

GUL AHMED TEXTILE MILLS LTD.
ACCOUNTS FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2021

Company Information

BOARD OF DIRECTORS	Mohomed Bashir	- Chairman
	Zain Bashir	- Vice Chairman/ Executive Director
	Mohammed Zaki Bashir	- Chief Executive Officer
	Ziad Bashir	- Non Executive Director
	Dr. Amjad Waheed	- Non Executive Director
	Ehsan A. Malik	- Independent Director
	Zeeba Ansar	- Independent Director
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	Ehsan A. Malik	- Chairman & Member
	Mohomed Bashir	- Member
	Dr. Amjad Waheed	- Member
	Salim Ghaffar	- Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Ehsan A. Malik	- Chairman & Member
	Mohomed Bashir	- Member
	Zain Bashir	- Member
	Salim Ghaffar	- Secretary
BANKERS	Allied Bank Limited	
	Al Baraka Bank (Pakistan) Limited	
	Askari Bank Limited	
	Bank Al Habib Limited	
	Bank Alfalah Limited	
	Bank of Khyber	
	Bankislami Pakistan Limited	
	Citi Bank	
	Dubai Islamic Bank Pakistan Limited	
	Industrial and commercial bank of China	
	Faysal Bank Limited	
	Habib Bank Limited	
	Habib Metropolitan Bank Limited	
	Industrial and Commercial Bank of China	
	JS Bank limited	
	MCB Bank Limited	
	MCB Islamic Bank Limited	
	Meezan Bank Limited	
	National Bank Of Pakistan	
	Samba Bank Limited	
	Silkbank Limited	
	Soneri Bank Limited	
	Standard Chartered Bank (Pakistan) Limited	
	Summit Bank limited	
	The Bank Of Punjab	
	United Bank Limited	
AUDITORS	Kreston Hyder Bhimji & Co. Chartered Accountants	
INTERNAL AUDITORS	Grant Thornton Anjum Rahman Chartered Accountants	
LEGAL ADVISORS	A.K. Brohi & Co Advocates	
REGISTERED OFFICE	Plot No.82, Main National Highway, Landhi, Karachi-75120	
SHARE REGISTRAR	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrach-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106	
MILLS	Landhi Industrial Area, Karachi-75120	
E-MAIL URL	finance@gulahmed.Com www.gulahmed.com	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for three months ended September 30, 2021.

ECONOMIC OVERVIEW:

It is encouraging that the global economy has been expanding for 15 consecutive months; however, the rate of expansion has remained slow in the last few owing to the spread of the Delta variant of COVID-19 in some countries. The revival of economic activities all over the world has increased the prices of commodities unprecedentedly, adding to an inflationary pressure globally.

State Bank of Pakistan (SBP) in its recent Monetary Policy Statement (MPS) observed that the pace of the economic recovery of Pakistan has exceeded expectations. MPS further stated that with growing signs the latest COVID wave in Pakistan remains contained, continued progress in vaccination, and overall deft management of the pandemic by the Government, economic recovery now appears less vulnerable to pandemic-related uncertainty. While year-on-year inflation has declined since June, rising demand pressures together with higher imported inflation could begin to manifest in inflation readings later in the fiscal year. This robust recovery in domestic demand, coupled with higher international commodity prices, is leading to a strong pick-up in imports and a rise in the current account deficit.

The current account deficit is widening, reflecting both vigorous domestic demand and high global commodity prices. While remittances remained strong, and exports also performed reasonably. However, the exports got outstripped by imports and in response, the rupee has started to depreciate. Resultantly, trade deficit widened by 102.10% from \$5.817 billion in July-September 2020 to \$11.750 billion in July-September 2021, and widened by 73.65% in September 2021, and remained \$4.185 billion compared to \$2.410 billion in September 2020.

INDUSTRIAL OVERVIEW:

Large-scale manufacturing performance remained sluggish so far during the year. The closure of industrial activities during holidays, Eid-ul-Adha and monsoon rains which spread over 15 days, further hampered growth. However, the exports posted a growth year-on-year of 27.32% to \$6.967 billion in July-September 2021 against \$5.472 billion over the corresponding months of last year. In September 2021, the exports posted a growth of 26.13% to \$2.380 billion against \$1.887bn over the last year.

Pakistan's textile exports witnessed 27.41% percent growth during the first quarter of the current fiscal year and remained at \$4.420 billion compared to \$3.469 billion during the same period of the last fiscal year, as per statistics released by the Pakistan Bureau of Statistics. The textile exports on a month-on-month basis witnessed a 1.69% growth and remained at \$1.487 billion in September 2021 compared to \$1.462 billion in August 2021. On a year-on-year basis, the textile group exports witnessed a 25.01% increase in September 2021, when compared to \$1.189 billion in September 2020.

COMPANY PERFORMANCE REVIEW:

	Units	1 st Quarter ended September 30, 2021	1 st Quarter ended September 30, 2020
Export sales	Rs. in millions		14,495
Local sales	Rs. in millions		5,163
Total sales	Rs. in millions		19,658
Gross profit	Rs. in millions		3,523
Profit before tax	Rs. in millions		841
Profit after tax	Rs. in millions		599
Earnings per share (EPS)	Rupees		1.40
Gross Profit Margin	%		17.9
Profit before tax Margin	%		4.28
Profit after tax Margin	%		3.05

Though your Company performed well in the quarter under review, its bottom line remained lower than expectations. Despite having sufficient export and local orders, optimal capacity utilization, etc., the bottom line was dented by higher and continuously rising imported and local raw material prices, increase in gas charges, larger and undesired investment in imported cotton, unpredictable changes in PKR value and days and working hours' restrictions on retail outlet. Key initiatives during the period which helped trigger profit when compared with the similar period of last year, included tapping new customers and marketing zones, the introduction of a new line of product, commissioning of further capacities, balancing of additional line of production, reducing energy requirements by investment in new and extra efficient machineries and power generation equipment.

Future Outlook:

Both International Monetary Fund and Asian Development Bank (ADB) have projected Pakistan's Gross Domestic Product (GDP) growth to reach 4 percent in the fiscal year 2021-22. The current serious threats to Pakistan's economy realized at all levels are widening trade deficit, sluggish large-scale manufacturing and agriculture growth, rising inflation especially food inflation, weakening PKR, utilities availability challenge, rising fuel cost and exports volume not up to expectations.

