | | |
|---|---------|---|------|---------|----------|--|
| | | | Note | Rs. (| 000s ——— | |
| | | | | | | |
| | Deferre | ed tax liability | 8.1 | 37,690 | 316,420 | |
| | Deferre | ed tax asset of an indirect subsidiary | 8.2 | (290) | (98) | |
| | | | | 37,400 | 316,332 | |
| | 8.1 | Deferred tax arises due to: | | | | |
| | | Taxable temporary differences in respect of | | | | |
| | | Accelerated tax depreciation allowance | | 334,038 | 348,865 | |
| | | Provision for income of subsidiaries | | 13,998 | 18,062 | |
| | | | | 348,036 | 366,927 | |

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For the Year Ended June 30, 2018

| | 2018 | 2017 |
|--|-----------|----------|
| | Rs. | 000s ——— |
| Deductible temporary differences in respect of | | |
| Provision for gratuity | (6,748) | (2,631) |
| Impairment allowance against doubtful trade debts | (33,491) | (29,915) |
| Provision for slow moving items/obsolete items of stores and spare | (15,869) | (14,479) |
| · | (56,108) | (47,025) |
| Tax Credit | (254,238) | (3,482) |
| | 37,690 | 316,420 |

- **8.1.1** Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001.
- **8.1.2** The Holding Company has unrecognised available tax credit of Rs. 299.30 million (2017: Rs. 246.94 million) under section 65 of the Income Tax Ordinance 2001.

| 8.2 | Deferred tax asset of an indirect subsidiary | 2018 | 2017 |
|-----|--|-------|------|
| | | Rs. | 000s |
| | | | |
| | Deductible temporary differences in respect of | (290) | (98) |
| | Accelerated tax depreciation allowance | (290) | (98) |

8.2.1 The subsidary Company GTM (Europe) Ltd has unutilised tax losses of Rs. 4 million (2017: Rs. 13 million) available for utilisation against future taxable profits, subject to HMRC agreement.

8.3 Movement in deferred taxation

| | Liability | Asset | 2018 | 2017 |
|--|-----------|-------|-----------|---------|
| | | | Rs. (| 000s |
| | | | | |
| Opening | 316,420 | (98) | 316,322 | 322,912 |
| Charged to consolidated statement of profit and loss | (277,334) | (192) | (277,526) | (5,300) |
| Charged to other comprehensive income | (1,396) | - | (1,396) | (1,290) |
| | 37,690 | (290) | 37,400 | 316,322 |



9 Staff Gratuity

| | | | 2018 | 2017 |
|-----|--|------|----------|----------|
| 9.1 | Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability | Note | Rs. 000s | |
| | Opening balance | | 31,033 | 41,346 |
| | Charge for the year | 9.2 | 67,792 | 33,280 |
| | Remeasurement loss charged in other comprehensive incomprehensive incomprehens | ne | 13,063 | 11,705 |
| | Benefits paid during the year | | (40,371) | (55,298) |
| | | | | |
| | Closing balance | | 71,517 | 31,033 |
| 9.2 | Charge for the year recognized in consolidated statement of profit or loss | | | |
| | Current service cost | | 31,735 | 30,417 |
| | Past Service Cost | | 32,197 | - |
| | Markup cost | | 374 | 612 |
| | | | 64,306 | 31,029 |
| | Charge in respect of obligation of the subsidiary company | 9.5 | 3,486 | 2,251 |
| | | 28.1 | 67,792 | 33,280 |

9.3 Significant actuarial assumptions used

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

| Discount rate used | 7.75% p.a | 7.25% p.a |
|---|-----------------|-----------------|
| Expected increase in salary for year end obligation | NA | 6.75% |
| Average expected remaining working life time of employees | 5 years | 5 years |
| Mortality rates | SLIC 2001-2005 | SLIC 2001-2005 |
| | Set back 1 Year | Set back 1 Year |

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For the Year Ended June 30, 2018

9.4 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.

c) Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

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

9.6 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have completed the minimum qualifying period. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2018. The disclosure is based on information included in that actuarial report.

9.7 Sensitivity Analysis

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

| Discount Rate | +100 bps |
|-----------------|-----------|
| Discount Rate | - 100 bps |
| Salary increase | +100 bps |
| Salary increase | - 100 bps |

| 2018 | 2017 | |
|--------|----------|--|
| Rs. | 000s ——— | |
| 60,277 | 22,739 | |
| 66,452 | 25,143 | |
| 66,452 | 25,143 | |
| 60,226 | 22,719 | |



Maturity Profile 9.8

| Maturity profile on Defined Benefit Obligation as presented by actuary in the report: | - Rs. 000s - |
|---|--------------|
| FY 2019 | 23,245 |
| FY 2020 | 17,965 |
| FY 2021 | 15,286 |
| FY 2022 | 12,498 |
| FY 2023 | 10,946 |
| FY 2024 | 10,095 |
| FY 2025 | 9,196 |
| FY 2026 | 9,320 |
| FY 2027 | 9,714 |
| FY 2028 | 10,686 |
| FY 2029 onwards | 423,957 |

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

10 Trade and Other Payables

| | 2018 | 2017 |
|---|-----------|-----------|
| Note | Rs. | 000s |
| Creditors - Others | 2,404,579 | 2,164,014 |
| - Due to related parties | 158,121 | 2,870 |
| | 2,562,700 | 2,166,884 |
| Accrued expenses 10.1.1, 10.1 10.1.3 & 14 | | 2,970,017 |
| Advance from customers | 213,682 | 355,629 |
| Security deposit against franchise stock 10.2 | 93,250 | 129,731 |
| Workers' profit participation fund 10.3 | 124,781 | 42,981 |
| Workers' welfare fund 10.4 | 47,556 | 35,108 |
| Taxes withheld | 53,896 | 30,509 |
| Payable to employees' provident fund trust | 21,025 | 14,989 |
| Others | 13,359 | 13,545 |
| | 7,126,080 | 5,759,393 |

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- Accrued expenses include Infrastructure Cess amounting to Rs. 242 million (2017: Rs. 190 million). The Holding Company along with other petitioners has challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi, dated 28 May, 2011. Furthermore, the Holding Company has also filed petition against Sindh Infrastructure Cess levied through the Sindh Finance Act, 1994. The Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act) was enacted by the Province of Sindh against which the Holding Company has filed constitutional petition dated 14 October, 2017 in Honourable High Court of Sindh at Karachi wherein it is prayed that the Act and earlier laws and amendments be declared as void ab initio, illegal and unconstitutional. The Honourable High Court has allowed for interim relief to the Company till final judgment as allowed in other similar petitions. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.
- 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 2017, the Oil and Gas Regulatory Authority (OGRA) has issued another notification dated 30 December, 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. 217.35 million (2017:Rs. 186.44 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, full provision of Rs. 377.28 million (2017: 237.86 million) in the consolidated financial statements.
- 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. 570.057 million (2017: Rs. 346.173 million) has been made in the consolidated financial statements. The Holding Company has provided banker's verified cheques of Rs. 332.397 million (2017: Rs. 108.512 million) as security to Nazir of High Court Sindh.
- 10.2 These security deposits are utilized for business purpose as per written agreements in compliance with requirements of section 217 of the Companies Act, 2017.



124,781



42.981

| 10.3 | Workers' profit participation fund | | 2018 | 2017 |
|------|------------------------------------|--------|----------|----------|
| | | Note | Rs. 0 | 000s ——— |
| | Opening balance | | 42,981 | 75,029 |
| | Allocation for the year | 29 | 124,781 | 42,981 |
| | Interest for the year | 10.3.1 | 1,817 | 6,495 |
| | | | 169,579 | 124,505 |
| | Payments made during the year | | (44.798) | (81.524) |

- The company retains Workers' Profit Participation Fund for its business operations till the date 10.3.1 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.
- 10.4 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 dated 4 February, 2011. The Honorable Sindh High Court decided the matter in favor of the Government. The Holding Company along with other petitioners filed an appeal in the Supreme Court of Pakistan against the above decision. During the year 2017 the Honorable Supreme Court has passed a judgment on 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 there by 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.

11 Accrued Mark-Up/Profit

Closing balance

| | | 2018 | 2017 |
|---|------|---------|---------|
| | Note | Rs. | 000s |
| Mark-up/ Profit on long term financing | | 55,806 | 53,365 |
| Mark-up/profit on short term borrowings | | 119,827 | 85,533 |
| | 11.1 | 175,633 | 138,898 |

- This includes Rs. 0.990 million and Rs. 27.89 million (2017:Rs. 2.48 million and Rs. 9.12 million) 11.1 accrued in long term financing and short term borrowings respectively under Shariah Compliant arrangements.
- 11.2 Accrued markup includes markup due to Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 8.8 million (2017: Rs. 3.6 million)

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12 Short Term Borrowings - Secured

| | 2018 | 2017 |
|------------------|------------|------------|
| | Rs. (| 000s ——— |
| | | |
| Foreign currency | - | 3,725,267 |
| Local currency | 15,146,734 | 8,210,076 |
| | 15,146,734 | 11,935,343 |

- 12.1 Short term borrowings include Istisna (Shariah Compliant) amounting to Rs. 3,005 million (2017: Rs. 1,094 million) in local currency and Rs. Nil (2017: Rs. 581) in foreign currency. Istisna is an Islamic mode of finance.
- 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. 6,873 million (2017: Rs. 7.716 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. 964 million (2017: Rs. 457 million).

13 Unpaid Dividend

Dividend payable comprises of dividend amount Rs. 11.05 million (2017: Rs.9.04 million) held by the Holding Company, as referred in Note no. 5.2.2 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 8.48 million and Rs. 0.380 million (2017: Rs. 6.94 million and Rs. 0.31 million) of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively.

14 Contingencies and Commitments

The Holding Company owns and possesses a plot of land measuring 44.04 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2017: Rs. 84 million). The Holding Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by Karim Bux, Iqbal rasheed and Mansoor Munawar who claim to be the owners, as this land was previously sold to them and subsequently resold to the Holding Company. The claim of the alleged owners is fictitious and favourable outcome is expected by the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.





- The Holding Company has filed a Petition in the Honorable Sindh High Court, dated 30 March, 2008, against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.83 million (2017: Rs. 50.83 million). This demand has been raised after lapse of more than two years although the records and books of the Holding Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Holding Company. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.
- 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 (2017: Rs. 10 million) on 17 October, 2011 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. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.
- 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, on 22 July, 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. No provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these consolidated financial statements amounting to Rs. 868.22 million (2017: Rs. 868.22 million).

The Honorable High Court of Sindh vide its judgment dated 26 October, 2016 have held GIDC Act 2015 ultra vires the Constitution. The Government thereafter has filed an appeal in the Sindh High court. 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. 1,725 million (2017: Rs. 1,137 million) in these consolidated financial statements.

- The Holding Company along with several other companies has filed writ petition dated 6 January 2017 and 24 November, 2017 against the levy of super tax for the tax year 2016 and 2017 respectively under section 4B of the Income tax Ordinance, 2001 before the Honourable Sindh High Court, where the matter is sub-judice and stay order has been granted. The amount involved is Rs. 64 million against which no provision has been made.
- The Holding Company has filed a suit in the Honorable Sindh High Court on 28 March, 2002 for recovery of Rs. 33.41 million (2017: Rs. 33.41 million) against sale of property included in other receivables note no.22. The legal counsel of the Holding Company is of the view that the Holding Company has a reasonable case and management is expecting favourable outcome so no provision is made there against.

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14.7 Guarantees

- a) Rs. 839 million (2017: Rs. 767 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. 771 million (2017: Rs. 698 million)
- **b)** Post dated cheques Rs. 3,440 million (2017: Rs. 1,406 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. 1,292 million (2017: Rs. 2,073 million).
- **d)** Corporate guarantee of Rs 110.45 million (2017: Rs. 94.22 million) has been issued to a bank in favor of indirect subsidiary company GTM (Europe) Limited UK. This has been issued in accordance with the requirement of the Companies Act, 2017.