The Country's Budget for 2021-22 is a growth budget, based on a strategy to boost economic growth earlier outlined in the Medium-Term Budgetary Strategy Paper for FY 2021-22 to FY 2023-24. The main priorities of the Government for FY 2021-22 include: (a) Sustainable economic growth, (b) Government's Special Initiatives, (c) optimal mobilization of revenue, (d) increased development funding and (e) expeditious disposal of refund claims.

Considering the textile sector, a few challenges, if not addressed, may damage production as well as exports. These include curbing unusual and sudden changes in PKR value, ensuring the smooth availability of utilities, taking on an agenda, lowering local cotton availability as well as deteriorating quality, timely release of refunds and incentives. According to Pakistan's Cotton Crop Assessment Committee, overall cotton production is estimated at 8.5 million, which is substantially short of the textile sector's requirement. The import of cotton which on one side erodes export proceeds, but on the other side, requires the textile sector to make uneconomical and longer investments in imported cotton which in turn pulls down profit and causes liquidity issues. We strongly feel that at this stage of a better and mature economic recovery, a greater emphasis is needed to ensure appropriate policies to protect longevity of growth, keep inflation expectations anchored, and maintain the current account deficit by policymakers.

Your company has successfully survived and earned a good profit during the first quarter. Through consistently monitoring strategies and risk policies, it will surely continue to prosper and earn good returns for all shareholders.

ACKNOWLEDGEMENT:

We acknowledge and recognize the outstanding performance of our employees and the continued support of our customers, financial institutions, shareholders, and members of the Board of Directors.

For and on behalf of the Board
Karachi: October 28, 2021

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Financial Position
As at September 30, 2021

	Note	Un-Audited September 2021	Un-Audited June 2021
-----Rupees in '000-----			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		7,500,000	7,500,000
750,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		5,133,535	4,277,946
513,353,556 ordinary shares of Rs. 10 each			
(June-21:427,794,630 ordinary shares of Rs. 10 each)			
Reserves		14,780,152	14,276,843
		19,913,687	18,554,789
NON-CURRENT LIABILITIES			
Long term financing - Secured	4	19,391,597	18,571,409
Lease liability against right-of-use assets	5	3,245,514	3,247,043
Provision for Gas Infrastructure Development Cess		1,164,684	1,325,299
Long term advances		82,435	82,435
Loan from director		410	-
Deferred liabilities			
Deferred taxation - net		251,415	68,236
Deferred income - government grant		110,279	142,003
Staff gratuity		159,591	155,490
		521,285	365,729
CURRENT LIABILITIES			
Trade and other payables		16,519,700	14,104,321
Accrued mark-up/profit		396,433	341,473
Short term borrowings		29,296,989	29,108,282
Current maturity of long term financing	4	2,517,128	2,500,941
Current maturity of lease liability against right-of-use asset	5	588,368	593,864
Current maturity of deferred income - government grant		104,525	108,416
Taxation-net		2,235,715	266,675
Dividend payable		297,648	297,702
Unpaid dividend		7,323	23,505
		51,963,829	47,345,179
CONTINGENCIES AND COMMITMENTS			
	6	96,283,441	89,491,883
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	33,162,498	31,018,518
Right-of-use assets	8	3,232,450	3,311,198
Intangible assets	9	73,753	81,074
Long term investment	10	2,423,450	2,423,450
Long term loans and advances		63,343	83,057
Long term deposits		308,787	291,014
Deferred taxation		360,011	
		39,624,293	37,208,311
CURRENT ASSETS			
Stores and spares		1,596,365	1,591,053
Stock-in-trade		32,155,666	30,324,938
Trade debts		12,087,654	11,750,382
Loans, advances and other receivables		3,979,248	3,705,857
Short term prepayments		60,528	149,965
Receivable from government		6,063,084	4,087,419
Cash and bank balances		716,603	673,958
		56,659,148	52,283,572
		96,283,441	89,491,883

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Profit or Loss
For the quarter ended September 30, 2021

		Un-Audited	
		Quarter ended	
	Note	September 2021	September 2020
		-----Rupees in '000-----	
Sales - net		24,348,653	19,658,208
Cost of sales		19,470,758	16,140,461
Gross profit		4,877,895	3,517,747
Distribution costs		1,662,741	1,102,228
Administrative costs		703,180	669,713
Other operating costs		202,889	262,404
		2,568,810	2,034,345
		2,309,085	1,483,402
Other income	11	(122,263)	(33,433)
Operating profit		2,186,822	1,449,969
Finance cost		661,792	609,123
Profit before taxation		1,525,030	840,846
Taxation			
- Current	12	343,130	219,768
- Deferred		75,000	21,659
		418,130	241,427
Profit after taxation		1,106,900	599,419
Earning per share - basic and diluted (Rs.)		2.16	1.17

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Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Comprehensive Income
For the quarter ended September 30, 2021

	Un-Audited	
	Quarter ended	
	September 2021	September 2020
	-----Rupees in '000-----	
Profit after taxation	1,106,900	599,419
Other comprehensive income	-	-
Total comprehensive income	<u>1,106,900</u>	<u>599,419</u>

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

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Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the quarter ended September 30, 2021

	Note	Un-Audited	
		Quarter ended	
		September 2021	September 2020
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,475,489	840,846
Adjustments for:			
Depreciation on property, plant and equipment	7.3	698,789	613,292
Depreciation on right-of-use assets	8	208,379	141,813
Amortisation on intangible assets		7,317	6,453
Provision for gratuity		21,334	20,537
Finance cost		661,792	597,731
Provision for slow moving/obsolete stores and spares		38,113	6,299
Expected credit losses against doubtful trade debts		17,284	14,021
Loss on disposal of property, plant and equipment		133,724	36,667
		<u>1,862,365</u>	<u>1,436,813</u>
Cash flows from operating activities before adjustments of working capital		3,337,853	2,277,659
Changes in working capital:			
Increase in current assets			
Stores and spares		(74,185)	591,204
Stock-in-trade		(1,830,728)	1,173,615
Trade debts		(354,555)	(3,786,249)
Loans, advances and other receivables		(261,953)	(584,085)
Short term prepayments		(32,106)	78,256
Receivable from Government		(318,612)	(804,953)
		<u>(2,872,139)</u>	<u>(3,332,212)</u>
Increase in current liabilities			
Trade and other payables		2,318,617	3,534,186
		<u>(553,522)</u>	<u>201,974</u>
Cash generated from operations before adjustment of following		<u>2,784,331</u>	<u>2,479,633</u>
Adjustments for:			
Gratuity paid		(25,435)	(20,008)
Finance cost paid		(424,634)	(658,642)
Income tax paid		(17,570)	(157,434)
Increase / (Decrease) in long term loans and advances		19,714	(4,623)
Decrease / (Increase) in long term deposits		(17,773)	122,510
		<u>(465,698)</u>	<u>(718,197)</u>
Net Cash generated from Operating activities		<u>2,318,633</u>	<u>1,761,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(3,002,870)	(3,704,268)
Proceeds from sale of property, plant and equipment		78,557	62,479
Net cash used in investing activities		<u>(2,924,313)</u>	<u>(3,641,789)</u>
Balance carried forward		<u>(605,680)</u>	<u>(1,880,353)</u>

Gul Ahmed Textile Mills Li
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the quarter ended September 30, 2021

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Note	Un-Audited	
	Quarter ended	
	September 2021	September 2020
-----Rupees in '000-----		
Balance brought forward	(605,680)	(1,880,353)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	1,172,102	3,851,138
Long term financing repaid	(406,322)	-
Payments for lease liability against right of use asset	(230,551)	(80,130)
Dividend paid	(54)	(25)
Net cash generated from/(used in) financing activities	535,175	3,770,983
Net increase / (decrease) in cash and cash equivalents	(146,137)	1,890,630
Cash and cash equivalents - at the beginning of the period	(28,434,248)	(24,998,063)
Cash and cash equivalents - at the end of the period	11 (28,580,386)	(23,107,433)

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MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Changes in Equity
For the quarter ended September 30, 2021

	Share Capital	Capital Reserve		Capital Reserves	Unappropriated Profit	Total Reserves	Total
		Share premium	Reserve on Merger				
----- Rupees '000-----							
Balance as at June 30, 2020 (Audited)	4,277,946	692,424	-	692,424	8,992,830	9,685,254	13,963,200
Total comprehensive income							
Profit after taxation for quarter ended September 30, 2020	-	-	-	-	599,419	599,419	599,419
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	599,419	599,419	599,419
Balance as at September 30, 2020 (Un-audited)	4,277,946	692,424	-	692,424	9,592,249	10,284,673	14,562,619
Interim dividend for nine months ended 30 March, 2021	-	-	-	-	(427,795)	(427,795)	(427,795)
Total comprehensive income for the nine months ended June 30, 2021							
Profit after taxation	-	-	-	-	4,654,348	4,654,348	4,654,348
Other comprehensive income	-	-	-	-	17,615	17,615	17,615
	-	-	-	-	4,671,963	4,671,963	4,671,963
Balance as at June 30, 2021 (Un-audited)	4,277,946	692,424	-	692,424	13,836,417	14,528,841	18,806,787
Issuance of Bonus shares	855,589	(692,424)	-	(692,424)	(163,165)	(855,589)	-
Total comprehensive income							
Profit after taxation for quarter ended September 30, 2021	-	-	-	-	1,106,900	1,106,900	1,106,900
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	1,106,900	1,106,900	1,106,900
Balance as at September 30, 2021 (Un-audited)	5,133,535	-	-	-	14,780,152	14,780,152	19,913,687

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Un-consolidated
Financial Statements (Un-audited)
For the quarter ended September 30, 2021

1 LEGAL STATUS AND ITS OPERATIONS

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

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

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

The Company has the following subsidiaries:

Details of Subsidiaries

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

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

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

<u>Area</u>	<u>Address</u>
14.9 Acres	Survey No. 82, Deh Landhi, Karachi.
18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi.
4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi.
4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi.
6.83 acres	Plot 368, 369 & 446, Deh Landhi, Karachi
12 acres	Building (Firdous Spinning) - HT 3/A, Landhi, Karachi

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

<u>Address</u>
Plot# 369, Main National Highway, Landhi, Karachi.
Plot# HT/3A, KDA Scheme 3, Landhi Industrial area, Karachi.
Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi.
Plot# HT/8, KDA Scheme 3, Landhi Industrial area, Karachi.
W2/1-14, Western industrial zone, Port Qasim, Karachi

2 BASIS OF PREPARATION

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

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

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

These condensed interim un-consolidated financial statements comprise of the condensed interim un-consolidated statement of financial position as at September 30, 2021 and the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows for the period ended September 30, 2021.

The comparative statement of financial position, presented in these condensed interim un-consolidated financial statements, as at June 30, 2021 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows for the period ended March 31, 2020.

These condensed interim unconsolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2021.

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

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the Quarter ended September 30, 2021

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2020; however, these do not have any significant impact on these unconsolidated condensed interim financial statements.

(b) Standards, Interpretations and Amendments not yet effective

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 01, 2021 and are not likely to have a material impact on the unconsolidated condensed interim financial statements.

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2021.

4 LONG TERM FINANCING - SECURED

	Un-Audited September 2021	Un-Audited June 2021
	-----Rupees in '000-----	
Opening balance	21,065,372	13,865,713
Add: Long term finance obtained during the period / year	1,417,433	7,742,851
Less: Repaid during the period / year	(406,322)	(167,588)
Less: Fair value differential - Government grant	(167,758)	(375,604)
	21,908,725	21,065,372
Less: Current portion shown under current liabilities	(2,517,128)	(2,500,941)
	19,391,597	18,564,431

5 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	Un-Audited September 2020	Un-Audited June 2021
	-----Rupees in '000-----	
Present value of lease payments as at July 01, 2021	3,841,412	2,600,902
Additions	145,042	1,726,026
Accretion of interest	75,632	342,232
Payments	(230,551)	(828,253)
As at September 30, 2021	3,831,535	3,840,907
Less: Current portion shown under current liabilities	588,368	593,864
Non -Current	3,243,167	3,247,043
	3,831,535	3,840,907

5.1 Lease liabilities are payable as follows

	Minimum Lease payments	Interest	Present value of minimum lease payments
	-----Rs. 000s-----		
Less than one year	947,378	359,010	588,368
Between one and 5 years	2,961,635	812,904	2,148,731
More than five years	1,348,183	253,748	1,094,435
	5,257,196	1,425,662	3,831,535

6 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2021 remained unchanged during the current period except the increase in amount of provisions required.