14.8 Commitments

a) The Group is committed for capital expenditure as at June 30, 2018 of Rs.1,234.4 million (2017: Rs. 181.4 million)

b) The Group is committed to minimum rental payments for each of following period as follows:

| | 2018 | 2017 |
|---|-----------|-----------|
| | Rs. | 000s |
| Not more than one year | 800,204 | 484,547 |
| More than one year but not more than five years | 2,276,407 | 1,593,683 |
| More than five years | 2,276,407 | 477,159 |
| | 5,353,018 | 2,555,389 |

c) Pension Commitments

GTM (Europe) Ltd operates a defined contributions pension scheme. The assets of the scheme are held separately from those of GTM (Europe) Ltd. in an independently administered fund. The pension cost charge represents contributions payable by GTM (Europe) Ltd to the fund and amounted to Rs. 0.724 million (2017: Rs. 0.724 million).

15 Property, Plant and Equipment

| | | 2018 | 2017 |
|---------------------------------|-----------|------------|------------|
| | Note | Rs. | 000s |
| Operating fixed assets | | 14,926,272 | 13,680,577 |
| Capital work in progress (CWIP) | 15.2 & 46 | 1,195,605 | 2,311,420 |
| | | 16,121,877 | 15,991,997 |



| | Note | Leasehold land | Buildings and structures on leasehold land | Plant and machinery | Furniture and fixture | Office equipment | Vehicles | Total |
|--|--------|----------------|---|---------------------|-----------------------|---------------------------|-----------|--------------|
| | | | | (F | Rs. 000s) | | | |
| At July 1, 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 as at July 1, 2016 | | 227,564 | 1,983,013 | 7,542,245 | 53,754 | 237,567 | 480,376 | 10,524,519 |
| Year ended as at June 30, 2017 | | | | | | | | |
| Direct additions (at cost) | | - | - | 84,481 | 6,907 | 133,147 | 206,972 | 431,507 |
| Transfer from CWIP | | - | 1,473,196 | 2,915,128 | 93 | - | - | 4,388,417 |
| Disposals | | | | | | | | |
| Cost | | (4,923) | _ | (493,442) | (3,178) | (4,188) | (97,192) | (602,923) |
| Depreciation | | - (1,0=0) | - | 440,294 | 1,003 | 3,476 | 69,714 | 514,487 |
| Net book value | | (4,923) | - | (53,148) | (2,175) | (712) | (27,478) | (88,436) |
| Scraped at net book value | | _ | | | (425) | _ | _ | (425) |
| Depreciation charge for the year | | _ | (375,376) | (1,009,926) | (6,360) | (66,087) | (121,103) | (1,578,851) |
| Foreign currency retranslation | | _ | 1,164 | (1,000,020) | 508 | 818 | 1,356 | 3,846 |
| Net book value as at June 30, 2017 | | 222,641 | 3,081,997 | 9,478,780 | 52,302 | 304,733 | 540,123 | 13,680,577 |
| Year ended as at June 30, 2018 | | | | | | | | |
| Direct additions (at cost) | | - | 623 | 68,651 | 4,718 | 52,461 | 62,067 | 188,520 |
| Transfer from CWIP | 15.2 | - | 824,739 | 2,321,863 | - | - | - | 3,146,602 |
| Reclassification | 15.1.1 | - | - | (23,058) | - | 23,058 | - | - |
| Diagraph | 15 1 0 | | | | | | | |
| Disposals Cost | 15.1.3 | _ | | (914,891) | (45) | (3,278) | (261,443) | (1,179,657) |
| Depreciation | | _ | _ | 810,499 | 21 | 1,856 | 145,712 | 958,088 |
| Net book value | | - | - | (104,392) | (24) | (1,422) | (115,731) | (221,569) |
| | | | (400.00=) | (4.000.05=) | (4.05.)) | (=0.0==) | (400.0== | (4.005.40.) |
| Depreciation charge for the year | 15.1.2 | - | (486,600) | (1,200,093) | (4,981) | (73,070) | (100,677) | (1,865,421) |
| Foreign currency retranslation Net book value as at June 30, 2018 | | 222,641 | (1,081) 3,419,678 | 10,541,751 | 52,845 | (2,231) 303,529 | 385,827 | 14,926,272 |
| Net book value as at Julie 30, 2010 | | 222,041 | 3,419,070 | 10,541,751 | 32,043 | 303,329 | 303,027 | 14,320,272 |
| Cost | | 222,641 | 5,921,637 | 18,877,640 | 129,488 | 793,046 | 880,062 | 26,824,514 |
| Accumulated depreciation | | - | (2,503,205) | (8,335,889) | (78,485) | (488,919) | (496,983) | (11,903,480) |
| Foreign currency retranslation | | | 1,246 | | 1,842 | (598) | 2,748 | 5,238 |
| Net book value as at June 30, 2018 | | 222,641 | 3,419,678 | 10,541,751 | 52,845 | 303,529 | 385,827 | 14,926,272 |
| Depreciation rate % per annum | | - | 10 to 20 | 10 to 20 | 10 to 12 | 15 to 33 | 20 to 25 | |

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15.1.1 There has been a reclassification in fixed assets from plant and machinery to office equipment, amounting to Rs. 23 million. The Company has made decision to reclassify generators pertaining to retail outlets to office equipment.

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

| | | 2018 | 2017 |
|----------------------|------|-----------|-----------|
| | Note | Rs. (| 000s |
| Cost of sales | 26.1 | 1,466,317 | 1,196,737 |
| Distribution costs | 27 | 188,502 | 208,502 |
| Administrative costs | 28 | 210,602 | 173,612 |
| | | | |
| | | 1,865,421 | 1,578,851 |





15.1.3 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 |
|--|---------|--------------------------|------------------|--------------------------------|---------------------|--|
| | | Rs. (| 000s | | | |
| Plant and machinery | | | | | | |
| RD -5 (Unica-1) | 71,482 | 5,205 | 17,500 | 12,295 | Negotiation | Liberty Mills Ltd. A/5-B-3, Metrovil UC-04, Site Town, Karachi |
| Savio Polar Italy | 48,475 | 4,762 | 11,000 | 6,238 | Negotiation | Diamond International Corporation Ltd. B-238,H.I.T.E Chowki, Distt.Lasballa Hub, Karachi |
| Twister Murata 3C1 (Asset No.1110Tag No. 03-000780) | 26,052 | 6,992 | 8,000 | 1,008 | Negotiation | Riaz Textile Mills (Pvt) Ltd. A-301,3rd Floor City Tower, Main Boulevard, Gulberg-2, Gulberg Town, Lahore |
| Doubler Murata N 28 (Asset No.1110Tag No. 03-000784) | 6,743 | 1,857 | 1,000 | (857) | Negotiation | Hasan & Co B-59/2, Qazafi Town , Landhi Main National Highway Road, Karachi |
| Savio Orion Italy | 20,263 | 1,727 | 1,000 | (727) | Negotiation | National Spinning Mills Plot # A-9, S.I.T.E, Kotri Plot # A-9, S.I.T.E, Kotri, Hyderabad |
| Senter Machine Ktantz-3 (2800) Tag No. 5011 | 49,627 | 5,732 | 1,664 | (4,068) | Negotiation | Chaudhary Traders Chak Number 173 G-B, Tehsil Samundri District, Faisalabad |
| Complete foreign material detection & sorting installation | 7,025 | 2,643 | 2,643 | - | Negotiation | Loptex Italia Valtellina 16,22070 montano Iucino road, Italy |
| Air jet looms | 127,688 | 23,168 | 18,734 | (4,434) | Negotiation | Hi Tech Textile Plot # 674 Ad Dulayl, Q.I. Z Park P.O Box #1495, Al-Mufraq, Jordan |
| Delta machine | 1,486 | 546 | 81 | (465) | Negotiation | Babar Hosiery Engineering Repairing Works Quaid-E-Azam Market Dijkot Road, Faisalabad |
| Embroidery machine | 17,862 | 5,700 | 1,206 | (4,494) | Negotiation | Anwer Khan House No F-131, block-6, Gulshan-e-Iqbal Karachi |
| Embroidery Machine 24 Head Seeing | 14,500 | 9,442 | 3,744 | (5,698) | Negotiation | Abdul Ghani House No R-253 Green Park City, Karachi |
| Generator ASH Brother | 4,090 | 2,574 | 416 | (2,158) | Negotiation | Elite Power Plot # A2,Gulzar Colony, Near National refinery sector, Karachi |
| Items with written down value below Rs. 500,000 | 519,598 | 34,044 | 16,900 | (17,144) | Negotiation | Various |
| _ | 914,891 | 104,392 | 83,888 | (20,504) | | |

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| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers | | | | |
|---|--------|--------------------------|------------------|--------------------------------|---------------------|---|--|--|--|--|
| | | | | | | | | | | |
| Furniture & Fixture | | | | | | | | | | |
| Items with written down value below Rs. 500,000 | 45 | 24 | 125 | 101 | Negotiation | | | | | |
| Office Equipment | | | | | | | | | | |
| Items with written down value below Rs. 500,000 | 3,278 | 1,422 | 5,182 | 3,760 | Negotiation | Various | | | | |
| Vehicles | | | | | | | | | | |
| Honda City AYC-267 | 1,564 | 525 | 870 | 345 | Company policy | Sheikh Majid Ahmed House No. 3,Street No 35,4-A, Landhi No. 5, Karachi | | | | |
| Toyota Land cruiser prado BF-0485 | 11,108 | 2,815 | 4,000 | 1,185 | Company policy | Muhammad Ali Rashid House No 203/1,27th Street, Khayaban-E-Qasim, Phase-8, Karachi | | | | |
| Honda Atlas BAQ-117 | 1,550 | 619 | 1,132 | 513 | Negotiation | Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road, Karachi | | | | |
| Suzuki Cultus BET-569 | 1,084 | 702 | 851 | 149 | Negotiation | Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road, Karachi | | | | |
| Honda Atlas BBF-261 | 1,570 | 700 | 1,131 | 431 | Company policy | Ahsan Raza Bajwa House No P-20 B, Street No 1, Punjab Town Wireless Gate, Karachi | | | | |
| Suzuki Wagnor BFU-981 | 1,019 | 722 | 828 | 106 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi | | | | |
| Suzuki Swift BEA-559 | 1,289 | 788 | 954 | 166 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi | | | | |
| Honda Atlas BAL-378 | 2,453 | 977 | 1,400 | 423 | Company policy | Muhammad Ammir Flat # D4,block-14, F.B.Area Karachi | | | | |
| Suzuki Cultus BBZ-499 | 1,092 | 533 | 840 | 307 | Company policy | Muhammad Raza Shahzad House # C-6,block-11, North Karachi, Karachi | | | | |
| Suzuki Swift BBZ-496 | 1,313 | 629 | 1,021 | 392 | Company policy | Nasir Ali House # D-6,block-10, North Karachi, Karachi | | | | |
| Suzuki Mehran BEW-142 | 753 | 506 | 494 | (12) | Negotiation | Hayat Gul House # RE-317,block-R, Usman Ghani Colony, North Nazimabad, Karachi | | | | |
| Corolla Altis BDY-263 | 2,005 | 1,200 | 1,632 | 432 | Company policy | Sheraz Khan House No B-98, block-3, Metrovil, Site Area, Karachi | | | | |



| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|--------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|--|
| | | | | | | |
| Honda Atlas BET-413 | 1,671 | 1,082 | 1,351 | 269 | Company policy | Muhammad Akram Khan House No. 3/518, Liaqatabad, Karachi |
| Honda City BAM-324 | 1,672 | 654 | 1,231 | 577 | Negotiation | Hayat Gul House # RE-317,block-R, Usman Ghani Colony, North Nazimabad, Karachi |
| Honda City BBK-158 | 1,713 | 750 | 1,291 | 541 | Negotiation | Hayat Gul House # RE-317,block-R, Usman Ghani Colony, North Nazimabad, Karachi |
| Suzuki Cultus BCG-758 | 1,100 | 549 | 840 | 291 | Company policy | Syed Adil Raza Alam House # H-403, Chapal Apartment, Block 13, Gulistan-E- Johar, Karachi |
| Honda City AYE-535 | 1,658 | 566 | 1,060 | 494 | Company policy | Muhammad Ahmed House # 95/1,Street #20, Khayaban-e-Rahat DHA, Karachi |
| Suzuki Swift BBD-624 | 1,334 | 574 | 969 | 395 | Company policy | Muhammad Khalid Plot # 260,Flat # 202,Street # 17, BMCHS,Sharfabad, Karachi |
| Honda City BCB-028 | 1,539 | 751 | 1,181 | 430 | Negotiation | Najmul Hassan Kalvana Town,House # R-113, Sector 10 North Karachi, Karachi |
| Suzuki Wagnor BDB-285 | 1,021 | 559 | 834 | 275 | Company policy | Mustafa Fakhruddin Flat # A-13, 3rd Floor, Gulshan-e-Zubeda, Karachi |
| Suzuki Swift BBL-860 | 1,302 | 570 | 967 | 397 | Company policy | Ashraf Nawaz House # 8-14/3 F-1, Mohalla Tareen road, Quetta |
| Honda City BCZ-375 | 1,543 | 815 | 1,261 | 446 | Company policy | Zafar Iqbal B-38,Street # 26,Model Colony Karachi |
| Suzuki Swift BFB-817 | 1,289 | 851 | 919 | 68 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Suzuki Wagnor BFR-320 | 1,014 | 706 | 871 | 165 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Swift BAQ-599 | 1,292 | 506 | 889 | 383 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Honda City BBW-845 | 1,537 | 708 | 1,102 | 394 | Company policy | Muhammad Adeel Zaheer House # B-312,block-10, F.B.Area, Gulberg Town, Karachi |
| Suzuki Swift BGQ-610 | 1,305 | 979 | 1,023 | 44 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |

Financial Statements

| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|---------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|---|
| | | | | | | |
| Suzuki Swift BET-574 | 1,289 | 820 | 939 | 119 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Suzuki Mehran BFQ-728 | 770 | 536 | 560 | 24 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Mehran BFN-840 | 758 | 528 | 564 | 36 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Mehran BFN-956 | 758 | 518 | 572 | 54 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Toyota Corolla BFB-475 | 2,003 | 1,274 | 1,735 | 461 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Corolla Altis BER-671 | 2,003 | 1,274 | 1,748 | 474 | Company policy | Aamir Subhan Flat # A-2,Kj Arcade,12 East Street, Phase 1,DHA, Karachi |
| Suzuki Cultus Bdg-068 | 1,097 | 612 | 838 | 226 | Company policy | Sultan Hasan Khan House # A-908/12,F.B Area, Karachi |
| Honda City BBD-206 | 1,713 | 710 | 1,143 | 433 | Company policy | Asif Baig House # 6,Sector D-5,New Karachi |
| Toyota Corolla AYM-392 | 2,139 | 671 | 1,079 | 408 | Negotiation | Meezan Bank Ltd Building # BC-1,4th Floor,Alkram Centre, Block-7,Clifton, Karachi |
| Suzuki Cultus BFB-447 | 1,174 | 746 | 927 | 181 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BEU-285 | 1,114 | 683 | 835 | 152 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BGR-511 | 1,174 | 865 | 929 | 64 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Wagnor BFL-846 | 1,020 | 672 | 868 | 196 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Wagnor BHA-704 | 1,004 | 769 | 880 | 111 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Swift BFU-301 | 1,303 | 874 | 1,042 | 168 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BEM-267 | 1,039 | 624 | 829 | 205 | Negotiation | Muhammad Arif Chak # 229, Jeem Dal, Dakhana Khas, Zillah Chiniot |





| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|----------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|--|
| | | | | | | |
| Suzuki Cultus BFY-492 | 1,174 | 800 | 915 | 115 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Suzuki Cultus BCK-491 | 1,055 | 507 | 767 | 260 | Company policy | Wasim Mirza House # A-32,block # 10-A, Gulshan-E-lqbal, Karachi |
| Suzuki Cultus BGH-956 | 1,174 | 831 | 909 | 78 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BGJ-954 | 1,169 | 844 | 925 | 81 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Suzuki Cultus BEM-268 | 1,067 | 641 | 849 | 208 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Suzuki Cultus BGS-906 | 1,204 | 887 | 963 | 76 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Toyota Corolla BEM-737 | 2,003 | 1,204 | 1,652 | 448 | Negotiation | Muhammad Umer Millwala Appartment,Flat # C-15, Nishter Road Ramshawami, Karachi |
| Honda City BGT-960 | 1,549 | 1,141 | 1,339 | 198 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Mehran BGL-301 | 755 | 546 | 593 | 47 | Company policy | Sufiyan Ahmed House No B.30, North Karachi, Karachi |
| Toyota Fortuner BG-5866 | 5,664 | 5,380 | 5,607 | 227 | Negotiation | Meezan Bank Ltd Building # BC-1,4th Floor,Alkram Centre, Block-7,Clifton, Karachi |
| Honda City BCE-916 | 1,682 | 778 | 1,202 | 424 | Company policy | Muhammad Humayun Rana H # P-55-A Punjab Town Malir Halt, Karachi |
| Honda City BAU-745 | 1,550 | 585 | 1,036 | 451 | Company policy | Jawaid Ali House # 111-E18 Nazimabad #3, Karachi |
| Toyota Corolla BHX-147 | 1,886 | 1,497 | 1,823 | 326 | Company policy | Syed Asad Mustafa House # D-106,Al-Falah Housing Project, Malir, Karachi |
| Suzuki Swift BBJ-706 | 1,323 | 537 | 899 | 362 | Company policy | Tariq Mehmood House #A-791,Sector #11/B, North Karachi Karachi |
| Honda City BGJ-705 | 1,548 | 1,096 | 1,432 | 336 | Company policy | Ahsan Bari House # 101,Cantt Bazzar,Malir, Karachi |

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For the Year Ended June 30, 2018

| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|----------------------------|-------|--------------------------|------------------|--------------------------------|---------------------|--|
| | | Rs. | 000s | | | |
| Toyota Fortuner BF-5489 | 4,968 | 2,121 | 3,107 | 986 | Company policy | Shahnaz Basit House No. 64/1, Street # 21, Khayaban-e-Badban, Karachi |
| Toyota Corolla BEJ-287 | 1,854 | 1,051 | 1,506 | 455 | Company policy | Salim Ghaffar House No. A1/174, 2Nd Floor, Block 13-D-2, KDA Scheme 24, Gulshan-e-Iqbal Karachi |
| Honda City BEH-425 | 1,671 | 947 | 1,375 | 428 | Company policy | Shahid Iqbal Babar House # F-18,Usmania Colony, Nazimabad # 1, Karachi |
| Suzuki Cultus BER-246 | 1,114 | 643 | 843 | 200 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Toyota Corolla BEX-942 | 2,004 | 1,178 | 1,740 | 562 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Honda City BAQ-112 | 1,550 | 551 | 950 | 399 | Company policy | Waseem Hussain Flat # 10,Landhi, Karachi |
| Honda Civic AZQ-496 | 2,108 | 693 | 1,057 | 364 | Negotiation | Muhammad Amin House No R-121, New Karachi, Karachi |
| Suzuki Wagnor BFU-296 | 1,019 | 643 | 867 | 224 | Negotiation | Muhammad Amin House No R-121, New Karachi, Karachi |
| Suzuki Swift-BEZ-951 | 1,288 | 758 | 1,035 | 277 | Negotiation | Maaz Saleem Plot No 164, Jogi Mor, Karachi |
| Suzuki Wagnor BDG-064 | 1,021 | 507 | 851 | 344 | Company policy | Rasheed Khan Ghori 2nd Floor House No L-7, Karachi |
| Toyota Corolla BGB-721 | 2,050 | 1,340 | 1,826 | 486 | Negotiation | Maaz Saleem Plot No 164, Jogi Mor, Karachi |
| Honda City BES-151 | 1,670 | 964 | 1,486 | 522 | Company policy | Muhammad Khuram Siddiqui House # .A-9,block-13,Gulshan- E-Iqbal, Karachi |
| Honda Atlas BBH-582 | 1,745 | 624 | 1,137 | 513 | Company policy | Muhammad Khalil Khadija Villa Flat # 143/B Sector B, SMCH, Karachi |
| Corolla BCQ-558 | 1,851 | 871 | 1,412 | 541 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Cultus BDQ-920 | 1,099 | 634 | 838 | 204 | Company policy | Sultan Khan House # A-908/12,F.B Area Karachi |
| Swift BEE-190 | 1,428 | 872 | 942 | 70 | Negotiation | Muhammad Shafi Chashmawala C-15,Millwala Apartment, Nishter Road, Karachi |
| Wagon R-VXR BEJ-929 | 1,008 | 571 | 834 | 263 | Company policy | Abdul Quddoos House # L-33/B,Block-3, Gulshan-E-lqbal, Karachi |





| Particulars of assets | Cost | Written down value | Sale proceeds | (Loss)/ Gain on Disposal | Mode of Disposal | Particulars of Buyers |
|---|-----------|--------------------------|------------------|--------------------------------|---------------------|---|
| | | Rs. 0 | 000s | | | |
| Wagon R-VXR BEN-091 | 953 | 584 | 856 | 272 | Company policy | Waqar Ahmed Khan Flat # 307, West Point Tower Phase-2 Ext DHA Block-B, Karachi |
| Suzuki Cultus-BET-473 | 1,113 | 695 | 923 | 228 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Suzuki Cultus-BET-573 | 1,084 | 702 | 870 | 168 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Wagon R-VXR BEU-926 | 998 | 611 | 858 | 247 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Cultus-BEQ-429 | 1,129 | 745 | 842 | 97 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Wagon R-VXR BEW-504 | 1,049 | 655 | 859 | 204 | Negotiation | Muhammad Arif House No. B-30, 11-C/1, North Karachi, |
| Suzuki Cultus BEV-685 | 1,112 | 747 | 869 | 122 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Corolla BEX-641 | 2,208 | 1,403 | 1,618 | 215 | Negotiation | Najmul Hassan Kalvana Town,House # R-113, Sector 10 North Karachi, Karachi |
| Mehran BGB-640 | 756 | 534 | 626 | 92 | Negotiation | Saleem Ahmed Siddiqui Gulzar E Hijri,House # L-2290, Metrovill # 3,block-2, Karachi |
| Suzuki Cultus BGM-877 | 1,174 | 848 | 939 | 91 | Negotiation | Zahid Qadri House No A-171, F.B Area, Karachi |
| Suzuki Cultus BGT-824 | 1,174 | 915 | 966 | 51 | Negotiation | Suzuki North Motors F-94, block-B, North Nazimabad, Karachi |
| Items with written down value below Rs. 500,000 | 126,294 | 41,538 | 72,594 | 31,056 | Negotiation | Various |
| | 261,443 | 115,731 | 171,967 | 56,236 | | |
| 2018 | 1,179,657 | 221,569 | 261,162 | 39,593 | | |
| | | | | | | |
| 2017 | 602,922 | 88,436 | 333,746 | 245,310 | | |