Guarantees

- (a) Guarantees of Rs. 1,604 million (June-2021: Rs. 1,526 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 1,102 million (June-2021: Rs.1,102 million).
- (b) Post dated cheques of Rs. 3,488 million (June-2021: Rs. 3,752 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. 7,059 million (June-2021: Rs. 4,885 million).
- (d) Corporate guarantee of Rs 156.4 million (June-2021: Rs. 149.1 million) Rs.633.6 million (June-2021: Rs. 633.6 million) and Rs. 153.4 million (June-2021: Rs. 142.4 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- (a) The Company is committed for capital expenditure as at September 30, 2021 of Rs. 4,599 million (June-2020: Rs. 5,312.5 million).

7 PROPERTY, PLANT AND EQUIPMENT

		Un-Audited September 2021	Un-Audited June 2021
		-----Rupees in '000-----	
Operating fixed assets	7.1 7.2 & 7.3	25,252,384	24,852,300
Capital work in progress (CWIP)	7.4	7,910,115	6,166,218
		<u>33,162,498</u>	<u>31,018,518</u>
		Un-Audited September 2021	Un-Audited September 2020
		-----Rupees in '000-----	
7.1 Additions during the period			
Buildings and structures on leasehold land		188,606	155,300
Plant and machinery		1,108,576	267,732
Furniture and fixtures		3,488	1,932
Office equipment		27,345	30,840
Vehicles		12,996	6,783
		<u>1,341,011</u>	<u>462,587</u>
8.1.1 Additions to building and structure on leasehold land, plant and machinery, furniture and fixture and office equipment include transfers from capital work-in-progress amounting to Rs.Nil (Sept 2020: Rs. 177.6 million).			
		Un-Audited Quarter ended September 2021	Un-Audited Quarter ended September 2020
		-----Rupees in '000-----	
7.2 Disposals - operating fixed assets (at net book value)			
Plant and machinery		206,492	95,435
Vehicles		5,280	3,708
		<u>211,772</u>	<u>99,143</u>
7.3 Depreciation charge during the period		<u>720,056</u>	<u>613,295</u>

7.4 Additions - capital work in progress (at cost)

Machinery
Building

Un-Audited	
September 2021	September 2020
-----Rupees in '000-----	
639,781	2,923,370
1,013,055	495,913
<u>1,652,836</u>	<u>3,419,283</u>

Un-Audited	
September 2021	June 2021
-----Rupees in '000-----	

8 RIGHT-OF-USE ASSETS

Balance as at July 01, 2021
Additions
Depreciation expense
Net book value as at September 30, 2021

3,295,475	2,314,161
144,837	1,726,026
<u>(207,862)</u>	<u>(728,989)</u>
<u>3,232,450</u>	<u>3,311,198</u>

Gross carrying amount as at September 30, 2021

Cost
Accumulated Depreciation

3,863,314	3,717,995
<u>(630,864)</u>	<u>(406,797)</u>
<u>3,232,450</u>	<u>3,311,198</u>

9 INTANGIBLE ASSETS

Intangible - net book value

Note	Un-Audited	
	September 2021	June 2021
-----Rupees in '000-----		
9.1&9.2	<u>73,753</u>	<u>81,074</u>

9.1 Additions - intangibles (at cost)
Computer Software

Un-Audited	
September 2021	September 2020
-----Rupees in '000-----	

9.2 Amortization charge during the period

-	83,115
<u>7,317</u>	<u>6,453</u>

10 LONG TERM INVESTMENT

Investment in Subsidiary - Gul Ahmed International Limited FZC
Investment in Subsidiary - World Wide Developers (Pvt) Limited
Investment in Term Finance Certificate

Un-Audited	
September 2021	June 2021
-----Rupees in '000-----	
58,450	58,450
2,295,000	2,295,000
70,000	70,000
<u>2,423,450</u>	<u>2,423,450</u>

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances
Short term borrowings

Un-Audited	
September 2021	September 2020
-----Rupees in '000-----	
716,603	710,306
<u>(29,296,989)</u>	<u>(23,817,739)</u>
<u>(28,580,386)</u>	<u>(23,107,433)</u>

12 TAXATION

Provision for current taxation has been made on the basis of minimum tax liability and final taxation under the Income Tax Ordinance, 2001.

13 SEGMENT INFORMATION

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

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
- b) **Weaving:** Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.
- c) **Retail** On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.
- d) **Processing, Home Textile and Apparel** Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

13.1 Segment Profitability

	Spinning		Weaving		Retail		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Sept-2021	Sept-2020	Sept-2021	Sept-2020	Sept-2021	Sept-2020	Sept-2021	Sept-2020	Sept-2021	Sept-2020	Sept-2021	Sept-2020
Rs. 000s												
Sales	9,370,319	4,740,802	1,185,642	836,482	5,561,052	5,296,993	14,301,514	14,049,618	(6,069,874)	(5,265,687)	24,348,653	19,658,208
Cost of sales	6,624,537	4,220,681	959,905	663,255	4,120,836	4,011,594	13,835,354	12,510,618	(6,069,874)	(5,265,687)	19,470,758	16,140,461
Gross profit	2,745,782	520,121	225,737	173,227	1,440,216	1,285,399	466,160	1,539,000	-	-	4,877,895	3,517,747
Distribution cost and Administrative cost	85,588	44,151	30,255	27,504	1,372,786	1,010,580	877,292	689,706	-	-	2,365,921	1,771,941
Profit before tax and before charging following	2,660,194	475,970	195,482	145,723	67,429	274,819	(411,132)	849,294	-	-	2,511,974	1,745,806
Finance Cost											661,792	609,123
Other operating cost											202,889	262,404
Other income											122,263	33,433
Profit before taxation											985,944	904,960
Taxation											1,525,030	840,846
Profit after taxation											418,130	241,427
											1,106,900	599,419
Rs. 000s												
Depreciation and Amortisation Expense												
	259,187	231,353	102,687	80,467	294,335	235,480	258,276	214,258	-	-	914,485	761,558

13.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited Sept-2021	Un-Audited June 2021	Un-Audited Sept-2021	Un-Audited June 2021	Un-Audited Sept-2021	Un-Audited June 2021	Un-Audited Sept-2021	Un-Audited June 2021	Un-Audited Sept-2021	Un-Audited June 2021	Un-Audited Sept-2021	Un-Audited June 2021
Rs. 000s												
Assets	22,130,759	23,565,307	5,179,202	4,831,057	17,884,439	13,284,442	32,454,880	32,859,722	18,634,161	14,951,355	96,283,441	89,491,883
Liabilities	11,279,523	10,418,058	4,748,636	4,578,826	13,984,138	6,088,662	15,346,141	11,729,605	30,930,471	33,467,166	76,286,909	66,282,317
Segment Capital & Intangible Expenditure	385,888	4,664,705	167,084	618,138	150,645	281,167	2,261,858	1,377,839	37,395	513,958	3,002,870	7,455,807

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

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

13.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.2,636 million (Sept-2020: Rs. 3,449 million).

13.6 Information by geographical area

	Revenue		Non-current assets	
	Sep-21	Sep-20	Sep-21	Jun-20
	-----Rupees in '000-----			
Pakistan	12,965,209	7,840,036	39,565,843	37,149,861
Germany	2,731,274	4,746,239	-	-
United States	2,568,995	2,504,026	-	-
France	953,010	813,515	-	-
Netherlands	1,457,444	1,042,693	-	-
United Kingdom	1,112,206	380,354	-	-
Italy	462,466	269,028	-	-
Spain	202,719	196,068	-	-
China	198,044	232,568	-	-
Sweden	404,590	386,191	-	-
United Arab Emirates	60,909	5,581	58,450	58,450
Other Countries	1,231,787	1,241,909	-	-
	24,348,653	19,658,208	39,624,293	37,208,311

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	Un-Audited	
		Sep-21	Sep-20
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Sale of goods	728,942	587,123
	Sales through subsidiaries acting as agents	-	217,138
	Commission paid	33,978	76,004
Associated Companies and other related parties	Purchase of goods	5,608	-
	Sale of goods	-	99
	Services rendered	611	-
	Rent paid	2,190	15,729
	Fees paid	2,000	2,125
	Bills discounted	5,054,059	2,967,239
	Markup and other bank charges	42,842	29,125
	Company's contribution to provident fund	68,639	54,249

Relationship with the Company	Nature of outstanding balances	Un-Audited	Un-Audited
		Sep-21	Jun-21
		Rupees in '000	
Subsidiary companies	Long term investment	58,450	58,450
	Corporate guarantee issued in favour of subsidiary company	943,460	925,285
	Trade and other payables	-	8,161
	Accrued rent	1,950	-
	Trade debts	-	1,143,008
	Advances from Customer	-	-
	Loans, advances and other receivables	7,286,811	-
Associated companies and others related parties	Deposit with banks	44,239	52,393
	Borrowings from Banks	1,318,298	975,464
	Bank guarantee	1,102,162	1,102,162
	Trade and other payables	25,913	29,385
	Trade debts	-	3,681
	Loans, Advances And Receivables	-	79,381
	Accrued mark-up	5,895	752
	Advance to supplier	-	-
	Loans to key management personnel & executive	174,098	137,249
	Payable to employee's provident fund	22,075	31,942

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending September 30, 2021 amounting to Rs. 467.4 million (2020: Rs.335 million) on account of remuneration.

15 FAIR VALUES

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

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

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

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

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

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

16 CORRESPONDING FIGURES

For better presentation, certain reclassification have been made in the corresponding figures including following:

Reclassification from component		Reclassification to component	Amount Rs '000
Stores and spares consumed	Raw materials consumed		1,020,722
Administration - Provision for slow moving/obsolete items	Cost of sales- Provision for slow moving/obsolete items		3,860

17 DATE OF AUTHORISATION

These financial statements were authorised for issue on 28 October, 2021 by the Board of Directors of the Company.

18 GENERAL

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Consolidated Accounts

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Financial Position
As at September 30, 2021

	Note	Un-Audited September 2021	Un-Audited June 2021
Rupees in '000			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		7,500,000	7,500,000
750,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		5,133,535	4,277,946
513,353,556 ordinary shares of Rs. 10 each			
(June-21:427,794,630 ordinary shares of Rs. 10 each)			
Reserves		15,468,893	14,890,900
Equity attributable to the owners of the Holding Company		20,602,428	19,168,846
Non-controlling interest		1,883,317	1,878,442
Total equity		22,485,745	21,047,288
NON-CURRENT LIABILITIES			
Long term financing - Secured	4	19,391,597	18,571,409
Lease liability against right of use assets	5	3,250,135	3,279,223
Liability for Government Infrastructure Development Cess		1,164,684	1,325,299
Long term advances		82,845	82,435
Deferred taxation		251,415	-
Deferred government grant		110,279	142,003
Defined benefit plan-Staff gratuity		160,648	156,413
		24,411,603	23,556,782
CURRENT LIABILITIES			
Trade and other payables		18,256,266	14,620,838
Accrued mark-up/profit		396,433	341,473
Short term borrowings		29,787,308	29,610,876
Current maturity of long term financing	4	2,517,128	2,500,941
Current maturity of lease liability against right-of-use asset	5	590,266	568,220
Current maturity of deferred government grant		104,525	108,416
Unclaimed dividend		297,648	297,702
Unpaid dividend		7,323	23,505
Provision for taxation		2,263,724	293,631
		54,220,621	48,365,602
CONTINGENCIES AND COMMITMENTS			
	6	101,117,969	92,969,672
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	33,186,982	30,992,533
Right of use Assets	8	3,241,540	3,318,012
Investment Property		4,599,000	4,599,000
Intangible assets	9	214,046	218,472
Long Term investment	10	70,000	70,000
Long term loans and advances		63,343	83,057
Long term deposits		313,918	296,145
Deferred taxation		363,293	74,412
		42,052,122	39,651,631
CURRENT ASSETS			
Stores and spares		1,596,365	991,844
Stock-in-trade		32,777,247	31,567,468
Trade debts		13,399,086	11,793,214
Loans, advances and other receivables		4,010,866	3,732,518
Short term prepayments		90,213	167,724
Receivable from Government		6,063,084	4,087,419
Cash and bank balances	11	1,128,986	977,854
		59,065,847	53,318,041
		101,117,969	92,969,672