Financial Statements

For the Year Ended June 30, 2018

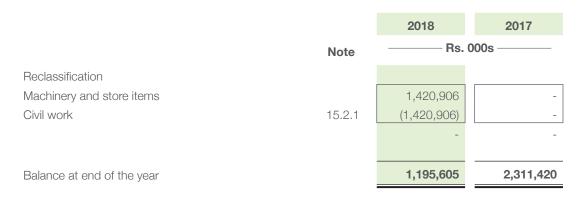
15.1.4 Details of net gain on disposal of property, plant and equipment

| | | 2018 | 2017 |
|--|------|----------|---------|
| | Note | Rs. | 000s |
| Other income - gain on disposal of property, plant and equipment | 30 | 80,407 | 252,460 |
| Other operating expenses - loss on disposal of property, plant and equipment | 29 | (40,814) | (7,150) |
| | | 39,593 | 245,310 |
| Property, plant and equipment scrapped | 29 | - | (425) |
| | | 39,593 | 244,885 |

15.2 Capital work in progress

| | | 2018 | 2017 | |
|---|------|-------------|-------------|--|
| | Note | Rs. 000s | | |
| Machinery and store items | | 987,904 | 417,869 | |
| Civil work | | 85,096 | 1,893,511 | |
| Capital Advances | | 122,605 | - | |
| Other assets | | - | 40 | |
| | | 1,195,605 | 2,311,420 | |
| The movement in capital work in progress is as follows: | | | | |
| Balance at beginning of the year | | 2,311,420 | 1,545,089 | |
| Capital expenditure incurred during the year | | | | |
| Machinery and store items | | 1,470,952 | 2,362,462 | |
| Civil work | | 437,230 | 2,792,223 | |
| Capital advances | | 122,605 | - | |
| Other assets | | - | 63 | |
| Transfers to operating fixed assets during the year | | 2,030,787 | 5,154,748 | |
| | | | | |
| Machinery and store items | | (2,321,823) | (2,915,128) | |
| Civil work | | (824,739) | (1,473,196) | |
| Other assets | | (40) | (93) | |
| | | (3,146,602) | (4,388,417) | |





15.2.1 There has been a reclassification in capital work in progress from Civil works to Machinery and store items, amounting to Rs. 1,421 million. This is due to subsequent clarification and bifurcation of capital expenditure.at the time of capitalization.

16 Intangible Assets

| | | Computer Software | Trade Marks | Total |
|--|------|----------------------|--------------------|---------------------|
| | Note | | — Rs. 000s — | |
| At hit 1 0010 | | | | |
| At July 1, 2016 Cost | | 175,120 | 18,963 | 194,083 |
| Accumulated amortisation | | (161,646) | (14,421) | (176,067) |
| Foreign currency retranslation difference | | | 2,476 | 2,476 |
| Net book value as at July 1, 2016 | | 13,474 | 7,018 | 20,492 |
| Direct additions (at cost) | | 26,861 | 1,177 | 28,038 |
| Amortisation charge for the year | | (6,588) | (2,537) | (9,125) |
| Foreign currency retranslation difference | | | 2,482 | 2,482 |
| Net book value as at June 30, 2017 | | 33,747 | 8,140 | 41,887 |
| Intangible assets written off | | | | |
| Cost | | 100,977 | - | 100,977 |
| Accumulated amortisation | | (100,977) | - | (100,977) |
| Direct additions (ct asst) | 16.4 | - | 4 005 | 4 005 |
| Direct additions (at cost) Amortisation charge for the year | 16.1 | (9,762) | 4,235 (2,918) | 4,235 (12,680) |
| Foreign currency retranslation difference | 1011 | - | (1,437) | (1,437) |
| Net book value as at June 30, 2018 | 16.3 | 23,985 | 8,020 | 32,005 |
| Cost | | 101.004 | 04.075 | 105.070 |
| Cost Accumulated amortisation | | 101,004 (77,019) | 24,375 (19,876) | 125,379 (96,895) |
| Foreign currency retranslation difference | | - | 3,521 | 3,521 |
| Net book value as at June 30, 2018 | | 23,985 | 8,020 | 32,005 |

Financial Statements

For the Year Ended June 30, 2018

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

| | | 2018 | 2017 |
|----------------------|------|--------|-------|
| | Note | Rs. | 000s |
| Distribution Costs | 27 | 2,073 | 1,322 |
| Administrative Costs | 28 | 10,607 | 7,803 |
| | | 12,680 | 9,125 |

- **16.2** Remaining useful life range from one to ten years
- **16.3** This includes cost of Rs. 45.6 million (2017: Rs. 52.5 million) in respect of assets which are fully amortized but are still in use of the Group.
- 16.4 This represents cost of fully amortised intangibles which are no more in use of the Group.

17 Long Term Investment

| | 2018 | 2017 |
|--|--------|------|
| | Rs. (| 000s |
| Long term investment in JCCO 406 Limited | 55,794 | |

On 21 May 2018 GTM (Europe) Limited invested in a joint venture, JCCO 406 Limited. GTM (Europe) Limited purchased 50 shares and 50 shares were purchased by Mrs M Soper. JCCO 406 Limited owns the entire share capital of Vantona Homes Limited, a company that sells Roller Blinds.

The GTM (Europe) Ltd share of the post-acquisition trade of Vanstone is £76,938 (Rs. 11.5 million) of turnover and £8,716 (Rs. 1.3 million) pre-tax profit. Vantona is not yet in a position to finalise their accounts so no amounts have been included in this year's results. The GTM (Europe) Ltd share of post-acquisition trade will be included in the consolidated financial statements for the year ending June 30, 2019. The impact of the same is not material.



Gul Ahmed

18 Long Term Loans And Advances

| | | 2018 | 2017 |
|---|----------------|----------|----------|
| | Note | Rs. 0 | 000s |
| Considered good | | | |
| - Due from executives (other than CEO and Directors) | 18.3 & 18.4 | 54,594 | 60,566 |
| - Due from non-executive employees | | 5,035 | 1,529 |
| | | 59,629 | 62,095 |
| Current portion being receivable within twelve months | | | |
| following the balance sheet date | | | |
| - Due from executives | | (19,624) | (20,879) |
| - Due from non-executive employees | | (2,691) | (1,124) |
| | 22 | (22,315) | (22,003) |
| Advance against intangible assets | | 1,293 | |
| | | 38,607 | 40,092 |

18.1 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. These loans are secured against cars, outstanding balance of retirement benefits and/or guarantees of two employees.

Included in these are loans of Rs. 2.85 million (2017: Rs. 5.7 million) to executives and Rs. 1.88 million (2017: Rs. 0.905 million) to non-executive which carry no interest. The balance amount carries mark-up ranging from 6.5% to 10% (2017: 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.

- 18.2 These include loans made to following employees of the Group exceeding Rs. 1 million:
 - Akhter Saeed
 - Arshad Jameel
 - M. Ibrahim
 - Amir Dawood Akbani
 - Arif Saeed
 - Zeeshan Nusrat
 - Arif Bashir
 - Muhammad Jalaluddin

Financial Statements

For the Year Ended June 30, 2018

- Yasir Khan
- Shakeel Marfani
- Asif Baig
- Mirza Mehran Baig
- Shahid Igbal Babar
- Samad Ahmed Khan
- Igbal Saeed

18.3 Reconciliation of carrying amount of loans to executives

| | 2018 | 2017 |
|--|----------|----------|
| | Rs. | 000s |
| Opening balance | 55,972 | 35,618 |
| Disbursement during the year | 28,488 | 49,373 |
| Transfer from non-executive to executive employees | - | 229 |
| Recovered during the year | (29,866) | (24,654) |
| Closing balance | 54,594 | 60,566 |

The maximum aggregate amount due from executives at the end of any month during the year was Rs. 64.7 million (2017: Rs.64.2 million).

19 Stores and Spares

| - | | 2018 | 2017 |
|--|------|-----------|-----------|
| | Note | Rs. 0 | 000s ——— |
| | | | |
| Stores and spares | | 839,494 | 865,376 |
| Dyes and chemicals | | 270,133 | 254,169 |
| | | 1,109,627 | 1,119,545 |
| Provision for slow moving/obsolete items | 19.1 | (148,539) | (131,329) |
| | | 961,088 | 988,216 |

19.1 Movement in provision for slow moving/obsolete items

| Opening balance | | 131,329 | 115,684 |
|---------------------|----|---------|---------|
| Charge for the year | 28 | 17,210 | 15,645 |
| Closing balance | | 148,539 | 131,329 |



20 Stock-In-Trade

| | | 2018 | 2017 |
|-----------------|------|------------|------------|
| | Note | Rs. 0 | 000s |
| Raw materials | 26.2 | 6,089,797 | 2,951,013 |
| Work-in-process | 26.1 | 326,803 | 252,645 |
| Finished goods | 26 | 10,003,358 | 9,457,429 |
| | | 16,419,958 | 12,661,087 |

- Finished goods include stock of waste valuing Rs.49 million (2017: Rs. 60 million) determined 20.1 at net realizable value.
- 20.2 Stock-in-trade include stock of Rs.1,712 million (2017:Rs. 946 million) with third parties.

21 Trade Debts

| i ilade Debis | | | |
|---|------|-----------|-----------|
| | | 2018 | 2017 |
| | Note | Rs. 000s | |
| Export debtors | | | |
| Considered good | | | |
| Secured - Letter of credit | | 1,933,854 | 1,508,340 |
| Unsecured - Contract and other | | 1,171,475 | 1,100,199 |
| | | 3,105,329 | 2,608,539 |
| Local debtors | | | |
| Considered good | | | |
| Secured - Letter of credit | | 832,243 | 148,088 |
| Unsecured - Contract and other | | 1,728,627 | 883,981 |
| | 21.2 | 2,560,870 | 1,032,069 |
| Considered doubtful | | 313,480 | 271,342 |
| | | 2,874,350 | 1,303,411 |
| | | | |
| | | 5,979,679 | 3,911,950 |
| Impairment allowance against doubtful trade debts | 21.3 | (313,480) | (271,342) |
| | | 5,666,199 | 3,640,608 |
| | | | |

Financial Statements

For the Year Ended June 30, 2018

21.1 Geographical Information of trade debts considered good

| | | 2018 | | 2017 | | |
|-----------------|------------------|--------------------|-----------|------------------|--------------------|-----------|
| | Letter of credit | Contract and Other | Total | Letter of credit | Contract and Other | Total |
| | | | Rs.0 | 00s | | |
| Pakistan | 832,243 | 1,728,627 | 2,560,870 | 148,088 | 883,981 | 1,032,069 |
| Singapore | 732,094 | - | 732,094 | 213,515 | - | 213,515 |
| Italy | 190,151 | 24,583 | 214,734 | 12,651 | 50,575 | 63,226 |
| United States | 171,598 | 341,514 | 513,112 | 241,581 | 223,291 | 464,872 |
| China | 153,884 | - | 153,884 | - | - | - |
| France | 151,399 | 28,707 | 180,106 | 67,059 | 7,612 | 74,671 |
| Chile | 69,802 | - | 69,802 | 83,451 | - | 83,451 |
| South Africa | 49,379 | - | 49,379 | 46,893 | - | 46,893 |
| Spain | 42,760 | - | 42,760 | 166,452 | - | 166,452 |
| Germany | 41,194 | 36,796 | 77,990 | 67,125 | 33,429 | 100,554 |
| Canada | 38,431 | - | 38,431 | 5,334 | - | 5,334 |
| Hong Kong | 10,836 | 11,418 | 22,254 | - | 17,779 | 17,779 |
| Portugal | 10,729 | - | 10,729 | 9,206 | - | 9,206 |
| Netherlands | 7,943 | 119,322 | 127,265 | - | 156,315 | 156,315 |
| Poland | 4,884 | 39,738 | 44,622 | - | 2,138 | 2,138 |
| Australia | 1,216 | 4,678 | 5,894 | - | 775 | 775 |
| United Kingdom | 44,788 | 187,653 | 232,441 | 203,959 | 393,402 | 597,361 |
| Ireland | | 99,007 | 99,007 | - | 43,194 | 43,194 |
| Sweden | | 87,109 | 87,109 | - | 102,160 | 102,160 |
| Denmark | | 44,521 | 44,521 | - | - | - |
| Bulgaria | | 5,900 | 5,900 | - | 11,263 | 11,263 |
| Brazil | | 3,881 | 3,881 | - | 2,271 | 2,271 |
| Argentina | | 521 | 521 | - | 5,045 | 5,045 |
| Other Countries | 212,766 | 136,127 | 348,893 | 391,114 | 50,949 | 442,063 |
| | 2,766,097 | 2,900,102 | 5,666,199 | 1,656,428 | 1,984,180 | 3,640,608 |

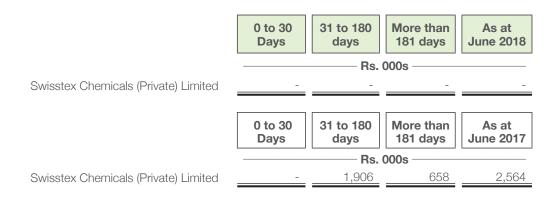
21.2 Includes amounts due from related parties as under:

| | 2018 | 2017 |
|--|------|----------|
| | Rs. | 000s ——— |
| Local debtors - unsecured | | |
| Swisstex Chemicals (Private) Limited- Associated company | - | 2,564 |

21.2.1 The maximum aggregate month end balance due from related parties during the year was Rs.1.9 million (2017: Rs. 3.9 million).