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Profit or Loss
For the Quarter Ended September 30, 2021

	Un-Audited	
	Quarter Ended	
	September 2021	September 2020
	-----Rupees in '000-----	
Sales - net	24,646,257	20,322,550
Cost of sales	19,604,297	16,626,029
Gross profit	5,041,960	3,696,521
Distribution cost	1,689,748	1,112,460
Administrative cost	793,344	754,989
Other operating cost	202,889	109,509
	2,685,981	1,976,958
	2,355,979	1,719,563
Other income	(95,276)	(188,144)
Operating profit	2,260,703	1,531,419
Finance cost	668,817	591,302
Profit before taxation	1,591,886	940,117
Taxation	424,996	242,959
Profit after taxation	1,166,890	697,158
Attributable to:		
Equity holders of Parent Company	1,166,859	694,872.0
Non-controlling interest holders	31	2,286.0
	1,166,890	697,158.0
Earning per share - basic and diluted (Rs.)	2.73	1.63
		Re-stated

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Comprehensive Income
For the Quarter Ended September 30, 2021

Un-Audited	
Quarter Ended	
September 2021	September 2020
Rupees in '000	

Profit after taxation	1,166,890	697,158
Other comprehensive income for the period		
Items that will be reclassified to profit and loss account subsequently	-	-
Exchange difference on translation of foreign subsidiaries	266,722	(9,327)
Total comprehensive income	1,433,612	687,831
Attributable to:		
Equity holders of Parent Company	1,433,612	-
Non-controlling interest holders	31	-
	1,433,643	-

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Consolidated Statement of Changes in Equity
For the Year Ended June 30, 2021

	Share capital	Capital reserve - Share Premium	Exchange difference on translation of foreign subsidiaries	Reserves		Total equity attributable to the owners of Holding Company	Non-Controlling Interest	Total Equity
				Revenue reserve	Unappropriated profit			
				Statutory reserve created by foreign subsidiary (Note 5.4)				
(Rs. 000s)								
Balance as at July 1, 2020	4,277,946	692,424	362,728	19,827	9,091,217	10,166,196	1,883,317	16,327,459
Total comprehensive income								
Profit after taxation for quarter ended September 30, 2020	-	-	-	-	694,872	694,872	-	694,872
Other comprehensive income	-	-	(88,500)	-	-	(88,500)	-	(88,500)
	-	-	(88,500)	-	694,872	606,372	-	606,372
Balance as at June 30, 2021	4,277,946	692,424	274,228	19,827	9,786,089	10,772,568	1,883,317	16,933,831
Transactions with owners								
Interim dividend for nine months ended 30 March, 2021	-	-	-	-	(427,795)	(427,795)	-	(427,795)
Total comprehensive income for the year ended June 30, 2021								
Profit after taxation	-	-	-	-	4,576,099	4,576,099	(4,875)	4,571,224
Other comprehensive income	-	-	(47,586)	-	17,615	(29,971)	-	(29,971)
	-	-	(47,586)	-	4,593,714	4,546,128	(4,875)	4,541,253
Balance as at June 30, 2021	4,277,946	692,424	226,642	19,827	13,952,008	14,890,901	1,878,442	21,047,289
Profit after taxation					1,166,859	1,166,859	4,875	1,171,734
Other comprehensive income					266,722	266,722		266,722
	-	-	-	-	1,433,581	1,433,581	4,875	1,438,456
	4,277,946	692,424	226,642	19,827	15,385,589	16,324,482	1,883,317	22,485,745

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Quarter Ended September 30, 2021

Note	Un-Audited	
	Quarter Ended	
	September 2021	September 2020
	-----Rupees in '000-----	

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	1,591,886	940,117
Adjustments for:		
Depreciation on property, plant and equipment	699,609	756,327
Depreciation on right-of-use assets	208,977	
Amortisation	9,905	8,997
Provision for gratuity	21,334	20,537
Finance cost	661,792	591,302
Finance cost on leased liability against right of use asset	75,632	-
Provision for slow moving/obsolete stores		
spares and loose tools	38,113	6,299
Impairment allowance against doubtful trade debts	17,284	28,234
Net Loss on disposal of property, plant and equipment	133,724	36,667
	<u>1,866,371</u>	<u>1,448,363</u>

Cash flows from operating activities before adjustments of working capital	3,458,257	2,388,480
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Changes in working capital:		
Increase in current assets		
Stores and spares	29,854	(194,032)
Stock-in-trade	(1,740,455)	2,094,265
Trade debts	(1,588,588)	(4,306,792)
Loans, advances and other receivables	(278,346)	(568,166)
Short term prepayments	77,511	92,577
Refunds due from Government	(1,975,665)	(804,953)
	<u>(5,475,689)</u>	<u>(3,687,101)</u>
Increase in current liabilities		
Trade and other payables	3,624,619	3,776,202
	<u>(1,851,070)</u>	<u>89,101</u>
Cash generated from operations before adjustment of following	<u>1,607,187</u>	<u>2,477,581</u>

Adjustment for:		
Gratuity paid	(17,099)	(21,040)
Finance cost paid	(606,832)	(652,213)
Income tax paid or deducted	1,416,367	(172,739)
Increase/(decrease) in long term loans and advances	19,714	(4,608)
Decrease/(increase) in long term deposits	(23,546)	126,716
	<u>788,604</u>	<u>(723,884)</u>
Net cash generated from operating activities	<u>2,395,791</u>	<u>1,753,697</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Addition to property, plant and equipment	(3,051,376)	(3,704,900)
Addition to intangible assets	-	-
Proceeds from sale of property, plant and equipment	78,557	62,479
Long term Investment	-	-
Net cash used in investing activities	<u>(2,972,820)</u>	<u>(3,642,421)</u>
Balance carried forward	<u>(577,029)</u>	<u>(1,888,724)</u>

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Quarter Ended September 30, 2021

Note	Un-Audited	
	Quarter Ended	
	September	September
	2020	2019
-----Rupees in '000-----		

Balance brought forward (577,029) (1,888,724)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained	1,207,082	3,851,138
Long term financing repaid	(406,322)	-
Payments against lease liability against right of use asset	(232,795)	(80,824)
Dividend paid	(16,236)	(25)
Net cash generated from/(used in) financing activities	551,729	3,770,289
Exchange difference on translation of foreign subsidiaries	-	(88,500)
Net decrease in cash and cash equivalents	(25,300)	1,793,065
Cash and cash equivalents - at the beginning of the period	(28,633,022)	(25,222,229)
Cash and cash equivalents - at the end of the period	11 (28,658,322)	(23,429,164)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Consolidated
Financial Statements (Un-audited)
For the Quarter Ended September 30, 2021

1 LEGAL STATUS AND ITS OPERATIONS

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

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

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

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

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

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

1.2 Basis of consolidation

The financial information include the financial information of the Group.

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

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

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

Details of Subsidiaries

<u>Name</u>	<u>Country of Incorporation</u>
Gul Ahmed International Limited FZC	U.A.E
GTM (Europe) Limited - Indirect subsidiary	U.K
GTM USA - Indirect subsidiary	U.S.A
Sky Home- Indirect Subsidiary	U.S.A
Vantona Home Limited-Indirect Subsidiary	U.K
JCCO 406 Limited-Indirect Subsidiary	U.K
Worldwide Developers (Pvt) Limited-Direct subsidiary	Pakistan

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

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

<u>Area</u>	<u>Address</u>
14.9 Acres	Survey No.82, Deh Landhi ,Karachi
18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
2 Kanal,19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg Lahore
4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi

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

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

1.5 As at September 30, 2021, the Group has 63 retail outlets, 27 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (June-2020:64 retail outlets, 29 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises).

2 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position of Gul Ahmed Textile Mills Limited, its direct subsidiary Worldwide Developers (Pvt.) Limited and its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Vantona Home Limited which is the wholly owned subsidiary of GTM (Europe) Limited and JCCO 406 Limited which is the wholly owned subsidiary of GTM (Europe) Limited as at September 30, 2021 and the related consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof for the period then ended. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

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

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

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

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of Financial Position as at September 30, 2021 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the quarter ended September 30, 2021.

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

These condensed interim consolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2021.

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

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the quarter ended September 30, 2021

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2021; however, these do not have any significant impact on these consolidated condensed interim financial statements hence not detailed.

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

The Group's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2021.

4 LONG TERM FINANCING - SECURED

Opening balance
Add: Obtained during the period / year
Less: Repaid during the period / year
Less: Fair value differential - Government grant

Un-Audited September 2021	Un-Audited June 2021
-----Rupees in '000-----	
21,065,372	13,872,691
1,417,433	7,742,851
(406,322)	(167,588)
(167,758)	(375,604)
21,908,725	21,072,350
(2,517,128)	(2,500,941)
19,391,597	18,571,409

Less: Current portion shown under current liabilities

5 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Present value of lease payments as at July 01, 2021
Additions
Accretion of interest
Payments
As at Sep 30, 2021

Un-Audited September 2021	Un-Audited June 2021
-----Rupees in '000-----	
3,851,100	2,607,438
147,389	1,726,026
75,694	342,232
(233,782)	(828,253)
3,840,401	3,847,443
590,266	568,220
3,250,135	3,279,223
3,840,401	3,847,443

Current
Non -Current

5.1 Lease liabilities are payable as follows

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

Minimum Lease payments	Interest	Present value of minimum lease payments
-----Rs. 000s-----		
956,182	358,948	597,234
2,961,635	812,904	2,148,731
1,348,183	253,748	1,094,435
5,266,000	1,425,600	3,840,401

6 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2020 remained unchanged during the current period except following;

Guarantees

- Guarantees of Rs. 1,604 million (June-2021: Rs. 1,526 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 1,102 million (June-2021: Rs.1,102 million).
- Post dated cheques of Rs. 3,488 million (June-2021: Rs. 3,752 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- Bills discounted Rs. 7,059 million (June-2021: Rs. 4,885 million).
- Corporate guarantee of Rs 156.4 million (June-2021: Rs. 149.1 million) Rs.633.6 million (June-2021: Rs. 633.6 million) and Rs. 153.4 million (June-2021: Rs. 142.4 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- The Group is committed for capital expenditure as at September 30, 2021 of Rs. 4,599 million (June-2020: Rs. 5,312.5 million).

Note	Un-Audited September 2021	Un-Audited June 2021
Rupees in '000		

7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	25,276,867	24,867,814
Capital work in progress (CWIP)	7.4	7,910,115	6,166,218
		<u>33,186,982</u>	<u>31,034,032</u>

Note	Un-Audited September 2021	Un-Audited September 2020
Rupees in '000		

7.1 Additions during the period

Buildings and structures on leasehold land	284,385	155,300
Plant and machinery	1,108,576	267,732
Furniture and fixtures	3,488	2,564
Office equipment	27,345	30,840
Vehicles	12,996	6,783
	<u>1,436,790</u>	<u>463,219</u>

8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.177.6 million (2019: Rs.43.8 million)

Un-Audited September 2021	Un-Audited September 2020
Rupees in '000	

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

Plant and machinery	206,492	95,435
Vehicles	5,280	3,708
	<u>211,772</u>	<u>99,143</u>

Note	Un-Audited September 2021	Un-Audited September 2020
Rupees in '000		

7.3 Depreciation charge during the period

<u>720,876</u>	<u>613,915</u>
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7.4 Additions - capital work in progress (at cost)

Machinery	639,781	2,923,370
Building	1,013,055	495,913
Others	-	-
	<u>1,652,836</u>	<u>3,419,283</u>

Un-Audited September 2021	Audited June 2021
Rupees in '000	

8 RIGHT OF USE ASSETS

Recognition as at July 01, 2020	3,295,475	2,323,849
Additions	154,525	1,726,026
Depreciation expense	(208,460)	(731,290)
Foreign currency retranslation difference	-	(573)
Net book value as at September 30, 2020	<u>3,241,540</u>	<u>3,318,012</u>
Gross carrying amount as at September 30, 2020		
Cost	3,873,002	3,729,424
Accumulated Depreciation	(631,462)	(411,384)
Foreign currency retranslation difference	-	(28)
	<u>3,241,540</u>	<u>3,318,012</u>