21.2.2 Aging analysis of the amounts due from related parties is as follows:



21.3 Movement in impairment allowance against doubtful trade debts

| | | 2018 | 2017 |
|---------------------|------|---------|---------|
| | Note | Rs. | 000s |
| Opening balance | | 271,342 | 233,035 |
| Charge for the year | 28 | 42,138 | 38,307 |
| Closing Balance | | 313,480 | 271,342 |

18

22 Loans, Advances And Other Receivables

Loans and advances

| Advances to suppliers |
|-----------------------|
| Current portion; |
| Evecutives |

Considered Good

- Executives

- Other employees

Others

| 31,733 | 24,573 |
|---------|---------|
| 9,418 | 2,570 |
| 22,315 | 22,003 |
| 2,691 | 1,124 |
| 19,624 | 20,879 |
| 867,390 | 669,307 |
| | |

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For the Year Ended June 30, 2018

| | | 2018 | 2017 |
|--|----------------|-----------|-----------|
| | Note | Rs. 0 | 00s ——— |
| Other Receivables | | | |
| Receivable against sale of property | 14.6 | 33,409 | 33,409 |
| Bank guarantee margin | | 95,038 | 48,867 |
| Others | | 165,400 | 70,037 |
| | | 293,847 | 152,313 |
| | | 1,192,970 | 846,193 |
| | | | |
| 23 Refunds Due From Government | | | |
| Sales tax | | 334,820 | 623,773 |
| Income tax | | 25,187 | 25,187 |
| Duty drawback, markup subsidy and rebate | | 1,467,757 | 990,786 |
| | | 1,827,764 | 1,639,746 |
| | | | |
| 24 Cash And Bank Balances | | | |
| Cash in hand | | 33,823 | 24,713 |
| Balances with banks in current accounts | | | |
| - Local currency | | 359,164 | 228,940 |
| - Foreign currency | | 126,090 | 33,522 |
| | 24.1 & 24.2 | 485,254 | 262,462 |

24.1 Bank balances include amounts held with related party, Habib Metropolitan Bank Limited, an associated company, amounting to Rs. 115.3 million (2017: Rs.30 million)

24.2

519,077

287,175

24.2 This includes an amount of Rs. 237.4 million (2017: Rs.187.7 million) placed under Shariah compliant arrangement.



25 Sales - Net

| | 2018 | 2017 |
|--|------------|------------|
| | Rs. 000s | |
| Export | | |
| Direct export | 25,543,070 | 26,165,308 |
| Indirect export | 4,063,226 | 301,610 |
| Exchange gain on realization of export receivables | 288,825 | 161,283 |
| | 29,895,121 | 26,628,201 |
| Duty drawback | 868,444 | 936,906 |
| Trade discount | (62,764) | (75,211) |
| Commission | (461,816) | (302,162) |
| | 30,238,985 | 27,187,734 |
| | | |
| Local sales | 17,530,422 | 14,522,634 |
| Brokerage | (185,704) | (146,485) |
| Sales tax | (724,560) | (583,822) |
| | 16,620,158 | 13,792,327 |
| | | |
| | 46,859,143 | 40,980,061 |

Sales include revenue from services and commission of Rs. 296.53 million (2017: Rs.325.47 25.1 million) and Rs. 6 million (2017: Rs.14 million) respectively.

26 Cost of Sales

| | 2018 | 2017 |
|------|--------------|--|
| Note | | |
| | 9,457,429 | 11,488,824 |
| 26.1 | 36,510,913 | 30,838,703 |
| | 737,708 | 530,484 |
| | 46,706,050 | 42,858,011 |
| 20 | (10,003,358) | (9,457,429) |
| | 36,702,692 | 33,400,582 |
| | 26.1 | 9,457,429 26.1 9,457,429 36,510,913 737,708 46,706,050 20 (10,003,358) |

Financial Statements

For the Year Ended June 30, 2018

26.1 Cost of goods manufactured

| | | 2018 | 2017 |
|---|--------|-------------|-------------|
| | Note | Rs. 000s | |
| Raw materials consumed | 26.2 | 15,514,627 | 9,490,007 |
| Other material and conversion cost | | 6,133,153 | 6,187,149 |
| Stores and spares consumed | | 4,251,166 | 4,569,426 |
| Salaries, wages and benefits | 28.1 | 5,592,608 | 5,994,437 |
| Fuel, power and water | | 2,751,319 | 2,638,195 |
| Insurance | | 121,037 | 123,106 |
| Repair and maintenance | | 679,609 | 671,357 |
| Depreciation | 15.1.2 | 1,466,317 | 1,196,737 |
| Exchange loss/(gain) on purchase | | 17,611 | (170) |
| Other manufacturing expenses | | 180,632 | 183,404 |
| Cost of samples shown under distribution cost | | (123,008) | (193,125) |
| | | 36,585,071 | 30,860,523 |
| Work-in-process | | | |
| Opening | | 252,645 | 230,825 |
| Closing | 20 | (326,803) | (252,645) |
| | | (74,158) | (21,820) |
| | | 36,510,913 | 30,838,703 |
| Raw materials consumed | | | |
| Opening stock | | 2,951,013 | 2,337,553 |
| Purchases during the year | | 18,653,411 | 10,103,467 |
| Closing stock | 20 | (6,089,797) | (2,951,013) |

15,514,627

9,490,007

26.2



27 Distribution Costs

| | 2018 | 2017 |
|-----------------|----------------|--|
| Note | Rs. (| 000s |
| | | |
| 28.1 | 1,228,195 | 1,043,638 |
| | 508,869 | 452,688 |
| | 857,263 | 745,566 |
| | 123,008 | 193,125 |
| | 917,748 | 699,048 |
| 15.1.2 &16.1 | 190,575 | 209,824 |
| | 62,360 | 64,520 |
| | 164,175 | 122,217 |
| | 4,052,193 | 3,530,626 |
| | | |
| | 28.1 15.1.2 | Note Rs. 28.1 1,228,195 508,869 857,263 123,008 917,748 15.1.2 816.1 190,575 62,360 164,175 |

28 Administrative Costs

| Salaries and benefits | 28.1 | 1,054,297 | 922,300 |
|---|------------------|-----------|-----------|
| Rent | | 226,651 | 276,343 |
| Repairs and maintenance | | 46,291 | 55,257 |
| Vehicle up keep and maintenance | | 145,440 | 136,341 |
| Utilities | | 161,886 | 151,594 |
| Conveyance and traveling | | 193,858 | 226,268 |
| Printing and stationery | | 25,440 | 48,859 |
| Postage and telecommunication | | 168,448 | 156,010 |
| Legal and consultancy fees | | 133,621 | 98,648 |
| Depreciation & amortisation | 15.1.2 & 16.1 | 221,209 | 181,415 |
| Auditors' remuneration | 28.2 | 5,259 | 4,584 |
| Donations | 28.3 & 28.4 | 13,585 | 10,687 |
| Insurance | | 30,657 | 23,403 |
| Impairment allowance for doubtful trade debts | 21.3 | 42,138 | 38,307 |
| Provision for slow moving/obsolete items | 19.1 | 17,210 | 15,645 |
| Other expenses | | 201,146 | 256,040 |
| | | 2,687,136 | 2,601,701 |

Financial Statements

For the Year Ended June 30, 2018

| 28.1 | Salaries, wages and benefits | Cost of | f sales | Distrik co: | oution sts | 2 101111111 | strative sts | То | tal |
|------|------------------------------------|-----------|-----------|----------------|---------------|-------------|-----------------|-----------|-----------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | Rs. | 000s | | | |
| | - Salaries, wages and benefits | 5,424,435 | 5,855,192 | 1,205,978 | 1,017,179 | 1,013,878 | 892,153 | 7,644,291 | 7,764,524 |
| | Retirement benefits | | | | | | | | |
| | - Gratuity | 64,306 | 31,029 | 3,480 | 2,251 | - | - | 67,786 | 33,280 |
| | - Contribution to | | | | | | | | |
| | provident fund | 96,667 | 83,218 | 18,728 | 23,575 | 40,419 | 28,352 | 155,814 | 135,145 |
| | | 160,973 | 114,247 | 22,208 | 25,826 | 40,419 | 28,352 | 223,600 | 168,425 |
| | - Staff compensated | | | | | | | | |
| | absences | 7,200 | 24,998 | 9 | 633 | - | 1,795 | 7,209 | 27,426 |
| | | 5,592,608 | 5,994,437 | 1,228,195 | 1,043,638 | 1,054,297 | 922,300 | 7,875,100 | 7,960,375 |

28.2 Auditor's Remuneration

| | 2018 | 2017 |
|--|-------|-------|
| Holding Company | Rs. | 000s |
| Audit fee - Statutory audit of the standalone financial statements | 1,870 | 1,700 |
| Review fee of half yearly accounts | 176 | 160 |
| Fee for consolidation of holding and subsidiaries | 242 | 220 |
| Review fee of statement of compliance with code of | | |
| corporate governance | 72 | 65 |
| Other certification fee | 75 | - |
| Sindh sales tax on services | 189 | 172 |
| Out of pocket expenses | 407 | 257 |
| | 3,031 | 2,574 |
| Foreign Subsidiaries - Audit fee (multiple audit firms) | 2,228 | 2,010 |
| | 5,259 | 4,584 |



28.3 Donations include donations to the following organizations in which a director is / was a trustee:

| | | | 2018 | 2017 |
|----------------------------------|-------------------|--------------------|-------|------|
| | | | Rs. | 000s |
| | | | | |
| Name of Donee | Interest in Donee | Name of Director | | |
| Habib University Foundation | Director | Mr. Mohomed Bashir | 5,000 | - |
| Pakistan Retail Business Council | Director | Mr. Ziad Bashir | 500 | - |
| | | | 5,500 | |

28.4 Donations include donations to the following organizations exceeding Rs. 500,000:

| | 2018 | 2017 |
|-------------------------------------|--------|-------|
| | Rs. | 000s |
| Name of Donee | | |
| Karwan-e-Hayat | 5,400 | - |
| Habib University Foundation | 5,000 | - |
| Alleviate addiction suffering trust | 1,000 | - |
| Dhoraji Association | 525 | - |
| Aga Khan university and hospital | - | 6,660 |
| Ronald McDonald House of NYC Inc. | - | 525 |
| | 11,925 | 7,185 |

Financial Statements

For the Year Ended June 30, 2018

29 Other Operating Costs

| | | 2018 | 2017 |
|---|--------|---------|--------|
| | Note | Rs. 0 | 000s |
| | | | |
| Workers' profit participation fund | 10.3 | 124,781 | 42,981 |
| Workers' welfare fund | | 42,448 | 7,873 |
| Loss on sale of property, plant and equipment | 15.1.4 | 40,814 | 7,150 |
| Property, plant and equipment scrapped | 15.1.4 | - | 425 |
| | | 208,043 | 58,429 |

30 Other Income

| Income from non-financial assets | | | |
|---|--------|---------|---------|
| Gain on sale of property, plant and equipment | 15.1.4 | 80,407 | 252,460 |
| Scrap sales | | 24,628 | 19,368 |
| Others | | 93,254 | 51,311 |
| | | 198,289 | 323,139 |
| Income from financial assets | | | |
| Mark-up income from loans and advances | | 3,933 | 3,448 |
| | | 202,222 | 326,587 |



31 Finance Cost

| | | 2018 | 2017 |
|--|----------------|---------|---------|
| | Note | Rs. 0 | 000s |
| | | | |
| Mark-up/ profit on long term financing | 31.2 | 317,240 | 286,782 |
| Mark-up/ profit on short term borrowings | 31.1 & 31.2 | 506,413 | 434,101 |
| Bank charges and commission | | 149,514 | 150,406 |
| Exchange loss on foreign currency loans | | 14,629 | 1,671 |
| Markup on workers' profit participation fund | | 1,817 | 6,497 |
| | | 989,613 | 879,457 |

- 31.1 Includes mark-up on short term borrowings charged by Habib Metropolitan Bank Limited associated company, amounting to Rs. 8.7 million (2017:Rs. 15.9 million)
- 31.2 This includes Rs. 55.90 million and Rs. 116.7 million (2017:Rs. 70.23 million and Rs. 91.86 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

32 Taxation

| | 2018 | 2017 |
|---------------------|-----------|-----------|
| Note | Rs. | 000s |
| Current taxation | | |
| - For the year | 626,435 | 441,532 |
| - Prior year | 189,817 | - |
| | 816,252 | 441,532 |
| Less: Tax credit | (277,419) | (430,468) |
| Deferred tax credit | (277,526) | (5,300) |
| 32.1 | 261,307 | 5,764 |

Financial Statements

For the Year Ended June 30, 2018

32.1 Reconciliation between accounting profit and tax expense

| | 2018 | 2017 |
|--|-----------|-----------|
| | Rs. | 000s |
| | | |
| Net Profit for the year before taxation | 2,421,688 | 835,853 |
| Tax rate (%) | 30% | 31% |
| Tax on accounting profit | 726,506 | 259,114 |
| Tax effect of | | |
| Tax credits/ Rebates | (278,921) | (433,950) |
| Minimum tax | - | 21,181 |
| Prior year | 189,817 | - |
| Final Tax Regime | (179,313) | 129,355 |
| Super tax | 57,002 | 36,329 |
| Inadmissible | 1,502 | 1,161 |
| Tax credit recorded as deffered tax asset | (254,238) | (10,061) |
| Tax rate | (9,945) | - |
| Subsidiaries - tax rate difference | (1,707) | - |
| Subsidiaries - exemption and utilization of tax losses | (4,763) | 3,564 |
| Provision in respect of unappropriated profits of subsidiary | (4,064) | 3,462 |
| Others | 19,430 | (4,391) |
| | (465,200) | (253,350) |
| | | |
| Tax expense | 261,307 | 5,764 |

32.2 The provision for current year tax of the Group represent tax on taxable income. According to management, the tax provision made in the Consolidated financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

| Year | As per Accounts | As per Return/ Assessment |
|------|-----------------|------------------------------|
| | Rs. 0 | 000s |
| 2017 | 440,682 | 406,732 |
| 2016 | 382,024 | 354,710 |
| 2015 | 235,744 | 238,901 |





33 Earnings Per Share - Basic And Diluted

| | | 2018 | 2017 |
|-----------------------------------|------|-------------|-------------|
| | Note | Rs. (| 000s |
| Profit for the year | | 2,160,381 | 830,089 |
| Weighted average number of shares | | 356,495,525 | 326,749,674 |
| Earnings per share (Rs.) | 33.1 | 6.06 | 2.54 |

33.1 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 operations have been divided in eight segments based on the nature of process & internal reporting following are the reportable business segments:

| a) | Spinning: | Production of different qualities of yarn using both natural and artificial fibers. |
|----|---------------------------------------|--|
| b) | Weaving: | Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric. |
| c) | Retail and Distribution: | On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing. |
| d) | Processing, Home Textile and Apparel: | Production of greig fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-ups and home textile products. |
| e) | Subsidiary Companies: | These subsidiaries are also in the textile business reselling products to the ultimate customers, imported from Holding Company. |

Transactions among the business segments are recorded at cost.

34.1 Segment profitability

| | Spinning | ning | Weaving | ving | Retail and Distribution | l and ution | Processing, Home Textile and Apparel | ng, Home I Apparel | Gul Ahmed International Limited (FZC)-UAE | med ional iC)-UAE | GTM (Europe) Limited - UK | urope) - UK | GTM USA Corp. | A Corp. | SKY Home Corporation | ome | Elimination Of Inter Segment Transactions | n Of Inter insactions | Total | al |
|---|-----------|-----------|-----------|-----------|----------------------------|----------------|---|-----------------------|---|-------------------------|------------------------------|----------------|---------------|---------|-------------------------|----------|--|--------------------------|--|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | | | | | Rs. C | Rs. 000s | | | | | | | | | |
| | 8,209,767 | 5,891,311 | 1,695,397 | 1,384,410 | 15,701,287 | 15,640,313 | 31,788,050 | 27,578,013 | 750,225 | 866,828 | 1,123,359 | 1,463,568 | 294,850 | 529,949 | 368,522 | • | (13,072,314) | (12,374,331) | 46,859,143 | 40,980,061 |
| Cost of sales | 7,007,684 | 5,721,866 | 1,568,436 | 1,175,213 | 10,741,121 | 11,416,650 | 28,501,272 | 24,973,025 | 554,127 | 690,223 | 980,363 | 1,364,708 | 241,387 | 431,784 | 174,913 | - | (13,066,611) | (12,372,887) | 36,702,692 | 33,400,582 |
| Gross profit | 1,202,083 | 169,445 | 126,961 | 209,197 | 4,960,166 | 4,223,663 | 3,286,778 | 2,604,988 | 196,098 | 176,605 | 142,996 | 98,860 | 53,463 | 98,165 | 193,609 | | (5,703) | (1,444) | 10,156,451 | 7,579,479 |
| Distribution costs and administrative costs | 147,523 | 194,449 | 69,843 | 80,024 | 4,041,550 | 3,312,130 | 1,992,162 | 2,202,019 | 147,917 | 152,428 | 117,437 | 80,058 | 48,908 | 93,613 | 173,989 | 17,606 | , | | 6,739,329 | 6,132,327 |
| Profft/(loss) before tax and before charging the following | 1,054,560 | (25,004) | 57,118 | 129,173 | 918,616 | 911,533 | 1,294,616 | 402,969 | 48,181 | 24,177 | 25,559 | 18,802 | 4,555 | 4,552 | 19,620 | (17,606) | (5,703) | (1,444) | 3,417,122 | 1,447,152 |
| Other operating costs Other income Finance costs | | | | | | | | | | | | | | | | | | | 208,043 (202,222) 989,613 995,434 | 58,429 (326,587) 879,457 611,299 |
| Profit before taxation Taxation Profit after taxation | | | | | | | | | | | | | | | | | | ' " | 2,421,688 261,307 2,160,381 | 835,853 5,764 830,089 |
| Depreciation and Amortisation Expense | 508,926 | 445,817 | 298,596 | 128,230 | 301,943 | 291,276 | 761,023 | 705,072 | 4,958 | 3,495 | 1,116 | 1,477 | 1,539 | 1,910 | | | | Ì | 1,878,101 | 1,577,277 |

Segment assets and liabilities 34.2

| | Spin | Spinning | Weaving | ving | Retai Distrib | Retail and Distribution | Processing, Home Textile and Apparel | ng, Home I Apparel | Gul Ahmed International Limited (FZC)-UAE | med tional ZC)-UAE | GTM (Europe) Limited - UK | rope) - UK | GTM USA Corp. | \ Corp. | SKY Home Corporation | ome | Unallocated | ated | To | Total |
|---|------------|-----------|-----------|-----------|------------------|----------------------------|---|-----------------------|---|--------------------------|------------------------------|---------------|---------------|---------|-------------------------|-------|-------------|------------|---------------------------------------|---------------------------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | | | | | Rs. 000s | s00 | | | | | | | | | |
| Assets Elimination of intragroup balances | 11,021,310 | 7,800,444 | 3,357,067 | 2,816,255 | 5,396,751 | 4,372,872 | 22,155,720 | 19,532,953 | 488,118 | 622,652 | 410,387 | 267,254 | 8,555 | 93,073 | 231,653 | 1,023 | 1,332,597 | 2,196,148 | 44,402,158 (512,816) 43,889,342 | 37,702,674 (483,761) 37,218,913 |
| Liabilities Elimination of intragroup balances | 3,802,668 | 3,379,543 | 1,895,092 | 1,682,548 | 905,830 | 852,167 | 7,524,144 | 4,396,382 | 201,464 | 298,433 | 314,148 | 239,630 | 97,631 | 94,752 | 268,79 | 130 | 16,514,984 | 15,494,115 | 31,323,858 (457,847) 30,866,011 | 26,437,700 (414,445) 26,023,255 |
| Segment Capital Expenditure | 830,051 | 2,412,160 | 1,844,453 | 25,375 | 217,508 | 563,456 | 143,483 | 909'296 | 2,090 | 5,197 | | 1,172 | · | | , | | 297,537 | 844,958 | 3,335,122 | 4,819,924 |





- 34.3 The Group has implemented Microsoft Dynamics 365 for Retail & Distribution, which has now enabled the Company to disclose the figures separately for the segment.
- 34.4 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.
- 34.5 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.

34.6 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 10,128 million (2017: Rs.9,594 million)

34.7 Information by geographical area

| | Rev | enue | Non-curre | ent assets |
|----------------------|------------|------------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | Rs. (| 000s | |
| | | | | |
| Pakistan | 21,407,944 | 14,093,937 | 16,368,577 | 16,235,659 |
| Germany | 7,061,069 | 5,446,767 | - | - |
| United States | 4,130,617 | 3,809,433 | 4,121 | 4,076 |
| Netherlands | 2,303,273 | 3,159,645 | - | - |
| Italy | 2,117,128 | 2,607,073 | - | - |
| United Kingdom | 2,048,074 | 2,637,209 | 64,089 | 13,438 |
| Spain | 1,563,047 | 1,746,675 | - | - |
| France | 1,277,821 | 1,353,330 | - | - |
| Sweden | 1,015,527 | 982,564 | - | - |
| China | 806,689 | 804,055 | - | - |
| United Arab Emirates | 840,120 | 1,146,075 | 20,366 | 16,150 |
| Other Countries | 2,287,834 | 3,193,298 | - | - |
| | | | | |
| Total | 46,859,143 | 40,980,061 | 16,457,153 | 16,269,323 |

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35 Cash and Cash Equivalents

| | | 2010 | 2017 |
|------------------------|------|--------------|--------------|
| | Note | Rs. 0 | 000s |
| Cash and bank balances | 24 | 519,077 | 287,175 |
| Short term borrowings | 12 | (15,146,734) | (11,935,343) |
| | | (14,627,657) | (11,648,168) |

36 Remuneration of Chief Executive, Directors and Executives

| | | 20 | 18 | | | 20 | 17 | |
|--------------------------------|--------------------|---------------------|-----------|-----------|--------------------|---------------------|-----------|---------|
| | Chief Executive | Executive Directors | Executive | Total | Chief Executive | Executive Directors | Executive | Total |
| | | | | Rs. | . 000s | | | |
| | | | | | | | | |
| Managerial remuneration | 9,680 | 7,260 | 620,815 | 637,755 | 9,680 | 7,260 | 425,583 | 442,523 |
| Bonus | - | - | 34,192 | 34,192 | - | - | 26,250 | 26,250 |
| House rent allowance | 3,872 | 2,904 | 196,322 | 203,098 | 3,872 | 2,904 | 170,233 | 177,009 |
| Other allowances | 968 | 726 | 108,343 | 110,037 | 1,651 | 1,238 | 92,238 | 95,127 |
| Contribution to provident fund | 806 | 605 | 36,650 | 38,061 | 806 | 605 | 31,459 | 32,870 |
| | 15,326 | 11,495 | 996,322 | 1,023,143 | 16,009 | 12,007 | 745,763 | 773,779 |
| Number of persons | 1 | 1 | 218 | 220 | 1 | 1 | 181 | 183 |

- 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.
- Aggregate amount charged in the accounts for the year for meeting fee to four Non Executive Directors and the Chairman was Rs. 2.04 million (2017: Rs. 2.7 million for four non executive directors and chairman).
- 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.
- 36.5 Mr. Mohomed Bashir, Chairman of Gul Ahmed Internation Ltd FZC UAE has waived his entitlement to remuneration of AED 10,000 (Rs. 0.302 millon) per month.



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 | 2018 | 2017 |
|-----------------------------|--------------------------------------|-----------|-----------|
| · | | Rs. | 000s |
| Associated companies | Purchase of goods | 11,536 | 9,638 |
| and other related parties | Sale of goods | 72 | 6,829 |
| and other related parties | Rent paid | 80,806 | 69,237 |
| | · | | 09,237 |
| | Fees paid Commission/Discount | 2,040 | - |
| | | | - |
| | Donation paid | 5,500 | 7 570 544 |
| | Bills discounted | 7,985,337 | 7,572,544 |
| | Commission/Bank charges paid | 66,585 | 47,999 |
| | Mark-up/interest charged | 15,966 | 15,961 |
| | Holding Company's contribution to | | |
| | provident fund | 155,847 | 136,706 |
| | Dividend paid | 10,896 | 9,080 |
| | Services rendered | 4,420 | - |
| | Right shares subscribed | - | 45,422 |
| Relationship with the Group | Nature of Outstanding Balances | | |
| Associated companies | Deposit with banks | 115,270 | 30,019 |
| and others related parties | Borrowings from Banks | 964,494 | 457,000 |
| | Bank guarantee | 770,804 | 767,698 |
| | Trade and other payables | 15,731 | 2,870 |
| | Trade debts | - | 2,564 |
| | Accrued mark-up | 8,785 | 3,566 |
| | Advances to suppliers | - | 11,843 |
| | Loans to key management personnel | | |
| | & executive | 54,594 | 55,972 |
| | Payable to employee's provident fund | 21,025 | 14,989 |
| | Prepaid Rent | 42,588 | 38,716 |

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For the Year Ended June 30, 2018

- 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 no. 15 and 36 respectively.
- 37.2 Related parties status of outstanding receivables and payable as at June 30, 2018 are also included in respective notes to the consolidated financial statements.
- **37.3** Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

| S.No | Company Name | Basis of Relationship | % of shareholding in the Company |
|------|---|--|----------------------------------|
| | | | |
| 1 | Habib Metropolitan Bank Limited | Common Directorship | - |
| 2 | Swisstex Chemicals (Private) Limited | Group Company & Common Directorship | - |
| 3 | Arwen Tech. (Private) Limited | Group Company & Common Directorship | - |
| 4 | Win Star (Private) Limited | Group Company & Common Directorship | - |
| 5 | TPL Properties Limited | Common Directorship | - |
| 6 | Habib University Foundation | Common Directorship | - |
| 7 | The Pakistan Business Council | Common Directorship | - |
| 8 | Ghafooria Industries (Private) Limited | Group Company & Common Directorship | - |
| 9 | Grand Industries (Private) Limited | Group Company & Major Shareholders | - |
| 10 | Worldwide Developers (Private) Limited | Common Directorship | - |
| 11 | Haji Ali Mohammad Foundation | Member of Foundation | - |
| 12 | Gul Ahmed Holdings (Private) Limited | Holding Company | - |
| 13 | Gul Ahmed Textile Mills Limited Employees Provident Fund Trust | Employees Fund | - |





38 Capacity And Production

| | | | 2018 | | | 2017 | |
|----------|---------------------------------|----------|------------|----------|----------|------------|----------|
| | Unit | Capacity | Production | Working | Capacity | Production | Working |
| | | | | Rs. | 000s | | |
| Spinning | Kgs. (20 Counts converted) | 47,711 | 45,326 | 3 shifts | 44,128 | 38,476 | 3 shifts |
| Weaving | Sq. meters (50 Picks converted) | 161,598 | 144,176 | 3 shifts | 159,205 | 108,781 | 3 shifts |

Production of Weaving and Spinning is lower as compared to capacity due to variation in production mix and various technical and market factors.

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

39 Number of Persons Employed

Number of persons employed as on year end were 13,106 (2017: 12,912) and average number of employees during the year were 13,159 (2017: 14,667). Number of factory employees as on year end were 10,580 (2017: 10,215) and average number of factory employees during the year were 10,513 (2017: 12,021).

40 Provident Fund Related Disclosures

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

| | 2018 Un-audited | 2017 Audited |
|--|--------------------|-----------------|
| Note | | |
| Size of the fund - Total assets (Rs. 000s) | 952,334 | 950,372 |
| Cost of investments made (Rs. 000s) | 823,501 | 836,739 |
| Percentage of investments made | 91.07% | 91.87% |
| Fair value of investments (Rs. 000s) 40.1 | 867,327 | 873,063 |

Financial Statements

For the Year Ended June 30, 2018

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

| | 20 | 18 | 20 | 17 |
|----------------------------|----------|--------|----------|--------|
| | Un-au | ıdited | Audi | ted |
| | Rs. 000s | % | Rs. 000s | % |
| | | | | |
| Shares in listed companies | 72,735 | 8.39% | 63,040 | 6.84% |
| Government securities | 63,244 | 7.29% | 134,684 | 14.63% |
| Debt securities | 222,936 | 25.70% | 28,685 | 3.14% |
| Mutual funds | 205,280 | 23.67% | 364,978 | 39.44% |
| Balance in saving accounts | 303,132 | 34.95% | 281,676 | 35.95% |
| | 867,327 | 100% | 873,063 | 100% |

40.2 The investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified therein.



41 Financial Assets And Liabilities

Financial assets and liabilities of the Group as at June 30, 2018 are as follows:

| | | | | 2018 | | | |
|---------------------------|------------------------|-------------------------------|------------|------------------------|-------------------------------|--------------|------------|
| | Interest/ | mark-up/profi | t bearing | Non intere | est/mark-up/pr | ofit bearing | |
| | Maturity upto one Year | Maturity after one Year | Sub total | Maturity upto one Year | Maturity after one Year | Sub total | Total |
| | | | | Rs. 000s | | | |
| Financial assets | | | | | | | |
| | | | | | | | |
| Loans and receivables | | | | | | | |
| | | | | | | | |
| Loans, advances and other | 19,377 | 35,522 | 54,899 | 306,203 | 1,791 | 307,994 | 362,893 |
| receivables | | | | | | | |
| Long term deposits | - | - | - | - | 205,999 | 205,999 | 205,999 |
| Trade debts | - | - | - | 5,666,199 | | 5,666,199 | 5,666,199 |
| Cash and bank balances | - | - | - | 519,077 | - | 519,077 | 519,077 |
| | 19,377 | 35,522 | 54,899 | 6,491,479 | 207,790 | 6,699,269 | 6,754,168 |
| | | | | | | | |
| Financial liabilities | | | | | | | |
| | | | | | | | |
| Long term financing | 1,365,857 | 6,911,869 | 8,277,726 | - | - | - | 8,277,726 |
| Short term borrowings | 15,146,734 | - | 15,146,734 | - | - | - | 15,146,734 |
| Trade and other payables | 124,781 | - | 124,781 | 6,686,166 | - | 6,686,166 | 6,810,947 |
| Accrued mark-up / profit | - | - | - | 175,633 | - | 175,633 | 175,633 |
| | 16,637,372 | 6,911,869 | 23,549,241 | 6,861,799 | - | 6,861,799 | 30,411,040 |
| | | | | | | | |
| Off balance sheet items | | | | | | | |
| | | | | | | | |
| Guarantees | - | - | - | 949,450 | - | 949,450 | 949,450 |
| Bills discounted | - | - | - | 1,292,345 | - | 1,292,345 | 1,292,345 |
| Commitments | - | - | - | 1,234,400 | 3,895,189 | 5,129,589 | 5,129,589 |
| | - | - | - | 3,476,195 | 3,895,189 | 7,371,384 | 7,371,384 |

Financial Statements

For the Year Ended June 30, 2018

Financial assets and liabilities of the Group as at June 30, 2017 were as follows:

| | | | | 2017 | | | |
|---------------------------------------|------------------------|-------------------------------|------------|------------------------|-------------------------------|--------------|------------|
| | Interest/ | mark-up/profi | t bearing | Non intere | st/mark-up/pr | ofit bearing | |
| | Maturity upto one Year | Maturity after one Year | Sub total | Maturity upto one Year | Maturity after one Year | Sub total | Total |
| | | | | Rs. 000s | | | |
| Financial assets | | | | | | | |
| Loans and receivables | | | | | | | |
| Loans, advances and other receivables | 18,618 | 36,873 | 55,491 | 158,268 | 3,219 | 161,487 | 216,978 |
| Long term deposits | - | _ | _ | _ | 195,249 | 195,249 | 195,249 |
| Trade debts | - | - | - | 3,640,608 | - | 3,640,608 | 3,640,608 |
| Cash and bank balances | - | - | - | 287,175 | - | 287,175 | 287,175 |
| | 18,618 | 36,873 | 55,491 | 4,086,051 | 198,468 | 4,284,519 | 4,340,010 |
| 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 | - | 5,295,166 | 5,338,147 |
| Accrued mark-up / profit | | | | 138,898 | | 138,898 | 138,898 |
| | 12,656,835 | 7,146,403 | 19,803,238 | 5,318,544 | 31,033 | 5,465,097 | 25,268,335 |
| Off balance sheet items | | | | | | | |
| Guarantees | - | - | - | 861,220 | - | 861,220 | 861,220 |
| Bills discounted | - | - | - | 2,072,650 | - | 2,072,650 | 2,072,650 |
| Commitments | | | | 181,400 | 2,555,389 | 2,736,789 | 2,736,789 |
| | | | | 3,115,270 | 2,555,389 | 5,670,659 | 5,670,659 |





42 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 board of Directors. All treasury related transactions are carried out within the parameters of these policies and principles.

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

42.1 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:

| | 2018 | 2017 |
|--|---------|------------|
| Note | USI | 0 000s ——— |
| Trade debts | 25,579 | 24,891 |
| Cash and bank balances | 1,039 | 320 |
| Borrowings from financial institutions | - | (35,479) |
| Trade and other payables | (1,533) | (1,500) |
| Net exposure | 25,085 | (11,768) |

Financial Statements

For the Year Ended June 30, 2018

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

| | 2018 | 2017 |
|--|--------|--------|
| Foreign currency commitments outstanding at year end are as follows: | 00 | 00s |
| USD | 27,976 | 13,557 |
| EURO | 7,336 | 1,064 |
| JPY | 2,325 | - |
| CHF | - | 32 |
| | | |

The following significant exchange rates were applied during the year:

Rupee per USD

Average rate 110.65 / 110.51 104.93 / 104.73

Reporting date rate (Buying/Selling) 121.60 / 121.40 105 / 104.80

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2018 would have increased/ decreased the equity and profit/ loss after tax by Rs. 106.57 million (2017: Rs. 43.25 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, 2017.

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. 54.89 million (2017: Rs. 55.49 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs. 23,549 million (2017: Rs. 19,803 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, 2018, 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 55.05 million (2017: Rs 29.9 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2018, 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. 36.24 million (2017: Rs. 28.68 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 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.

Financial Statements

For the Year Ended June 30, 2018

42.2 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:

| | | 2018 | 2017 |
|---------------------------------------|------|-----------|------------|
| | Note | US | D 000s ——— |
| Loans, advances and other receivables | 18 | 422,522 | 279,073 |
| Long term deposit | | 205,999 | 195,249 |
| Trade debts | 21 | 5,666,199 | 3,640,608 |
| Bank balances | 24 | 485,254 | 262,462 |
| | | 6,779,974 | 4,377,392 |

The Group manages credit risk as follows:

Loans, advances and other receivables

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 accounts.

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.

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 and business relationship and credit worthiness of these customers, the Group does not expect these customers will fail to meet their obligations except for some 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. 21.3

Aging of trade debts considered good is as follows:

| | 2 | 2018 | 2017 |
|--------------------|------|-----------|-----------|
| No | te — | Rs. | 000s |
| 1 to 6 months | 5 | 5,636,392 | 3,551,727 |
| 6 months to 1 year | | 22,326 | 60,769 |
| 1 year to 3 years | | 7,481 | 28,112 |
| 2 | 1 5 | 5,666,199 | 3,640,608 |

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

Bank balances

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

2012

Financial Statements

For the Year Ended June 30, 2018

The bank balances along with credit ratings are determined by various local and international credit rating agencies are tabulated below:

| | 2018 | 2017 |
|------|---------|---------|
| Note | Rs. | 000s |
| AAA | 93,390 | 28,965 |
| AA+ | 155,968 | 40,268 |
| AA | 2,275 | 6,220 |
| A+ | 437 | 184,575 |
| A1 | 162 | - |
| A | 1,557 | 1,544 |
| A- | 735 | - |
| AA- | 230,730 | 890 |
| 24 | 485,254 | 262,462 |

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

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which allowance for impairment has been made as a matter of prudence.

42.3 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. 41.

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. 21,486 million (2017: Rs. 19,647 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 6,873 million (2017: Rs. 7,712 million) and also has Rs. 519 million (2017: Rs. 287 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.





42.4 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, 2018 and 2017 were as follows:

| | 2018 | 2017 |
|-----------------------|------------|------------|
| | Rs. | . 000s ——— |
| Total borrowings | 23,424,460 | 19,760,257 |
| Cash and bank | (519,077) | (287,175) |
| Net debt | 22,905,383 | 19,473,082 |
| | | |
| Total equity | 13,023,331 | 11,195,658 |
| Total equity and debt | 35,928,714 | 30,668,740 |
| | | |
| Gearing ratio (%) | 64 | 63 |

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

43 Fair Value

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

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

Financial Statements

For the Year Ended June 30, 2018

- **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 free-hold land, lease-hold land and capital work in progress which are stated at cost. The Group does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2, if any, of the fair value hierarchy.

44 Event After Balance Sheet Date

44.1 Subsequent Appropriations

The Board of Directors of the Holding Company in its meeting held on September 18, 2018 has proposed the following:

a) Dividend

Your directors of the Holding Company have decided to pay final cash dividend @ Rs. 2.50 per share i.e. 25% for the year ended June 30, 2018.

b) Appropriation

An amount of Rs. 5,380 million to be transferred from general reserve to unappropriated profit.

45 Date of Authorization

These Consolidated Financial Statements were authorized for issue on September 18, 2018 by the Board of Directors of the Holding Company.





46 Corresponding Figures

For better presentation and due to revisions in the Companies Act 2017, re-classification has been made in the financial statements as follows;

| Reclassification from component | Reclassification to component | Amount |
|---|---|----------|
| | | Rs. 000s |
| Intangible assets Intangible assets | Short term prepayments Short term prepayments | 43,989 |
| Property, plant and equipment Capital work in progress | Short term prepayments Short term prepayments | 65 |
| Trade and other payables Trade and other payables | Unclaimed dividend Unclaimed dividend | 5,169 |
| Trade and other payables Trade and other payables | Unpaid Dividend Unpaid dividend | 9,042 |
| Other receivables Markup on subsidy | Refunds due from Government Duty drawback, markup subsidy and rebate | 990,786 |
| Other receivables Other receivables | Loans, Advances and Other receivables Loans, Advances and Other receivables | 152,313 |
| Loans and advances Long term loans - Due from executives (Other than CEO and Directors) | Loans and advances Long term loans - Due from non-executives employees | 4,594 |
| Other income Other income | Sales Sales - net (Exchange gain on realization of export receivables) | 161,283 |
| Finance cost Finance cost | Cost of sales Cost of sales (Exchange gain on purchase) | 170 |

47 General

Figures have been rounded off to the nearest thousand rupees.



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Definitions and Glossary

of Terms

For the Year Ended June 30, 2018

Definitions

Profitability Ratios

Profitability rations 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 BCI BCP | Annual General Meeting Better Cotton Initiative Business Continuity Planning | ICAP ICMAP | Institute of Chartered Accountants Pakistan Institute of Chartered Management Accountants Pakistan |
|-----------------------------------|--|-----------------------------------|---|
| BOD CCG CDC CEO | Board of Directors Code of Corporate Governance Central Depository Company Chief Executive Officer | IFRS ISO IT KIBOR | International Financial Reporting Standards International Organization for Standardization Information Technology Karachi Inter Bank Offer Rate |
| CFO CNIC CPEC CPI | Chief Financial Officer Computerised National Identity Card China Pakistan Economic Corridor Consumer Price Index | KPI KSE LSM MMBTU | Key Performance Indicators Karachi Stock Exchange Large Scale Manufacturing Million British Thermal Units |
| CSR DFI EBITDA | Corporate Social Responsibility Development Finance Institution Earnings before Interest, Tax, Depreciation, and Amortisation | MW NBFI NEQS PAT | Mega Watts Non-Banking Financial Institution National Environmental Quality Standard Profit after tax |
| EOBI EPS ERP | Employees Old Age Benefit Institution Earnings per Share Enterprise Resource Planning | PBT PESTEL | Profit before tax Political, Economic, Social, Technical, Environmental, Legal |
| ETP FDI | Effluent Water Treatment Plant Foreign Direct Investments | PICG PKR | Pakistan Institute of Corporate Governance Pak Rupee |
| FY FZC GDP | Fiscal Year Free Zone Company Gross Domestic Product | R&D ROE SECP | Research & Development Return on Equity Securities and Exchange Commission of Pakistan |
| GIDC GST HSE IAS IASB | Gas Infrastructure Development Cess General Sales Tax Health Safety and Environment International Accounting Standard International Accounting Standards Board | SWOT USD WPPF WWF YoY | Strength, Weakness, Opportunity, Threat United States Dollar Workers' Profit Participation Fund Workers' Welfare Fund Year on Year |



| I/V\ | Ve | | |
|------|--|--|----------------|
| of _ | | | |
| | | and holder of | |
| Ord | dinary Shares hereby appoint | | |
| of _ | | | |
| or f | failing him/her | | |
| of _ | | another member of the Company, as my/our | proxy in my/ou |
| abs | sence to attend and vote for me/us and on my/c | our behalf at the 66th ANNUAL GENERAL MEETING of t | he Company to |
| be | held on October 27, 2018 or at any adjournmer | nt thereof. | |
| | | | |
| 1) | Witness | day | of2018 |
| | Name | | |
| | Address | Signed | |
| | CNIC No. | | |
| | | Affix Revenue | |
| | | Stamp Rs. 5.00 | |
| 2) | Witness | | |
| | Name | | |
| | Address | Folio No./CDC Account No | |
| | CNIC No. | | |
| | | | |

Notes:

- 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.
- If member appoints more than one proxy and more than one instruments of proxy are deposited by a member with 3. 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.
- In case of CDC Account Holders, attested copies of CNIC or the Passport of the beneficial owners and the proxy 5. shall be furnished with the proxy form.



| | <i>(</i> * |
|---|---|
| | |
| | گل احمد ٹیکسٹائل ملز کا ا کے ایک رکن اور ہولڈر |
| | میئر رکھتا ہوں اپنی جانب سے نامز دکرتا ہوں |
| | |
| | نه ہونے کی وجہ ہے محتر م المحتر مہ |
| کو27اکتوبر 2018 کومنعقدہ کمپنی کے چھیاسٹھویں (66) سالاندا جلاسِ عام میں میری اہما | |
|) میں شرکت کرے اور ووٹ ڈ الے۔ | ہے اپنا / ہمارا پراکسی مقرر کرتا ہوں / کرتے ہیں تا کہوہ اجلاس |
| | |
| اس پرمیری طرف سے ون کے | گواه |
| | |
| کورنتخط کے | نامنام |
| | کمپیوٹرائز ڈقو می شناختی کارڈنمبر |
| (براہ مہر ہانی پانچ روپے کاریو نیوا سامپ لگا ئیں) | |
| | گواه |
| | نام |
| فوليونمبراسى ڈى تى ا كاؤنٹ نمبر | |
| | کمپیوٹرائز دُقو می شناختی کارڈ نمبر |
| | |

نوٹس :

- ۔ ممبر جوووٹ ڈالنے کا حقدار ہےوہ اپنا پراکسی مقرر کرسکتا ہے۔ پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ وہ اجلاں شروع ہونے سے 48 گھنٹے قبل با قاعدہ مہر شدہ اور وستخط شدہ کمپنی کے رجسٹر ڈیتے یرموصول ہوجا کیں۔
 - 2 ایسے شیئر ہولڈرز جواپے شیئر زسینٹرل ڈپازٹری کمپنی میں جمع کروا چکے ہیں،ان کی جانب ہے جمع کروائی گئی پراکسیز کے ساتھ بینیفیشل اونرز کے کمپیوٹرائز ڈقو می شافتی کار ڈیا یا سپورٹ کی نصدیق شدہ کا بیوں کا ہونا ضروری ہے۔کارپوریٹ ممبران کے نمائندے اس مقصد کے لیے درکارعمومی دستاویزات اپنے ہمراہ لائیں۔پراکسی کے لیے کمپنی کارکن ہونالازمی ہے۔
 - 3 اگرکونی رکن ایک سے زائد پراکسی مقرر کرتا ہے اور کمپنی میں ایک سے زائد پراکسی کے دستاویزات جمع کروا تا ہے،ان دستاویزات کوغلط سمجھا جائے گا۔
 - 4 اگرکوئی ممبر کار پوریٹ ادارہ ہے تواس کی common seal پراکسی فارم پر لگی ہونی چاہئے۔
 - 5 س ڈی س اکاؤنٹ ہولڈر ہونے کی صورت میں، پراکسی فارم کے ساتھ بیٹیفیشل اونرز کے تصدیق شدہ کمپیوٹرائز ڈ تو می شناختی کارڈیا پاسپورٹ کی تصدیق شدہ کا پی فراہم کریں۔



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