9 INTANGIBLE ASSETS

Intangible - net book value	9.1 & 9.2	214,046	218,472
		<u>214,046</u>	<u>218,472</u>

Un-Audited September 2021	Audited September 2020
Rupees in '000	

9.1 Additions - intangibles (at cost)	-	-
Computer Software		
9.2 Amortisation charge during the period	<u>9,905</u>	<u>8,997</u>

10 LONG TERM INVESTMENT

Un-Audited September 2021	Audited June 2021
Rupees in '000	
Investment in Term Finance Certificate	70,000
	<u>70,000</u>

Un-Audited September 2021	Audited September 2020
Rupees in '000	

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances	1,128,986	921,284
Short term borrowings	(29,787,308)	(24,350,448)
	<u>(28,658,322)</u>	<u>(23,429,164)</u>

12 TAXATION

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

13 SEGMENT INFORMATION

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

- Spinning :
- Weaving :
- Processing, Home Textile and Apparel:
- Processing, Home Textile and Apparel:
- Subsidiary Companies:

Transactions among the business segments are recorded at cost.

13.1 Segment profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (EQ:UAE)		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total		
	Sep-2021	Sep-2020	Sep-2020	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020	
	Rupees '000																										
Sales:	9,370,319	4,740,802	1,185,642	856,482	5,296,060	14,301,514	14,040,618	17,778	77,369	555,866	620,672	-	-	66,873	55,591	-	-	306,029	464,797	-	-	(6,731,943)	(5,772,182)	24,646,257	20,322,550		
Cost of sales:	6,624,537	4,720,601	890,990	515,000	3,103,314	12,035,314	12,510,618	12,403	67,007	495,359	500,029	-	-	56,714	10,076	-	-	440,490	470,742	-	-	(6,090,537)	(5,501,400)	19,604,297	16,620,029		
Gross profit	2,745,782	520,121	294,652	341,482	2,192,746	2,266,200	1,530,000	466,160	1,530,000	5,315	16,361	62,557	41,040	-	10,659	17,862	-	-	(62,271)	(10,445)	-	-	154,346	132,216	5,041,960	3,699,521	
Distribution cost and administrative costs:	85,500	44,151	30,255	27,524	1,372,786	1,010,550	877,792	690,796	6,544	11,114	41,605	27,714	-	-	15,167	12,146	42	710	53,767	48,142	46	540	-	8,000	2,403,892	1,872,645	
Profit/(loss) before tax and before charging the following:	2,660,184	475,970	264,397	313,958	67,429	274,615	(411,132)	(62,264)	(1,229)	(2,753)	20,862	14,906	-	-	(4,508)	4,707	(42)	(750)	(116,078)	(11,687)	(46)	(540)	158,304	(124,216)	2,403,892	1,870,022	
Other operating costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit before taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
First year taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation and Amortisation Expense	250,187	201,150	102,687	80,467	290,902	274,480	215,799	216,245	1,462	1,161	429	610	-	-	1,760	-	-	-	346	-	-	-	-	-	918,491	766,124	
Segment assets and liabilities	202,880	109,200	55,276	185,144	659,817	651,302	955,802	942,117	1,391,886	1,402,117	1,301,604	1,327,249	-	-	106,548	109,690	1,033	10,333	290,970	429,644	451,155	453,754	30,056,970	36,305,274	78,804,626	79,470,270	

13.6 Information by geographical area

	Revenue		Non-current assets	
	For the first quarter ended (Un-audited)		Un-Audited	Un-Audited
	Sep - 2021	Sep - 2020	Sep - 2021	Jun - 2021
-----Rupees in '000-----				
Pakistan	12,965,209	7,840,036	41,874,493	39,469,237
Germany	2,731,274	4,746,239	-	-
United States	2,568,995	2,944,260	5,770	9,988
Netherlands	953,010	1,042,693	-	-
Italy	1,457,444	269,028	-	-
United Kingdom	1,451,835	527,094	122,860	125,408
Spain	462,466	196,068	-	-
France	202,719	813,515	-	-
Sweden	198,044	386,191	-	-
China	404,590	232,568	-	-
United Arab Emirates	60,909	82,949	48,999	46,998
Other Countries	1,189,762	1,241,909	-	-
Total	24,646,257	20,322,550	42,052,122	39,651,631

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Group	Nature of transactions	Un-Audited	
		Sep - 2021	Sep - 2020
		Rupees in '000	
Associated Companies and other related parties	Purchase of goods	5,608	-
	Sale of goods	611	99
	Rent paid	2,190	15,729
	Fees paid	2,000	2,125
	Bills discounted	5,054,059	2,967,239
	Markup and other bank charges	42,842	29,125
	Holding Company's contribution to provident fund	68,639	54,249
Relationship with the Group	Nature of outstanding balances	Un-Audited	
		Sep - 2021	Jun - 2021
		Rupees in '000	
Associated companies and others related parties	Deposit with banks	44,239	52,393
	Borrowings from Banks	1,318,298	975,464
	Bank guarantee	1,102,162	1,102,162
	Trade and other payables	25,913	29,385
	Trade debts	-	3,681
	Accrued mark-up	5,895	752
	Loans, Advances And Receivables	-	79,381
	Loans to key management personnel & executive	174,098	137,249
	Payable to Holding Company's employee's provident fund	22,075	31,942

There are no transactions with directors of the Holding Company and key management personnel other than under the terms of employment for the period ending September 30, 2021 amounting to Rs.467.4 million (September 30, 2020: Rs.335 million) on account of remuneration.

15 FAIR VALUES

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

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

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

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

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

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

16 CORRESPONDING FIGURES

For better presentation, certain reclassification have been made in the corresponding figures including following:

Reclassification from component	Reclassification to component	Amount Rs '000
Stores and spares consumed	Raw materials consumed	1,020,722
Administration - Provision for slow moving/obsolete items	Cost of sales- Provision for slow moving/obsolete items	3,860

17 DATE OF AUTHORISATION

These financial statements were authorised for issue on 28 October, 2021 by the Board of Directors of the Group.

18 GENERAL

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer