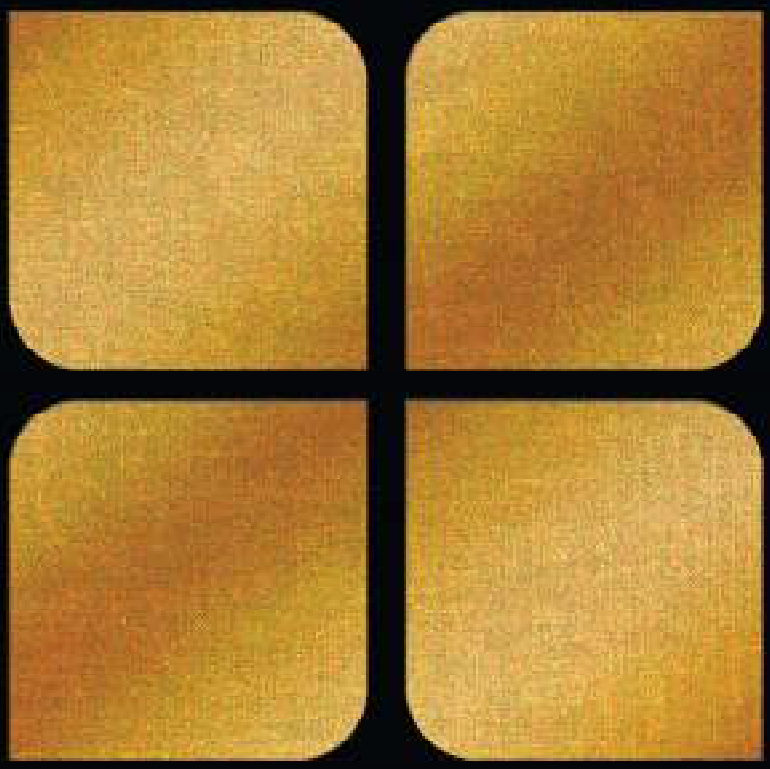
The Gul Ahmed Way



ANNUAL REPORT 2016

GulAhmed

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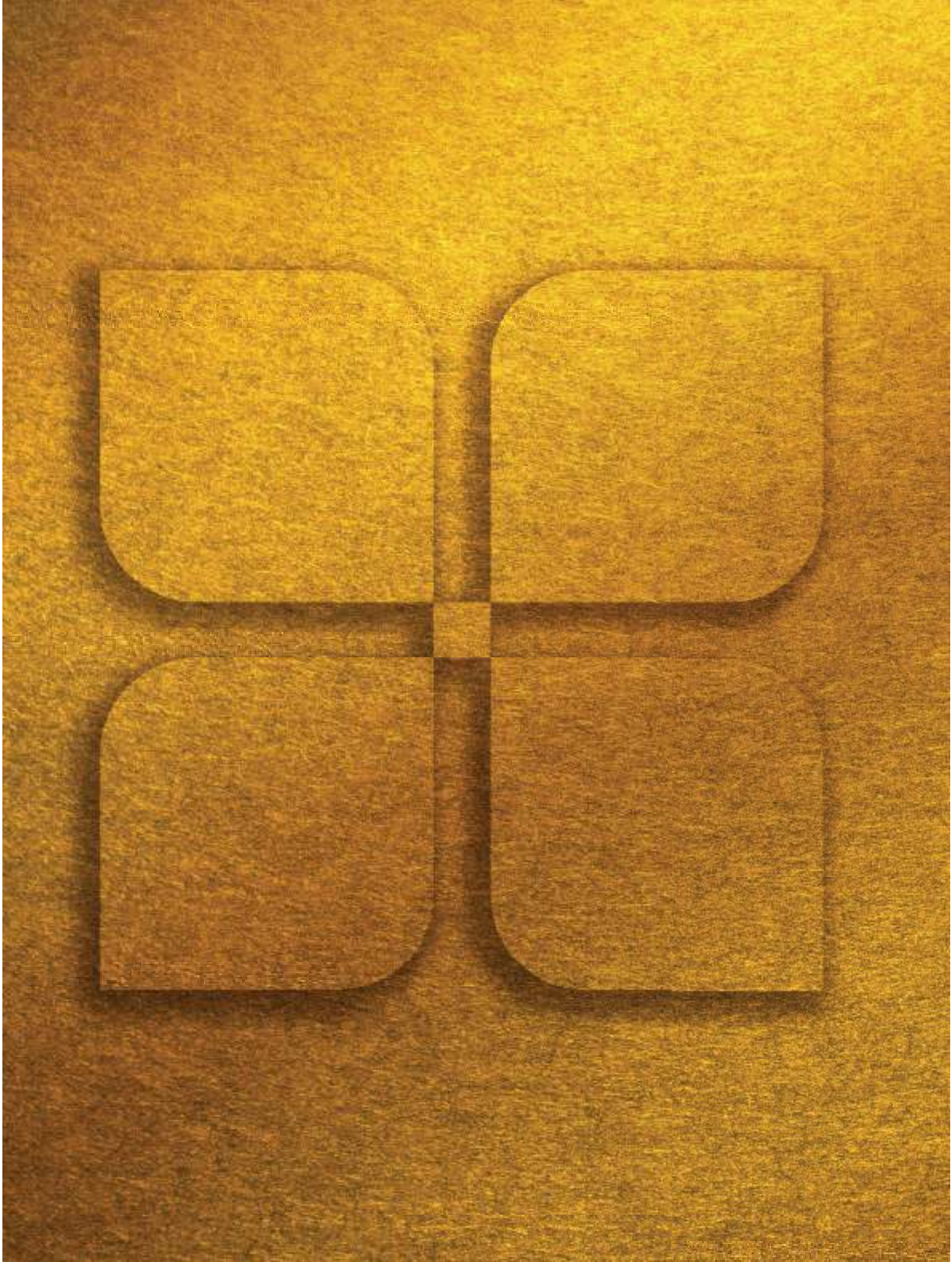

Unflinching Commitment
Uncompromising Integrity
Unstoppable Potential

These are the tenets we believe in
& our beliefs are what make all the difference
because our beliefs are what make us

GUL AHMED

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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
	S.M. Nadim Shafiqullah	- Independent Director
	Dr. Amjad Waheed	- Independent Director
	Ehsan A. Malik	- Independent Director
CHIEF FINANCIAL OFFICER	Mohammed Saleem Sattar	
COMPANY SECRETARY	Mohammed Salim Ghaffar	
AUDIT COMMITTEE	S.M. Nadim Shafiqullah	- Chairman & Member
	Mohomed Bashir	- Member
	Dr. Amjad Waheed	- Member
	Mohammed Salim Ghaffar	- Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mohomed Bashir	- Chairman & Member
	Zain Bashir	- Member
	S.M. Nadim Shafiqullah	- Member
	Mohammed Salim Ghaffar	- Secretary
BANKERS	Allied Bank Limited Bank Al Habib Limited Askari Bank Limited Al Baraka Bank (Pakistan) Limited Bank Alfalah Limited Bank Islami Pakistan Limited Burj Bank Limited The Bank Of Punjab Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Mcb Bank Limited Meezan Bank Limited National Bank Of Pakistan Nib Bank Limited Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
AUDITORS	Kreston Hyder Bhimji & Co. Chartered Accountants	
INTERNAL AUDITORS	Grant Thornton Anjum Rahman Chartered Accountants	
LEGAL ADVISORS	A.K. Brohi & Co. Advocates	
REGISTERED OFFICE	Plot No. 82, Main National Highway, Landhi, Karachi-75120	
SHARE REGISTRAR	Famco Associates (Private) Limited 8-F, 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	
EMAIL	finance@gulahmed.com	
URL	www.gulahmed.com	

Collins
Collins

Our Belief Sets Us Apart

Dear Stakeholders

It gives me immense pleasure to apprise our valued stakeholders that during the prior year (2015-2016) your Company not only accomplished the growth target but met all the expectations and has pathways for future growth, with investments right across its different manufacturing facilities and an increased presence in the market. We are standing at a place to carry on serving our valued stakeholders. The impressive financial results have enabled the management to make impressive dividend payout and our valued shareholders whole-heartedly participated in the right issue made during the year.

Undoubtedly 2016 has been a tempestuous year, with declining exports and low oil prices having a far-reaching impact on various economies. Furthermore, the textile industry has also been affected due to the slow down and falling commodity prices in its export markets. Despite these challenges, the skilled and innovative team of Gul Ahmed Textile Mills Limited remained determined and focused to face all challenges, and found the solutions to keep us forging ahead on our journey of growth and achievement.

This success is underpinned by two of our core businesses, home textile and apparel, which are being exported world over and locally through our retail chain under our brand name of IDEAS, supplemented by online sales and distribution of our products in the local market. The Company has maintained its market share in the export market and is now enjoying a stronger presence and share, as well as improved profitability. This has been achieved by replacing the old manufacturing setup with latest machinery, process reengineering, and increased skill levels of our labor. Alhamdulillah, we were able to maintain our export business despite declining exports across the country, especially within the textile industry. This decline is due to reasons well known to everyone, however, we have adapted the strategy to increase our share in the local market by investing in our presence all over the country and marketing extensively to further strengthen our brand image. The same is to be achieved by enhancing product varieties as well as deep-rooted marketing plans with thorough knowledge of the customer.

Aside from performance indicators, we value the social responsibilities of the Company. To this end we are continuously standing alongside the public to improve societal necessities. Education and health are the key areas where we are keen to stand by the Pakistani people. You may notice initiative and participation by the Company in the following pages.

We are driven by our values; Integrity, Passion, Creativity and Teamwork. These values have guided us to the growth we enjoy today, and we shall endeavor to continue the momentum in the years to come. Gul Ahmed Textile Mills Limited is represented by a family of valued employees and respectable non-executive board members, and we look forward to another promising year where we are poised to avail the opportunities before us. I am extremely proud and thankful to the executive management and employees for their contribution throughout the year.

I also appreciate and greatly value the tremendous trust the customers and shareholders have shown. Finally, I would like to express my thanks to our bankers and other stakeholders for their contributions towards the continued growth of the Company.

WE BELIEVE IN TEAMWORK

Board of Directors

MOHOMED BASHIR
CHAIRMAN

ZAIN BASHIR
VICE CHAIRMAN/EXECUTIVE DIRECTOR

MOHAMMED ZAKI BASHIR
CHEIF EXECUTIVE OFFICER

ZIAD BASHIR
NON-EXECUTIVE DIRECTOR

S.M. NADIM SHAFIQULLAH
INDEPENDENT DIRECTOR

DR.AMJAD WAHEED
INDEPENDENT DIRECTOR

EHSAN A. MALIK
INDEPENDENT DIRECTOR

Ideas

WE BELIEVE IN GROWTH

With over 70 locations across the country and rapidly growing, Gul Ahmed endeavors to enrich customers with an unmatched shopping experience. This year our footprint has grown to include an expansive and elegant new flagship store on M.M. Alam Road in Lahore.

WE BELIEVE IN INNOVATION

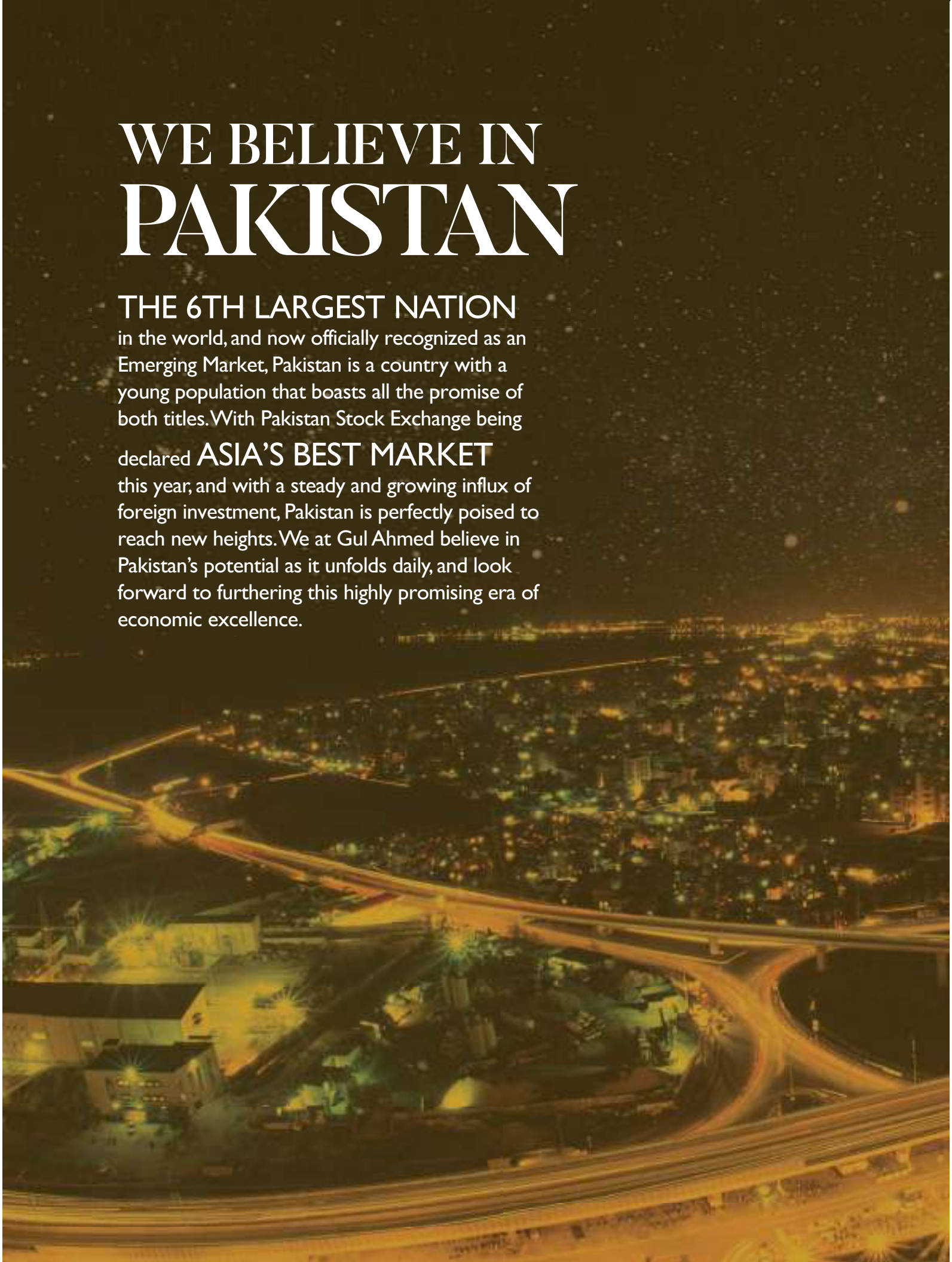
Our new digital printing factory is equipped with 5 state of the art machines that deliver excellence in digital printing.

MS JPK evo

EVERLAST

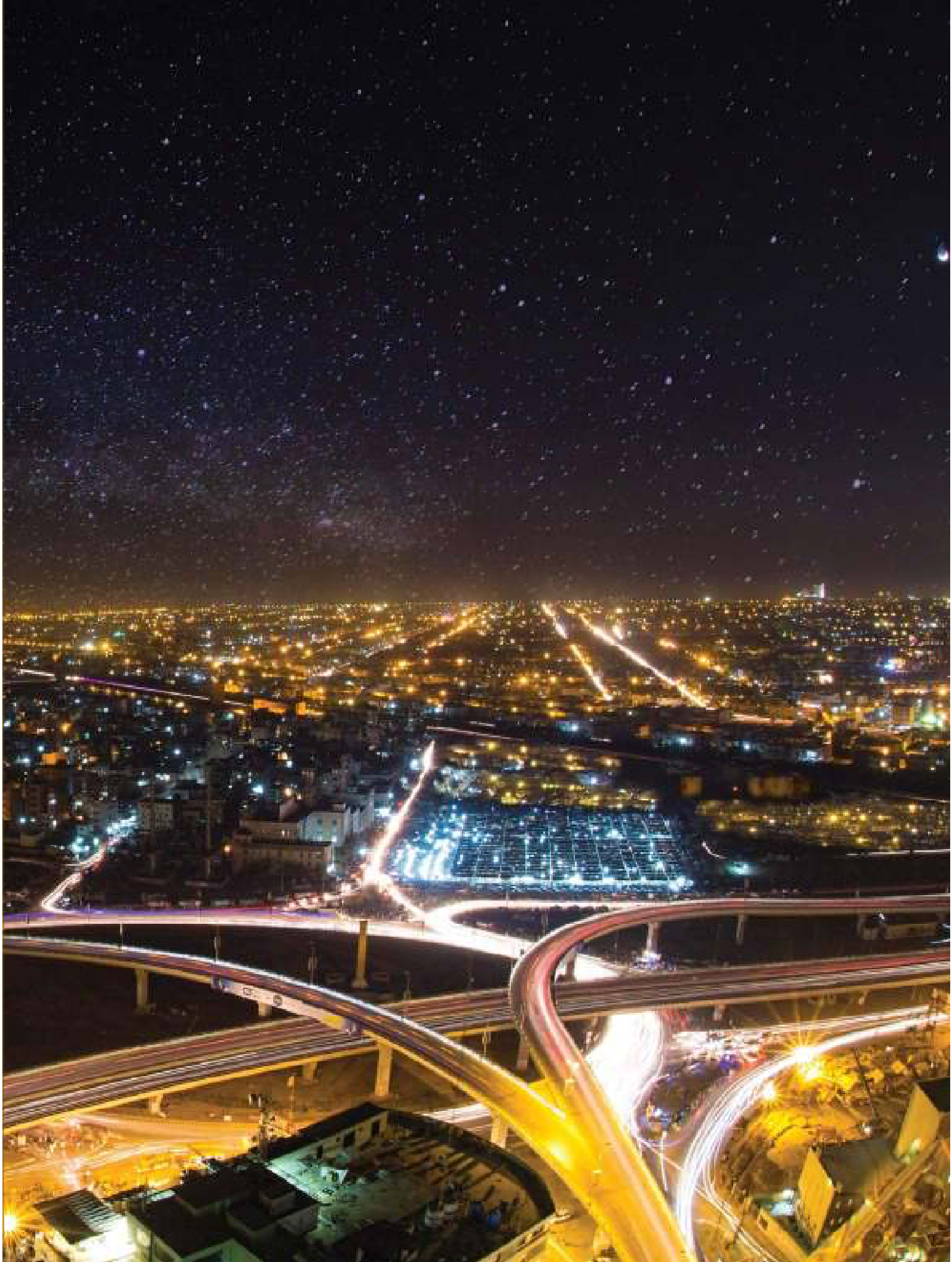
WE BELIEVE IN RESPONSIBILITY

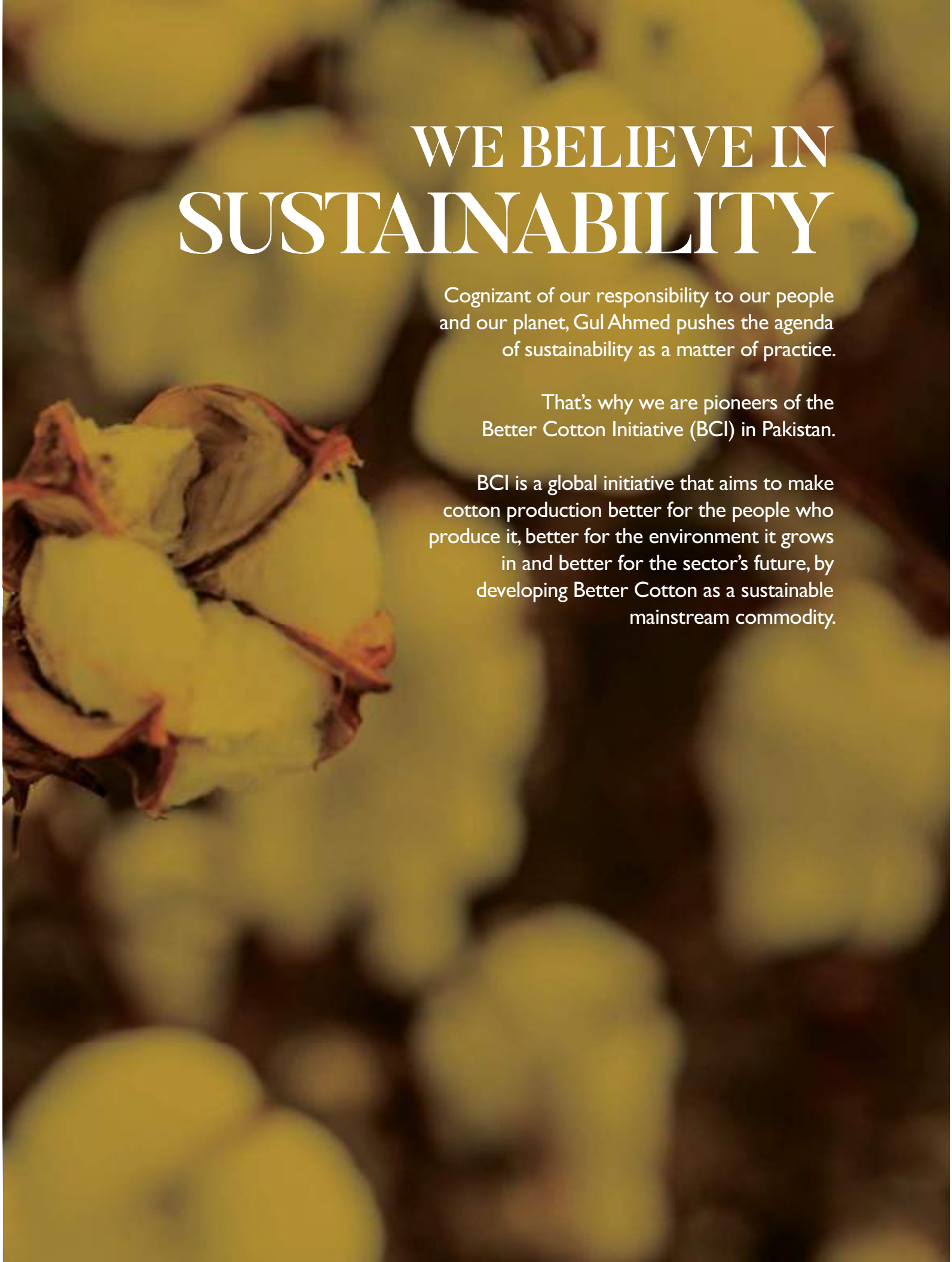
We are proud to have invested in Pakistan's first-ever boxing ring for women in Lyari. This ring not only provides an essential training ground for future female boxers, but also allows the women and girls of Lyari a safe space of recreation and respite from the hard realities of the often-cruel world around them.



WE BELIEVE IN PAKISTAN

THE 6TH LARGEST NATION in the world, and now officially recognized as an Emerging Market, Pakistan is a country with a young population that boasts all the promise of both titles. With Pakistan Stock Exchange being declared ASIA'S BEST MARKET this year, and with a steady and growing influx of foreign investment, Pakistan is perfectly poised to reach new heights. We at Gul Ahmed believe in Pakistan's potential as it unfolds daily, and look forward to furthering this highly promising era of economic excellence.





WE BELIEVE IN SUSTAINABILITY

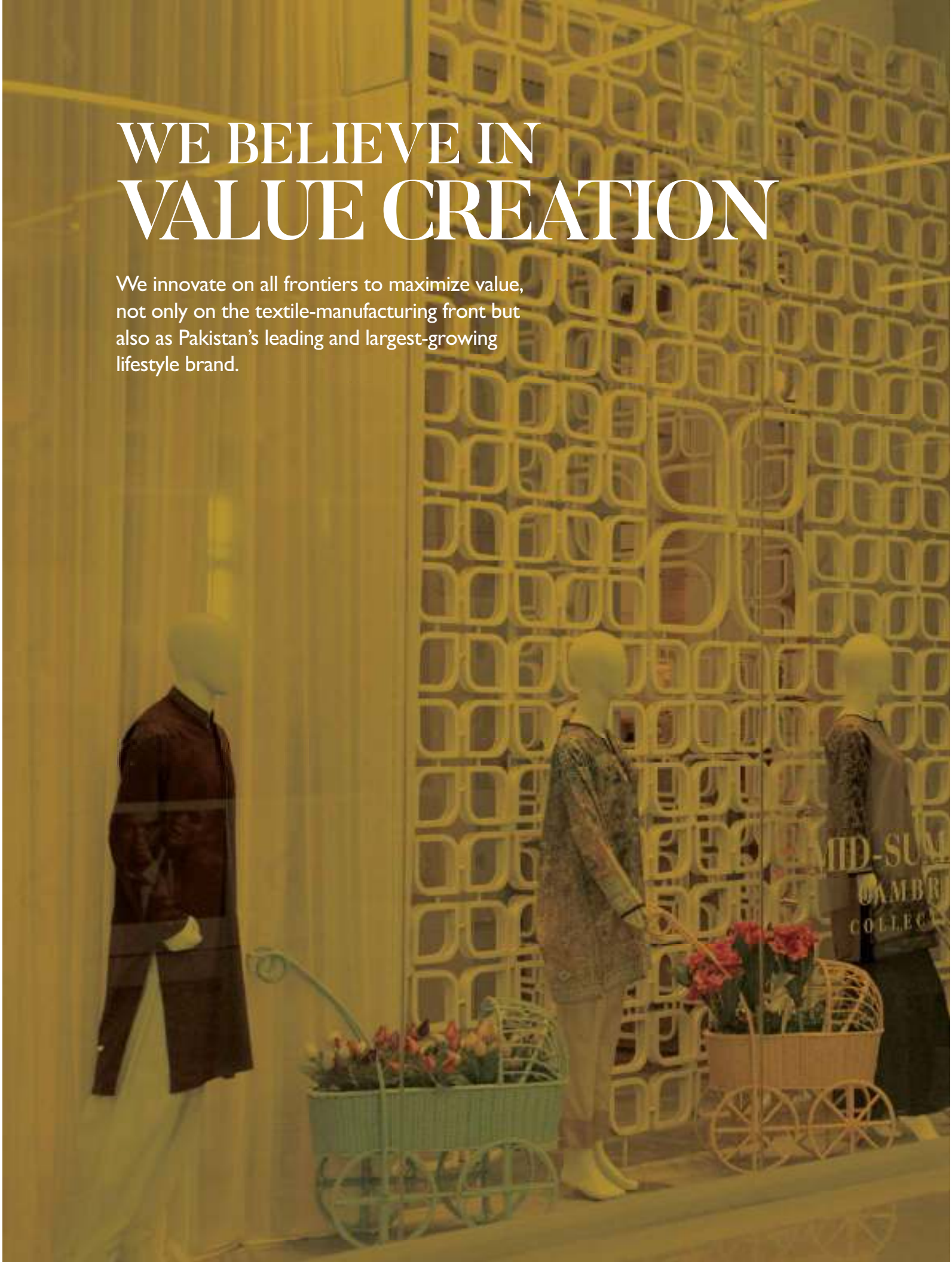
Cognizant of our responsibility to our people and our planet, Gul Ahmed pushes the agenda of sustainability as a matter of practice.

That's why we are pioneers of the Better Cotton Initiative (BCI) in Pakistan.

BCI is a global initiative that aims to make cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future, by developing Better Cotton as a sustainable mainstream commodity.

WE BELIEVE IN VALUE CREATION

We innovate on all frontiers to maximize value, not only on the textile-manufacturing front but also as Pakistan's leading and largest-growing lifestyle brand.



Ideas
by Gul Ahmed

We Believe In Achievement

We believe in excellence

Gul Ahmed's new state-of-the-art warehouse in Port Qasim is built on 200,000 square feet and stores finished products for export. Our new warehouse ensures delivery security and is an emblem of our continual effort to deliver excellence across all parameters.

We believe in customer service

Customer Service begins with empowering the customer with the convenience of accessibility. With over 70 locations across the country and still growing, Ideas has opened 8 new stores in 2016 with a flagship store on M.M.Alam Road covering 9,000 square feet.

We believe in progress

Gul Ahmed's modern stitching unit sees cloth automatically spread out and cut through sophisticated machinery. Equipped with the benefit of high-speed precision embroidery machines, our trained workforce molds the fabrics into different designs for varying requirements across our diverse markets.

We believe in technology

Our leading edge spinning plant is fully equipped with best-in-class spindles and high-tech weaving machines that deliver mammoth production capabilities daily.

We believe in distinction

Gul Ahmed has attained leadership in the domestic and international market through our premium quality products. This leadership is evidence by a number of awards that have been presented to us, the Best Ikea Supplier Quality Award and the Pakistan France Performance Award being amongst them.

We are proud to be the largest Home Fashion exporter to the European Union consistently for the last 25 years.

We believe in being environmentally friendly

Gul Ahmed believes in protecting the environment. To this end Gul Ahmed has set up a wastewater treatment plant to treat 100% of our effluent, bringing it to NEQS levels.

We Believe In Ideas For A Better Tomorrow

We believe all mothers should be celebrated

This Mothers Day we decided to spread love and gratitude to mothers who seldom receive it. We spent the day at Great Home, an Old Age Home that hosts elderly women abandoned by their families, and made their day special through a grand cake cutting ceremony.

We believe in celebrating our nation

We celebrated Pakistan Day with the little ones this year to nurture their sense of responsibility and love for the nation.

We believe in enabling women

We are proud to have invested in Pakistan's first-ever boxing ring for women in Lyari. This ring not only provides an essential training ground for future female boxers, but also allows the women and girls of Lyari a safe space of recreation and respite from the hard realities of the often-cruel world around them.

We believe in bringing change

Gul Ahmed is collaborating with Pink Ribbon to help fight against breast cancer in Pakistan. We endeavor to use our extensive network of stores as a platform to spread awareness of this fatal disease, and leverage our relationship with Pakistani women to draw necessary attention to the cause.

We believe in empowering women

Gul Ahmed is a proud partner of the United Nations Development Programme. Each month we hire and train 50 underprivileged women across varying disciplines. From operating machinery to fine embroidery, we train these women with skills that will enable them for a lifetime of self-sufficiency.

آغا خان یونیورسٹی
THE AGA KHAN UNIVERSITY

Habib University
shaping futures

We believe in health & education

At Gul Ahmed we believe investment in the healthcare and education sectors is key to a brighter future for our nation. We have contributed to Aga Khan University Hospital's Paediatric Intensive Care Unit to facilitate healthcare provision. Our contributions have been recognized through the Aga Khan Award.

We have also invested in the education of underprivileged students through the Habib University Scholarship Programme.

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:

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

Strategies

- Leading through innovation
- Creating shareholder value by securing highest growth rates in terms of sales and earnings per share
- Diversification of products is the core strategy. The Company must fulfil requirements of different customers looking at the latest fashion trends.
- Multi-brand strategy
- Invest in state of the art machinery to ensure quality
- 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

Tactics

- Outsourcing
- Promoting the environment of innovation and teamwork. Nurturing of creative talent and skills in order to develop valuable human capital that can visualise and create new fashion trends
- Retain and hire competent and experienced staff/workers at competitive remuneration and benefits
- Ensuring maximum recycling of waste, saving of energy and water and minimum possible carbon emissions
- Continuous improvement of systems and processes to enable greater output at minimum cost

Statement of Business Conduct and Ethics Code

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

ETHICAL DECISION MAKING

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

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

If the answer is "No" to any of these questions, don't do it.

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

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

COMPLIANCE WITH LAWS, POLICIES AND PROCEDURES

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

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

INTEGRITY AND RESPECT FOR OTHERS

1. Directors/employees shall conduct their activities with the highest principles of integrity, truthfulness, objectivity and honor.

2. Directors/employees shall neither use their position to engage in unfair, deceptive or misleading practices nor shall they offer, promise or provide anything to a customer or supplier in exchange for an inappropriate advantage for himself or even for the Company.

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

CONFIDENTIALITY

1. Directors/employees shall not use or disclose the Company's trade secrets, proprietary information, or any other confidential information gained in the performance of duty.

2. Every employee must be cautious and discreet when using information categorized as "classified" or "confidential-restricted access." Such information should be shared only with the Company's employees who have a legitimate "need to know." Outside parties should have access to such information only if they are under binding confidentiality agreements and have a "need to know."

3. Similarly, when handling sensitive information that has been entrusted to our Company by others, we must always treat it with the maximum care. Doing so, it can protect the Company from potential liability.

4. We must also comply with all laws, regulations and contractual commitments regarding the valid and enforceable intellectual property rights of third parties, including patents, copyrights, trade secrets and other proprietary information.

5. If anyone has a question about the use of patented or proprietary information, including computer software of third parties, he/she should contact Legal Department. In order to use copyright material such as articles, charts, maps, films and music, permission must be obtained from the copyright owner.

AVOIDING CONFLICT OF INTEREST

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

1. Directors and employees — and their close relatives – must never:

   a) Compete against the Company.

   b) Use their position or influence to secure an improper benefit for themselves or others.

   c) Use Company information, assets or resources for their personal gain or for the unauthorized benefit of others.

   d) Take advantage of inside information.

2. It is also a conflict of interest for a director or employee to give or receive gifts or cash in any amount to or from people or companies doing or seeking to do business with the Company. Therefore, we must not:

   a) Accept fees or honoraria in exchange for services provided on behalf of the Company.

   b) Provide or accept gifts or entertainment from anyone doing or seeking business with the Company or any of its affiliates. Generally, modest forms of gifts and entertainment (like souvenirs of the company or magazines and lunch/dinner in connection while performing their duties to the Company) received from vendors are acceptable and do not create conflict of interest. Consult with Legal Department to learn about the guidelines.

INSIDER TRADING

1. It is illegal to purchase or sell securities of the Company if you have "material nonpublic information" concerning the Company.

2. If anybody engages in insider trading then he/she will face disciplinary actions including significant civil and criminal penalties.

COMPANY RECORDS AND INTERNAL CONTROLS

1. The Company's books and records must be prepared accurately and honestly. both by our accountants who prepare records of transactions and by any of us who contribute to the creation of business records.

2. The Company shall maintain accounting records and issue financial statements as required by the local laws to ensure transparency of information on the Company's financial performance.

3. Reliable internal controls are critical for security of Company's assets. proper. complete and accurate accounting and financial reporting. Everyone must understand the internal controls relevant to his/her position and follow the policies and procedures related to those controls. Everyone is encouraged to talk to their managers or supervisors immediately if ever in a doubt that a control is not adequately detecting or preventing inaccuracy. waste or fraud.

4. Audits performed by internal and external auditors help ensure compliance with established policies, procedures and controls. Audits also help identify potential weaknesses so these may be fixed promptly. Everyone is required to cooperate fully with internal and external auditors. This means always providing clear and truthful information and cooperating fully during the audit process.

5. Engaging in any scheme to defraud anyone — of money, property or honest services — violates Company's policy and carries severe penalties. These consequences apply to all dishonest or fraudulent activities. including misusing or stealing assets. The Company relies on its internal controls and the personal integrity of all its directors, employees and contractors to protect assets against damage, theft and other unauthorized use.

DEALING WITH VARIOUS STAKEHOLDERS

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

1. **Customers**

   a) Treat customers fairly and honestly.

   b) Provide high standards of services and quality products.

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

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

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

2. Employees

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

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

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

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

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

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

3. Suppliers of Goods and Services

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

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

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

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

4. Communities

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

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

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

5. Competitors

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

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

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

6. Governments and Regulators

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

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

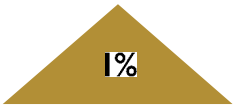
Key Performance Indicators

FINANCIAL PERFORMANCE INDICATORS

Objective: Increase shareholders wealth.

- **Export sales**
  2016 Rs. 19,742 millions
  2015 Rs. 20,986 millions

- **Local sales**
  2016 Rs. 12,398 millions
  2015 Rs. 12,267 millions



- **Gross profit**
  2016 Rs. 7,306 millions
  2015 Rs. 6,094 millions

- **Profit before Tax**
  2016 Rs. 1,335 millions
  2015 Rs. 783 millions

- **EBITDA**
  2016 Rs. 3,371 millions
  2015 Rs. 3,094 millions

- **Earnings per share**
  2016 Rs. 4.27 per share
  2015 Rs. 2.30 per share

- **Return on equity**
  2016 14.37%
  2015 8.75%

Relevance: These KPIs will remain relevant in future.

Key Performance Indicators

Non-financial Performance Indicators

I. Internal Efficiency and Effectiveness

Objective: Promote Company's image by working ethically.

- **Compliance with Local Laws**
  The Company is in compliance with all applicable laws and regulations and has 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 focused on reducing the cost by replacing old machines with latest available machines which consume less energy and requires less man power to operate. Some difficult decisions to rightsize were taken along with streamlining the manufacturing processes and reducing waste. Production of spinning segment was reduced to cater its own weaving requirement due to drop in yarn prices in the local and export markets.

- **Certifications from independent organizations for the quality management**
  Our product quality, creativity and innovation make our Company one of the best companies. The Company has been awarded and certified in the areas of environment and product quality.

Relevance: These KPIs will remain relevant in future.

II. Long-Term Development and Innovation

Objective: To be industrial leader.

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

- **Product development and diversification**
  The Company is continuously engaged in product research and development.

- **Update MIS**
  The Company has successfully upgraded its ERP system resulting in timely reporting and better resource planning.

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.

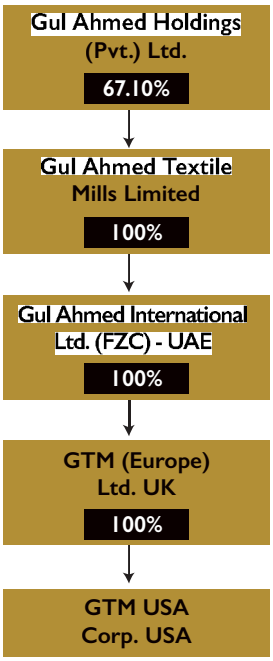
The Company was incorporated on April 1, 1953 in Pakistan as a private company with its liability limited by shares. The Company was converted into a public limited company on January 07, 1955 and got listed on the Karachi Stock Exchange (KSE). The Company is listed on Pakistan Stock Exchange Limited.

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 November 27, 2002.
2. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).
3. GTM USA Corp. incorporated in United States of America (USA) is a wholly owned subsidiary of GTM (Europe) Limited.



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

Nature of Business

With state-of-the-art machines at most modern spinning, yarn dyeing, weaving, processing and stitching units, the Company is a composite unit – making everything from cotton yarn to finished products. 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 70 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.

Product

PRODUCT STEWARDSHIP

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

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

PRODUCT PORTFOLIO

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

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

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

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

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

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

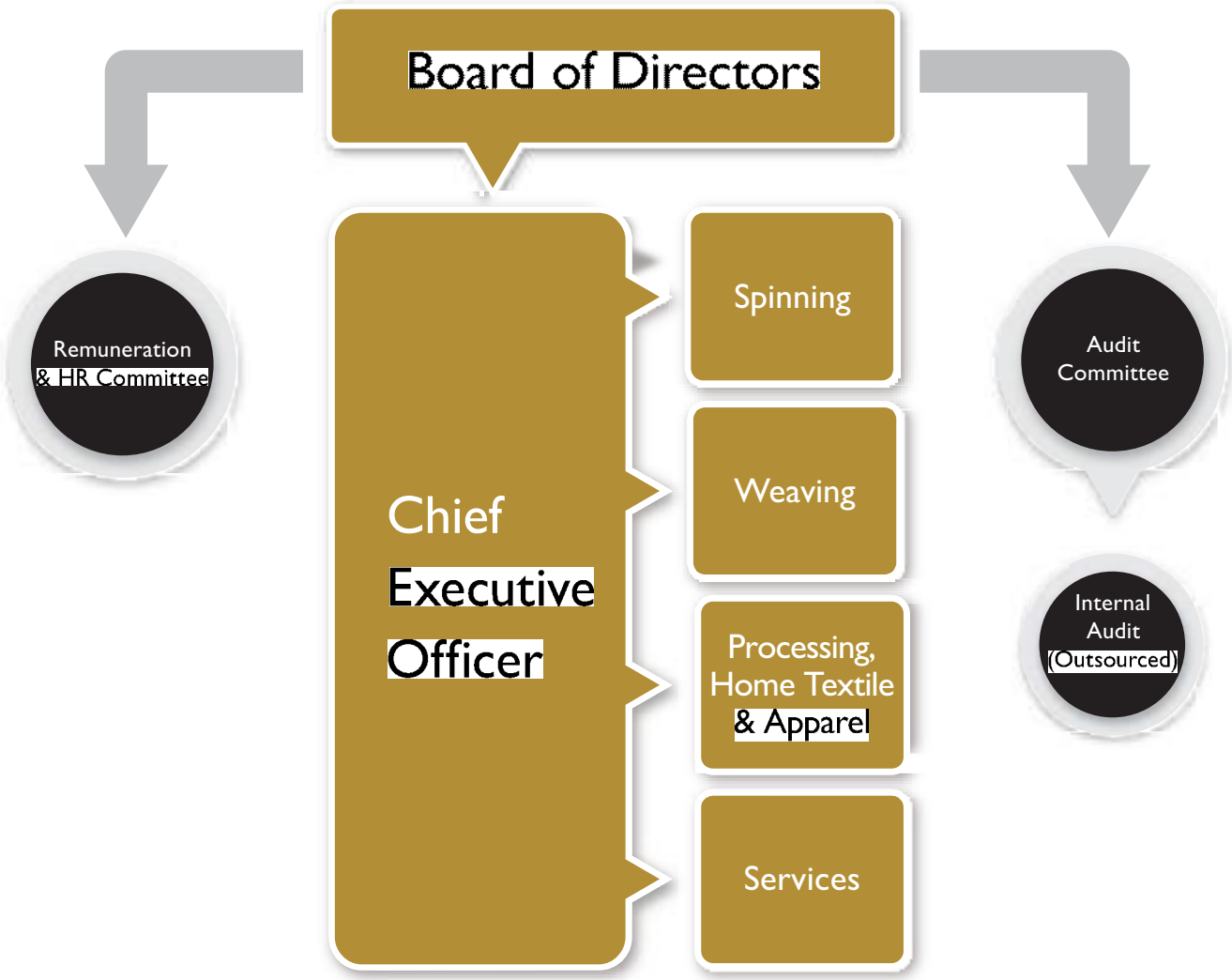
  This section includes:

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

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

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

Organogram


Board of Directors
Remuneration & HR Committee
Audit Committee
Internal Audit (Outsourced)
Chief Executive Officer
Spinning
Weaving
Processing, Home Textile & Apparel
Services

Profile of the Directors

Mr. Mohomed Bashir
Chairman

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

Mr. Mohomed Bashir has a very rich and extensive experience in the commerce and 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 of 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
- Member, Advisory Board of CPLC, Government of Sindh (2010)
- Member, Pakistan France Business Council
- Member, Pakistan German Business Council
- Member, Tax Reform Commission, Ministry of Finance
- Member, Tax Advisory Council, FBR

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

- Chairman, Pakistan Business Council - 2014 – 2015
- Vice Chairman, Pakistan Business Council – 2013 – 2014
- President, International Textile Manufacturers Federation (ITMF) (2010 – 2012)
- Vice President, International Textile Manufacturers Federation (2008 – 2010)
- Founder, Trustee, Fellowship Fund For Pakistan till 2013
- Member, Advisory Committee, Federal Tax Ombudsman, Government of Pakistan (2011 – 2014)
- Member, Economic Advisory Council, Government of Pakistan (2001-2003 / 2008-2013)
- Member, Export Promotion Board, Government of Pakistan (2002 – 2007, 1995 – 1997)
- Member, National Strategy on Textiles (2006 – 2007)
- Chairman, Pakistan Britain Advisory Council (2002 – 2005)
- Chairman, All Pakistan Textile Mills Association (1989 – 1990)
- Vice Chairman, All Pakistan Textile Mills Association (1982 – 1985)
- Chairman, Pakistan Swiss Trade and Industry Committee (1981– 2000)
- Governing Board, Pakistan Design Institute (1981 – 2000)

In recognition of his services he was awarded Sitara-e-Imtiaz by the President of Pakistan in 2006 and has also been conferred as Justice of Peace.

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, he remained the Chairman of the Landhi Association of Trade and Industry. In 2012-2013, he remained the Chairman of the Pakistan Bedwear Exporters Association. He is presently the President of the Landhi Association of Trade and Industry for the year 2015-2016.

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

Mr. Mohammed Zaki Bashir
Chief Executive Officer

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

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

Mr. Ziad Bashir
Non-Executive Director

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

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

Over the years, he has served as Chairman of Landhi Association of Trade and Industry and on the Board of Central Managing Committee of All Pakistan Textile Mills Association (APTMA). He has also served as a president of Young Presidents Organisation (YPO), Pakistan and Executive Committee of the Pakistan Board of Investment. He is currently serving on the Punjab Board of Investment.

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

As an independent non-executive director, Mr. S.M. Nadim Shafiqullah's association with the Board dates back to March 2008. He is also the Chairman of the Audit Committee of the Company and a certified director from Pakistan Institute of Corporate Governance (PICG).

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

Dr. Amjad Waheed
Independent Non-Executive Director

Dr. Amjad Waheed joined the Board as an independent non-executive director on March 31, 2011. He holds a Doctorate in Business Administration with a major in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst (CFA). Since its inception, he is CEO of NBP Fullerton Asset Management Limited (NAFA), which is a subsidiary of National Bank of Pakistan, with Fullerton Fund Management Company of Singapore as the other joint venture partner. NAFA is presently managing 21 mutual funds, two pension funds and several Advisory portfolios with around Rs. 63 billion (as of 31 August, 2016) invested in these funds.

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 around USD 7.5 billion invested in 22 mutual funds. Prior to that, he was Head of Asset Management at NIT, and Chief Operating 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 has published several articles in top journals of the world such as Journal of Banking & Finance and Financial Management.

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

Dr. Amjad Waheed has been elected as the Chairman of the Board of Directors of Mutual Funds Association of Pakistan (MUFAP) for the year 2013-2014.

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 31 October 2014, Mr. Malik was the Chief Executive Officer of Unilever Pakistan Limited and a director of Unilever Pakistan Foods Limited. Prior to this he was Chairman and CEO, Unilever Sri Lanka Limited. His earlier international appointments covered Unilever's regional business in Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. These preceded senior commercial and financial roles at Unilever Pakistan. He is also a Member of the Board of Directors of Abbott Laboratories Pakistan Limited, IGI Life Insurance Limited and National Foods Limited.

Mr. Malik is a Fellow 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

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

2. Terms of Reference

The committee shall be responsible for:

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

Major judgmental areas:

- Significant adjustments resulting from the audit;
- The going concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

3. Composition

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

4. Terms of Reference

The committee shall be responsible for:

- Ensuring that appropriate procedures exist to assess the remuneration levels of the Chairman, Chief Executive Officer (CEO), Non-Executive Directors, Executive Directors, Board Committees and the Board of Directors as a whole.
- Ensuring that the Company adopts, monitors and applies appropriate remuneration policies and procedures.
- Ensuring that reporting disclosures related to remuneration meet the Board's disclosures objectives and all relevant legal requirements.
- Making recommendations to the Board on appropriate remuneration, in relation to both the amount and its compositions, for the Chairman, CEO, Non-Executive Directors, Executive Directors and Senior Executives.
- Developing and recommending to the Board performance based remuneration incentive programs such as bonus schemes. long-term incentive plans.
- Developing, maintaining and monitoring appropriate Human Resource Policies and Procedures.
- Developing, maintaining and monitoring appropriate talent management programs including succession planning, recruitment, development, retention and termination policies and procedures for senior management.
- Developing remuneration related disclosure objectives for the Company and ensuring that publicly disclosed information meets those objectives, all legal requirements, and is accurate; and
- Developing and monitoring Workplace Health and Safety metrics and initiatives to ensure a safe working environment.

Directors' Report

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2016 together with auditors' report thereon.

ECONOMIC AND INDUSTRIAL OVERVIEW

Pakistan's economy, during Fiscal Year (FY) 2015-16, witnessed the highest GDP growth in last eight years. The GDP during FY 2015-16 was 4.71% as compared to 4.04% in the year 2014-15. The factors contributing to this growth mainly include low inflation, reduced fiscal deficit, improved tax collection and better performance of service and industrial sectors. Despite the growth in GDP, Pakistan's economic growth fell way short of its target of 5.1% mainly due to the major setback in the agricultural sector on account of substantial decline in cotton production. The Country's economic upturn may largely be attributed to sharply dropping oil prices for two years, which has contributed in stabilizing the current account despite continuously declining exports and Foreign Direct Investments.

Furthermore, Large Scale Manufacturing (LSM) registered a growth of 4.61% during 2015-16 as compared to 3.29% in previous year. The growth in LSM is evident by increase in construction activity primarily, driven by initiation of China Pakistan Economic Corridor (CPEC) which led to improved performance of cement and allied industries like steel, paints, etc. Whereas, improved performance of other sectors like automobiles, fertilizers and chemicals during 2015-16 can be attributed to reduced global oil prices and reduced mark-up rates. However, the most disappointing aspect was the decrease in exports particularly of the textile sector. This is mainly due to weaker demand in export markets, falling commodity prices and relative strengthening of Pakistan Rupee. Reduced finance cost coupled with GSP plus status could not even help to make exports competitive.

Moreover, the textile industry which is the major contributor (13%) to the GDP of the Country is continuously losing its share in global export market. This continuous decline is mainly due to the lack of policy implementation by the Government. Other major challenges faced by the industry were economic slowdown in major export markets, continuing energy crisis and unfavourable external environment. Pakistan Textile Industry is getting constantly uncompetitive when compared with neighbouring countries in terms of input costs and the same has been aggravated by currency devaluation by almost all competing countries in recent past.

During the current FY, textile exports were recorded at 12.46 billion US$ as compared to 13.45 billion US$ in the previous FY, with a decline of 7.42%. Major decline was noted in the exports of yarn and cotton.

COMPANY'S MARKET SHARE

The Company is among country's largest composite textile mills and leading exporter of value added textile products. The Company has contributed around 2.12% in the value added textile exports of the country.

PERFORMANCE OVERVIEW

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

Description	Units	2016	2015
Export sales	Rs. In millions	19,742	20,986
Local sales	Rs. In millions	12,398	12,267
Gross profit	Rs. In millions	7,306	6,094
Profit before tax (PBT)	Rs. In millions	1,335	783
Profit after tax (PAT)	Rs. In millions	1,141	605
EBITDA	Rs. In millions	3,371	3,094
EPS (2015: Restated)	Rupees	4.27	2.30
Debt to equity	Time	0.53	0.34
Current ratio	Time	1.08	1.05
Beak-up value per share (2015: Restated)	Rupees	29.35	36.43

Financial Performance Review

During the current FY, overall sales have reduced by 3% due to decreased prices, exports and change in product mix. The management took the decision to reduce export and domestic sale of yarn due to drop in prices by changing the spin plan to cater to its own weaving requirements. Though this has resulted in reduction of yarn sales which resultantly reduced the overall sales but has saved the Company from incurring loss in its spinning segment. However, despite this drop, the gross profit enhanced to Rs. 7.31 billion from Rs. 6.09 billion during last year and gross profit margin has also improved from 18.27% to 22.64%. The growth in gross profit value as well as margin is mainly due to replacement of inefficient machineries, rationalization and improvement of processes, a marginal impact of change in product mix and control over costs.

The Company has earned PBT of Rs. 1,335 million and PAT of Rs. 1,141 million in FY 2016 as compared to the PBT of Rs. 783 million and PAT of Rs. 605 million in FY 2015, respectively.

Financial position analysis

Long term liability has increased by 64% over the corresponding period. At the year end June 30, 2016 debt to equity and leverage were recorded as 0.53 (2015: 0.34) and 2.06 (2015: 1.67), respectively. The primary reason for increase in long term debt is the Management's strategic decision to take maximum advantage of historically lowest mark-up rates which would remain locked over the period of loan. The financing has been used for replacement of old/inefficient machines as well as to reduce capacity imbalances. This will consequently add efficiencies and reduce manufacturing cost as well as reduce reliance on outside manufacturing.

Working capital at year ended June 30, 2016 was Rs. 1,394 million as compared to Rs. 756 million at year ended June 30, 2015 primarily due to major expansion in local retail operations. However, the current ratio has improved to 1.08 (2015:1.05), due to effective current asset's management.

Investment in property, plant and equipment has increased by 33% mostly due to modernization and replacement. Although trade debts have increased by 24%, debtor turnover has improved to 21 days at year ended June 30, 2016 against 25 days at year ended June 30, 2015 due to change in customer and product mix.

SUBSEQUENT EVENT

1. The Board of Directors of the Company in its meeting held on October 01, 2016 has proposed the following:

   a) Dividend
   Pay cash dividend @ Re. 1.00 per share i.e. 10% for the year ended June 30, 2016. Holding Company has agreed to relinquish its right to cash dividend.

   b) Appropriation
   An amount of Rs. 500 million be tranfered to general reserve from unappropriated profit.

CAPITAL STRUCTURE

During the year, 30% (2015: Nil) right shares were issued which resulted in increase of paid-up capital by Rs. 686 million. Overall, shareholders' equity increased by Rs. 1,549 million to Rs. 8,718 million as a result of the profits retained in the business as well as premium on issue of right shares.

During the year the Board declared interim cash dividend of 20% (2015: Nil) and has also recommended final cash dividend of 10% (2015: 15%).

FUNDS MANAGEMENT

Management closely monitors the working capital requirements and cash flow forecasts along with mark-up and foreign exchange rates to manage risks and/or avail opportunities that may arise. The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At the year end, the Company had Rs. 2,975 million (2015: Rs. 7,004 million) unutilized credit lines and Rs. 308 million (2015: Rs. 107 million) cash in hand and balances in banks to cover any temporary mismatches.

BUSINESS SEGMENTS

Spinning

This financial year was difficult for the non - value added business due to lower demand, both in local and international markets.

Spinning	2016	2015	Change
	Rs. in millions		
Sales	6,714	8,750	-23%
Cost of sales	(6,494)	(8,270)	-27%
Gross profit	**219**	**480**	**-21%**
Distribution & Admin expenses	(227)	(212)	-7%
Operating profit of the segment before other operating expenses	**7**	**268**	**-97%**

Sales declined by 23% and dropped from Rs. 8,750 million to Rs. 6,714 million. The lower yarn demand from China (one of the major importers of yarn) severely affected the exports of yarn. This was further affected by holding artificial PKR/USD parity. In line with the decline in yarn demand, the Company reduced the production of yarn and has been replacing older machines with newer efficient machines. However, major portion of yarn produced was used in-house taking advantage of vertical integration. Due to lower sales GP margin also dropped from 5% to 3%.

Weaving

This business segment is mainly contributing to internal requirements. There was a marginal improvement in sales value when compared with last year which also resulted in improvement in GP marginally. Financial performance is briefed in the table given below:

Weaving	2016	2015	Change
	Rs. in millions		
Sales	11,351	10,752	6%
Cost of sales	(11,048)	(10,511)	5%
Gross profit	**303**	**242**	**25%**
Distribution & Admin expenses	(17)	(14)	19%
Operating profit of the segment before other operating expenses	**286**	**228**	**26%**

Processing, Home Textile and Apparel

In this segment, all the value added business is reported where we are exporting and selling locally the finished processed fabric. The performance of the segment in terms of growth in revenue was undermined mainly because of weaker demand in export markets and strengthening of Pakistan Rupee.

Despite these negative factors, the segment managed to post good performance in terms of sales where it grew by 4.56% to Rs. 30.86 billion. GP margin improved due to replacement of inefficient machineries, rationalization and improvement of processes, a marginal impact of change in product mix and control over costs as given in below table.

Home Textile and Apparel	2016	2015	Change
	Rs. in millions		
Sales	30,861	29,515	4.56%
Cost of sales	(24,077)	(24,142)	-0.27%
Gross profit	**6,784**	**5,373**	**26.27%**
Distribution & Admin expenses	(4,833)	(3,908)	23.65%
Operating profit of the segment before other operating expenses	**1,952**	**1,464**	**33.26%**

MANAGEMENT OBJECTIVES AND STRATEGIES

Gul Ahmed is among the top entities leading the textile industry for decades. This solely represents the commitment of its management to increase shareholders' wealth without compromising the innovation, quality, technological excellence and service to environment and society.

The objectives and related strategies are discussed in detail separately on page number 27 as a part of the annual report.

MATERIALITY APPROACH

Determining materiality levels is subjective and varies between organizations. Authorization for transactions and delegation of powers have been defined clearly and carried out through formalized processes in the Company. The Company has approved the materiality policy which is reviewed annually to check its relevance.

RISK MANAGEMENT AND OPPORTUNITIES

The Company operates in the challenging environment as discussed and analysed in detail the PESTEL and SWOT analysis on the page 69 and 70 of the Annual Report. Therefore, management has developed a system to separately identify, evaluate and timely address these risks.

The Risk Management System of the Company comprises:

The board and its committees:
The Board periodically reviews major risks faced by the business. Whereas, the Audit Committee reviews financial and compliance risks. The Remuneration and Human Resource Committee reviews compensation and reward policies to ensure that these are in line with market and are effective for retention and attraction of the skilled and experienced staff.

Policies and procedures:
The Board has established appropriate policies and procedures, which help in management of risks.

Information and monitoring system:
Our latest information systems timely and accurately provide information, which helps management to continuously monitor effectively the results and variances.

Internal audit:
Internal audit function reports to the Audit Committee on the effectiveness of the internal controls and also suggests more appropriate steps to be implemented. Audit reports are submitted to the Audit Committee.

Risk management is further detailed in on page no. 71 forming part of the Annual Report.

HUMAN RESOURCE (HR)

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

INFORMATION TECHNOLOGY (IT)

IT has become a vital and integral part of every business. Gone are the days, when it was considered to be the support function. It has become the strategic move to gain the competitive edge, where every company investing heavily in this function.

The Company has also invested in establishing ERP business model to meet up the pace of innovation and continuously improve the business operations.

We currently use Oracle EBS as a prime system and platform for strategic and operational decision making with strong emphasis on process improvement along with integral controls. Recently we have entered into alliance with Microsoft Corporation for acquisition/implementation of its product "Dynamics" for our retail operations.

IT Governance Policy

IT governance policy is in place to safeguard the unauthorised

destruction and access of information. Compromised protections are also monitored and improved through this policy. The intent of this policy is to guide the creation, storage, use, archiving and deletion of information.

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

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

BUSINESS CONTINUITY PLAN (BCP)

As 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, and disasters may cause severe damage to the operations.

Business continuity plan is in place where it is ensured that in case of any disastrous event the business is continued while securing and making separate facilities to run critical systems and processes. We have comprehensive schedule to impart trainings to employees and complete the mock exercises to prepare for any situation, where business continuity can 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 no. 52 forming part of the Annual Report 2016.

HOLDING COMPANY

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

SUBSIDIARY COMPANIES

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

1. Gul Ahmed International Limited (FZC) incorporated in UAE on November 27, 2002.

2. GTM (Europe) Limited incorporated in United Kingdom (UK) on April 17, 2003 is a wholly owned subsidiary of Gul Ahmed International Limited (FZC).

3. GTM USA Corp. incorporated in United States of America (USA) 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 director's training program.

- There are no significant doubts upon 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, 2016 is Rs. 778 million (FY 2015: As per audited accounts Rs. 683 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 information or details on Company's operations, in addition to details relating to their specific investment, dividend or circulation of regulatory publications by the Company. The required information is provided immediately or a query/grievance is resolved promptly in accordance with the statutory guidelines.

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

BOARD'S EVALUATION

Complying with Code of Corporate Governance, 2012 the Board has approved a comprehensive mechanism for evaluation of its performance. The Company introduced a questionnaire covering Board's scope, objectives, functions, and Company's performance and monitoring. The Board has evaluated all the 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 generally undertaken through consensus. Concerns of the Board members on any agenda point are duly noted in the minutes of the meeting.

There is also an approved Code of Business Ethics requiring, in addition to compliance of regulatory requirements, formal disclosure of interests if any, to allow avoidance of known or perceived conflict of interests.

REVIEW OF RELATED PARTY TRANSACTIONS

In compliance with the CCG and other applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon their recommendation, the same are placed before the Board for review and approval.

CEO'S PERFORMANCE REVIEW

The Board establishes each year a list of goals and strategies aligned to achieve the mission of the Company. Each milestone is thus measured in order to assess the performance. The basic reason of this assessment is to discuss how the performance is contributing towards the growth of the Company. The factors to be evaluated are achieving mission, long and short term objectives, ensuring long term profitability, increasing shareholders' value, ensuring good governance and statutory reporting. The Board provides honest feedback in order to strengthen and develop the role of 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 that development of business and protection of goodwill of the Company and its subsidiaries receive sufficient attention from the Board. 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 Company's vision, mission and its long term goals. He acts as direct liaison between the Board and management of the Company and therefore, communicates with 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. Typically, CEO is the leader and decision maker who motivates employees, drives change within the Company and takes decisions to achieve growth targets.

ISSUES RAISED IN LAST ANNUAL GENERAL MEETING (AGM)

Annual General Meeting of the Company was held on 31 October 2015. 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 30 June 2015 together with the Directors' and Auditors' report thereon.

2. Final cash dividend for the year ended 30 June 2015 was also announced @ 15%.

3. Appointment of M/s Kreston Hyder Bhimji & Co as statutory auditors for the year ended June 30, 2016 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, 2016 and have issued an unqualified audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending June 30, 2017.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended June 30, 2016 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) UAE, GTM (Europe) Limited UK and GTM USA Corporation USA are attached.

FORWARD LOOKING STATEMENT

The management is fully cognizant of the uncertainties involved in the mainstream business of the Company, which is directly linked to Pakistan and its exporting countries' economic activity, exchange rates and competitive challenges which could significantly affect the company's performance.

Accordingly, strategies are regularly being reviewed and updated to guide the way where our brands become the first choice of the customers. Although, the business environment is very competitive, we will continue to focus on the growth of value added sector with stringent controls on the cost of making the goods. This shall be achieved by modernizing and replacing old facilities avoiding the interruptions, abnormal wastages and process re-engineering at micro level.

We are optimistic that improved performance will be witnessed in next FY in the form of growth in revenue as well as the bottom line.

FUTURE OUTLOOK

Pakistan's economy will continue to grow in fiscal year FY 2016-17 as restructuring measures with higher foreign exchange reserves and softer inflation supporting the economic outlook. The ongoing and planned investments under the flagship project CPEC are driving development activities. The sustained economic reforms and improved security environment should further boost business confidence and foster increased private investment. Whereas, continued losses of public sector enterprises, energy crises and security concerns will continue to test the country's economy. The textile industry, one of the major contributor in LSM, needs to improve on value added products which definitely requires the commitment from Government for policy implementation and improved energy supply.

The benefits of massive investment in balancing and modernisation during the year under review will accrue now and the Company will benefit with enhanced efficiency and operational cost savings thus improving both top and bottom lines. In view of the same, we are looking at the next financial year with more optimism.

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
October 01, 2016

Mohammed Zaki Bashir
Chief Executive Officer

مختتمہ 30 جون، 2016 مکمل کرلیا ہے اور ایک غیر مشروط آڈٹ رپورٹ جاری کردی ہے۔ آڈیٹرز کمپنی کے سالانہ اجلاسِ عام کے اختتام پر ریٹائرڈ ہوجائیں گے اور خود کو 30 جون، 2017 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے پیش کرنے کے اہل ہیں۔

مجموعی (Consolidated) مالی گوشوارے:

کمپنی اور اس کے ذیلی اداروں گل احمد انٹرنیشنل لمیٹڈ (FZC) یو اے ای، GTM (یورپ) لمیٹڈ یو کے اور GTM یو ایس اے کارپوریشن یو ایس اے کے مجموعی سالانہ گوشوارے برائے سال مختتمہ 30 جون، 2016 منسلک ہیں۔

مستقبل کا لائحہ عمل:

انتظامیہ کمپنی کے اہم معاملات میں موجود غیر یقینی صورتحال سے بخوبی واقف ہے، جس کا براہِ راست تعلق پاکستان اور اس کے برآمدی ممالک، اقتصادی سرگرمی، زرمبادلہ کی شرح نیز مسابقتی چیلنجز سے ہے، جو کمپنی کی کارکردگی کو بری طرح متاثر کرسکتے ہیں۔

اسی لحاظ سے کمپنی کے لائحہ عمل پر باقاعدگی سے نظرثانی کی جاتی ہے اور اسے کسٹمرز کی اولین ترجیح بنانے کے لئے اپ ڈیٹ کیا جاتا ہے۔ ہر چند یہ کہ کاروباری ماحول بہت زیادہ مسابقتی ہے، لہٰذا ہم مسلسل ویلیو ایڈڈ شعبہ جات کی نمو کی جانب اپنی توجہ مرکوز رکھتے ہوئے اشیاء کی تیاری کی لاگت پر سختی کے ساتھ کنٹرول کرتے ہیں۔ یہ تمام چیزیں جدت اپنا کر اور پرانی مشینریز کو تبدیل کرکے حاصل کی جائیں گی تاکہ چھوٹے سی سطح پر بھی کسی قسم کے خلل، بلاضرورت ویسٹیج اور دوبارہ کام کرنے کے عمل سے بچا جاسکے۔

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

مستقبل کا پیش منظر اور امکانات

پاکستان کی معیشت بڑھتے ہوئے غیر ملکی زرمبادلہ کے ذخائر کے ساتھ نظیمِ نو کے اقدامات اور اقتصادی صورتحال کے معاون سہل افراطِ زر کے باعث مالی سال 17-2016 میں مسلسل ترقی کرے گی۔ CPEC پراجیکٹ کے تحت جاری اور منصوبہ شدہ سرمایہ کاری، ان ترقیاتی کاموں کو آگے بڑھائے گی۔ اقتصادی بہتری کے مستقل اقدامات اور سیکیورٹی کی بہتر صورتحال سے کاروبار کو مزید استحکام دے گی اور اعتماد کی فضا قائم ہوگی، جس سے نجی سرمایہ کاری کو فروغ ملے گا۔ جبکہ پبلک سیکٹر کے اداروں کو ہونے والے مسلسل نقصانات ملکی معیشت، توانائی کا بحران اور حفاظتی خدشات کے لیے امتحان ہوں گے۔ ٹیکسٹائل انڈسٹری، جو کہ LSM کی اہم حصہ دار ہے۔ اس کے ویلیو ایڈڈ (Value added) پراڈکٹس کو مزید بہتر بنانے کی ضرورت ہے۔ جس کے لیے سرکاری سطح پر پالیسی کے اطلاق اور توانائی کی بہتر انداز میں فراہمی اشد ضروری ہے۔

رواں سال کے دوران بیلنسنگ اور جدت میں بڑی سرمایہ کاری کے ثمرات اب حاصل ہوں گے اور کمپنی اپنی بالائی اور زیریں حدوں کو بہتر بناتے ہوئے کارکردگی اور کام کی لاگت کی بچت کے ذریعے نفع حاصل کرے گی۔ اسی تناظر میں ہم آئندہ مالی سال کے حوالے سے انتہائی پرامید ہیں۔

تسلیم و تحسین:

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

منجانب بورڈ

محمد ذکی بشیر
چیف ایگزیکٹیو آفیسر

کراچی
یکم اکتوبر، 2016

- بورڈ کی میٹنگز کی تعداد اور ڈائیریکٹرز کی حاضری
- گزشتہ چھ سال کے اہم مالی کوائف
- پیٹرن آف شیئر ہولڈنگ (Pattern of Shareholding)
- کمپنی کے ڈائیریکٹرز، چیف ایگزیکٹیو، چیف فنانشل آفیسر اور کمپنی سیکریٹری نیز ان کے اہل خانہ اور چھوٹے نابالغ بچوں کی جانب سے کمپنی کے حصص کی تجارت

سرمایہ کاروں کا اعتراضات اور شکایات:

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

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

بورڈ کی تشخیص:

کارپوریٹ گورننس۔2012 کے ضابطہ اخلاق کی رو سے، بورڈ نے اپنی کارکردگی کے تشخیص کے لئے ایک جامع طریقہ کار کی منظوری دی ہے۔ کمپنی نے ایک سوالنامہ متعارف کرایا ہے، جو بورڈ کی وسعت، مقاصد، کام اور کمپنی کی کارکردگی نیز نگرانی سے متعلق ہے۔ بورڈ کی تشخیص تمام ڈائیریکٹر سے موصول شدہ آراء کی بنیاد پر تمام عوامل کو مدنظر رکھ کر کی جاتی ہے۔

مفادات کا تصادم:

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

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

متعلقہ پارٹی کے مالی لین دین پر نظر ثانی:

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

CEO کی کارکردگی کا جائزہ:

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

چیئرمین اور CEO کا کردار:

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

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

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

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

کمپنی کا سالانہ اجلاسِ عام 31 اکتوبر، 2015 کو منعقد ہوا۔ اجلاس کے مذکورہ ذیل تمام ایجنڈے پر کسی بھی رکن کی جانب سے کسی مخصوص معاملے کی نشاندہی کے بغیر منظوری دی گئی۔

1۔ آڈٹ شدہ مجموعی (Consolidated) اور غیر مجموعی (Unconsolidated) مالی گوشوارے برائے سال مختتمہ 30 جون، 2015 مع ان پر ڈائیریکٹرز اور آڈیٹرز کی رپورٹ۔

2۔ حتمی نقد منافع منقسمہ برائے سال مختتمہ 30 جون، 2015 کا بھی بحساب 15% اعلان کیا گیا تھا۔

3۔ میسرز کریسٹن حیدر بھجی اینڈ کمپنی کا بطور قانونی آڈیٹرز برائے سال مختتمہ 30 جون، 2016 تقرر اور ان کے مشاہرے کا تعین۔

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز کریسٹن حیدر بھجی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے سالانہ آڈٹ برائے سال

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

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

بزنس کنٹینوئیٹی پلان (BCP):

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

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

ریکارڈز کی حفاظت:

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

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

کارپوریٹ سماجی ذمہ داری:

کارپوریٹ سماجی ذمہ داری کی تفصیل صفحہ نمبر 52 پر دی گئی ہے، جو سالانہ رپورٹ۔ 2016 کا جزو ہے۔

ہولڈنگ کمپنی:

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

ذیلی کمپنیز:

کمپنی کے مندرجہ ذیل تین ملکیتی ذیلی ادارے ہیں، جو ٹیکسٹائل سے متعلق مصنوعات کی تجارت سے منسلک ہیں:

1۔ گل احمد انٹرنیشنل لمیٹڈ (FZC)۔ 27 نومبر، 2002 کو UAE میں تشکیل شدہ

2۔ GTM (یورپ) لمیٹڈ۔ 17 اپریل، 2003 کو یونائیٹڈ کنگڈم (UK) میں تشکیل شدہ، جو کہ گل احمد انٹرنیشنل لمیٹڈ (FZC) کا کلی ملکیتی ادارہ ہے

3۔ GTM یو ایس اے کارپوریشن۔ یونائیٹڈ اسٹیٹس آف امریکہ (USA) میں تشکیل شدہ، جو کہ GTM (یورپ) لمیٹڈ کا کلی ملکیتی ادارہ ہے

کوڈ آف کارپوریٹ گورننس (CCG):

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

- کمپنی کی انتظامیہ کی جانب سے تیار شدہ مالی گوشوارے، اس کے معاملات، اس کے آپریشنز کے نتائج، زر نقد اور ایکویٹی میں تبدیلی کی واضح طور پر نشاندہی کرتے ہیں۔
- کمپنی کے کھاتوں کی بکس تیار کی جا چکی ہیں۔
- مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیز کا مسلسل اطلاق کیا گیا ہے نیز تخمینہ جات موزوں اور محتاط فیصلوں کی بنیاد پر بنائے گئے ہیں۔
- مالی گوشواروں کی تیاری میں، پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی جاتی ہے
- اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے بہت مستحکم ہے، جس کا مؤثر اطلاق کیا گیا ہے اور اسکی باقاعدہ نگرانی کی جاتی ہے۔
- بورڈ کے ڈائریکٹرز کارپوریٹ قوانین اور Listing Regulations میں مذکور اپنے فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں۔ Listing Regulations کی رو سے ہمارے چھ ڈائریکٹر حضرات پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کی بورڈ ڈیولپمنٹ سیریز کے تحت کارپوریٹ گورننس لیڈر شپ اسکلز پروگرام مکمل کر چکے ڈائریکٹر (چیئرمین) اس سے مستثنیٰ ہیں چونکہ ان کو ضروری علم اور تجربہ حاصل ہے۔
- کمپنی کی going concern قابلیت پر کسی بھی قسم کا کوئی شک وشبہ نہیں ہے۔
- درج شدہ مفصل قواعد میں سے کارپوریٹ گورننس کی بہترین مشق سے کسی بھی قسم کا مادی انخلاء رونماء نہیں ہوا ہے۔
- پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون، 2016 کو ان کے 778 ملین روپے (مالی سال 2015: پری آڈٹ کاؤنٹس 683 ملین روپے کے مطابق) کے غیر آڈٹ شدہ اکاؤنٹس پر منحصر ہے۔
- مندرجہ ذیل سے متعلق گوشوارے مالی گوشواروں کے نوٹس کے ساتھ بطور ضمیمہ منسلک ہیں:

بنیادی وجہ اس کی برآمدی مارکیٹ میں کمزور ان منفی عوامل کے باوجود، اس شعبے نے سیلز کے حوالے سے اچھی کارکردگی کا مظاہرہ کیا جو 4.56% کے اضافے کے ساتھ 30.86 بلین روپے ہوگئی ۔ ناکارہ مشینوں، ریشنلائیزیشن، طریقہ کار میں بہتری، پراڈکٹ مکس میں تبدیلی کی مؤثر سطح اور لاگت پر کنٹرول (جو کہ درج ذیل جدول میں موجود ہے) سے GP مارجن بہتر ہوا۔ طلب اور پاکستانی روپے کا غیر مستحکم ہونا تھا۔

ہوم ٹیکسٹائل اور اپیرل	2016	2015	تبدیلی
	روپے ملین میں		
سیلز	30,861	29,515	4.56%
سیلز کی لاگت	(24,077)	(24,142)	-0.27%
مجموعی نفع	6,784	5,373	26.27%
ترسیل اور انتظامی اخراجات	(4,833)	(3,908)	23.65%
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	1,952	1,464	33.26%

انتظامی مقاصد اور حکمت عملی:

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

سالانہ رپورٹ کے جزو کے طور پر مقاصد اور متعلقہ حکمت عملی کے حوالے تفصیل صفحہ نمبر 27 پر دی گئی ہے۔

Materiality نقطہ نظر:

Materiality سطحوں کا تعین کرنا مشروط کام ہے اور یہ مختلف اداروں کے لحاظ سے مختلف ہوتا ہے۔ مالی لین دین اور اختیارات کی تفویض کے حوالے سے اجازت واضح طور پر جاری کی گئی ہیں اور اس پر کمپنی میں تیار شدہ طریقہ کار کے ذریعے عمل کیا جاتا ہے۔ کمپنی کے Materiality کے حوالے سے پالیسی کی منظوری دی ہے، جسپر مطابقت کے لیے سالانہ بنیاد پر نظرِ ثانی کی جاتی ہے۔

رسک مینجمنٹ اور مواقع:

کمپنی ایک چیلنج والے ماحول میں کام کرتی ہے، جس کے PESTEL اور SWOT تجزیہ پر مبنی تفصیل اور سیر حاصل گفتگو سالانہ رپورٹ کے صفحہ نمبر 69 اور 70 پر موجود ہے۔ اس لیے انتظامیہ نے ان تمام اندیشوں کی علیحدہ سے شناخت، تخمینیت اور انہیں بروقت اٹھانے کے لیے ایک نظام مرتب کیا ہے۔

کمپنی کا رسک مینجمنٹ سسٹم مندرجہ ذیل پر مشتمل ہے:

بورڈ اور اسکی کمیٹیاں:

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

پالیسیز اور طریقہ کار:

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

معلوماتی اور نگہداشت کا نظام:

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

انٹرنل آڈٹ:

اندرونی معاملات پر مؤثر کنٹرول رکھنے کے لیے انٹرنل آڈٹ فکنشنز کی رپورٹ آڈٹ کمیٹی کو پیش کی جاتی ہے اور ساتھ ہی بہتری کے لیے مزید موزوں اقدامات کی تجویز بھی دی جاتی ہے۔ آڈٹ رپورٹس آڈٹ کمیٹی کے پاس جمع کرائی جاتی ہیں۔

رسک مینجمنٹ کے حوالے سے مزید تفصیل صفحہ نمبر 71 پر ہے جو سالانہ رپورٹ کا جزو ہے۔

افرادی قوت (ایچ آر):

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

انفارمیشن ٹیکنالوجی (IT):

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

کمپنی نے بھی جدت اور کاروباری معاملات میں مسلسل بہتری لانے کے لیے ERP بزنس ماڈل کے قیام میں سرمایہ کاری کی ہے۔

ہم اس وقت اوریکل EBS کو بطور پرائم سسٹم نیز حکمت عملی اور آپریشنل فیصلوں مع طریقہ کار میں بہتری کے پلیٹ فارم کے طور پر استعمال کرتے ہیں۔ حال ہی میں ہم نے اپنے ریٹیل آپریشنز کے لیے مائیکروسافٹ کارپوریشن کے ساتھ اس کی "ڈائنامک" پراڈکٹ کے حصول/اطلاق کے حوالے سے ایک معاہدہ کیا ہے۔

IT کے نظم و ضبط کی پالیسی:

IT کے نظم و ضبط کی پالیسی معلومات تک غیر مجاز رسا کی جاتی ہے اور اس پالیسی کے ذریعے ان میں بہتری لائی جاتی ہے۔ اس پالیسی کا مقصد تخلیق، اسٹوریج، استعمال، آرکائیونگ اور معلومات کی تنسیخ کی راہنمائی کرنا ہے۔

جدت اور تبدیلی کی وجہ سے پراپرٹی، پلانٹ اور ایکوپمنٹ میں سرمایہ کاری 33% تک بڑھ گئی ہے۔ جبکہ تجارتی قرضہ جات میں 24% تک اضافہ ہوا، Debtor Turnover میں کسٹمر اور پراڈکٹ مکس میں تبدیلی کے باعث سال مختتمہ 30 جون، 2014 کے 25 ایام کے مقابلے میں سال مختتمہ 30 جون، 2016 میں 21 ایام تک بہتری آئی ہے۔

آئندہ کا ماحاصل:

کمپنی کے بورڈ آف ڈائیریکٹرز نے یکم اکتوبر، 2016 کو منعقد اجلاس میں مندرجہ ذیل تجاویز پیش کی ہیں:

a۔ منافع منقسمہ

سال مختتمہ 30 جون، 2016 کے لیے بحساب -/1.00 روپے فی حصص جو کہ 10% ہے نقد منافع منقسمہ ادا کیا جائے۔ ہولڈنگن کمپنی اپنے منافع منقسمہ کے حق سے دستبردار ہوگئی ہے۔

b۔ تخصیص

غیر تخصص شدہ نفع میں سے جنرل ریزرو میں 500 ملین روپے کی رقم منتقل کی جائے۔

اصل سرمایہ کی خدوخال:

سال کے دوران 30% رائٹ شیئرز کا اجراء کیا گیا، جس کے نتیجے میں ادا شدہ سرمائے میں 686 ملین روپے تک بڑھوتری ہوئی۔ منافع جات اور رائٹ شیئرز کے اجراء پر ملنے والے پریمیئم کے کاروبار میں موجود رہنے کے نتیجے میں مجموعی شیئر ہولڈرز ایکویٹی 1,549 ملین روپے تک اضافے کے ساتھ 8,718 ملین روپے ہوگئی۔

سال کے دوران بورڈ نے 20% (2015: Nil) عبوری نقد منافع منقسمہ کا اعلان کیا اور 10% (2015:15%) حتمی نقد منافع منقسمہ کی منظوری بھی دی ہے۔

فنڈز کا انتظام وانصرام:

انتظامیہ نقصان کے اندیشوں کے انتظامات اور رہا آنے والے مواقعوں سے فائدہ اٹھانے کی غرض سے شرح سود اور بیرونی زرِ مبادلہ کی شرح کے ساتھ ساتھ کام کرنے کے سرمائے کی مطلوبہ ضرورت اور ترسیل زر کی پیشگوئیوں کا بغور جائزہ لیتی ہے۔ کمپنی مناسب نقد رقوم کو برقرار رکھ کر اور مناسب کریڈٹ کی سہولیات کی دستیابی کے ذریعے زرِ نقد (لیکویڈیٹی) رسک کا بندوبست کرتی ہے۔ سال کے اختتام پر کمپنی کے پاس 2,975 ملین روپے (2015: 7,004 ملین روپے) غیر استعمال شدہ کریڈٹ لائنز کی مد میں اور 308 ملین روپے (2015: 107 ملین روپے) بینک میں بقایاجات کی صورت میں موجود تھے تاکہ کسی بھی قسم کے عارضی عدم تناسب کو پورا کیا جاسکے۔

کاروباری شعبہ جات:

اسپنگ:

یہ مالی سال مقامی اور بین الاقوامی مارکیٹس (دونوں) میں کم ترین طلب کی وجہ سے نان ویلیو ایڈڈ بزنس کے لیے مشکل تھا۔

اسپنگ	2016	2015	تبدیلی
	روپے ملین میں		
سیلز	6,714	8,750	-23%
سیلز کی لاگت	(6,494)	(8,270)	-27%
مجموعی نفع	219	480	-21%
ترسیل اور انتظامی اخراجات	(227)	(212)	-7%
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	7	268	-97%

سیلز میں 23% تک کمی ہوئی، جس سے یہ 8,750 ملین روپے کی سطح سے کم ہوکر 6,714 ملین روپے ہوگئی۔ چائنا جو سوت کے اہم درآمد کنندگان میں سے ایک ہے جس کی جانب سے سوت کی کم طلب نے سوت کی برآمدات کو شدید متاثر کیا۔ جسے بعد ازاں پاکستانی روپے/امریکی ڈالر کے مصنوعی مساواتی زرمبادلہ نے متاثر کیا۔ سوت کی طلب میں کمی کے تسلسل میں، کمپنی نے سوت کی پیداوار کو کم کردیا اور پرانی مشینوں کو نئی اور جدید مشینوں سے تبدیل کررہی ہے۔ ہرچند یہ کہ تیار شدہ سوت کا ایک بڑا حصہ ذاتی پیداواروں میں استعمال کیا تاکہ عمودی انضمام کا فائدہ اٹھایا جاسکے۔ کم سیلز کے باعث GP مارجن بھی 5% سے کم ہوکر 3% ہوگیا۔

ویونگ:

یہ کاروباری شعبہ زیادہ تر اندرونی ضروریات کو پورا کرنے میں اپنا کردار ادا کرتا ہے۔ گزشتہ سال کے مقابلے میں سیلز ویلیو میں کافی حد تک بہتری آئی تھی، جس کے نتیجے میں GP کی حد میں بھی بہتری نمودار ہوئی۔ مالی کارکردگی ذیل میں دی گئی جدول میں درج ہے:

ویونگ	2016	2015	تبدیلی
	روپے ملین میں		
سیلز	11,351	10,752	6%
سیلز کی لاگت	(11,048)	(10,511)	5%
مجموعی نفع	303	242	25%
ترسیل اور انتظامی اخراجات	(17)	(14)	19%
دیگر آپریٹنگ اخراجات سے قبل اس شعبے کا آپریٹنگ نفع	286	228	26%

پراسسنگ، ہوم ٹیکسٹائل اور ایپرل:

اس شعبے میں تمام ویلیو ایڈڈ بزنس کے بارے میں بتایا جاتا ہے جس میں ہم تمام تیار شدہ کپڑے برآمد یا مقامی مارکیٹ میں فروخت کررہے ہیں۔ آمدن میں اضافے کے لحاظ سے اس شعبے کی کارکردگی غیر تسلی بخش تھی جس کی

ڈائریکٹرز رپورٹ

کمپنی کے ڈائیریکٹرز نے سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارے برائے سال مختتمہ 30 جون، 2016 مع ان پر آڈیٹرز کی رپورٹ بحسن وخوبی پیش کردی ہے۔

معاشی اور صنعتی تجزیہ:

مالی سال 16-2015 کے دوران پاکستان کی معیشت میں گزشتہ آٹھ سالوں کے مقابلے میں GDP کی بلند ترین نمو دیکھنے میں آئی ہے۔ مالی سال 15-2014 میں GDP نمو کی شرح 4.04% رہی، جس کے مقابلے میں سال 16-2015 کے دوران یہ شرح 4.71% تھی۔ GDP کی نمو کی شرح میں اس بہتری میں کم افراطِ زر، مالی خسارے میں کمی، محصول کی بہتر وصولی خدمات اور صنعتی شعبوں کی بہتر کارکردگی ہے۔ GDP کی بڑھتی ہوئی شرح کے باوجود پاکستان کی معیشت 5.1% کے اپنے ہدف سے نیچے رہی، جس کی بنیادی وجہ زرعی شعبے میں ملنے والا بڑا دھچکا تھا جو کہ کپاس کی پیداوار میں کافی حد تک کمی کی وجہ سے ہوا۔ ملک کی معیشت میں بہتری کو بڑی حد تک دو سالوں کے لیے آئل کی قیمت میں تیزی کے ساتھ ہونے والی کمی سے منسوب کیا جاسکتا ہے، جو برآمدات اور بیرونی سرمایہ کاری میں ہونے والے مسلسل کمی کے باوجود موجودہ اکاؤنٹ کو مستحکم کرنے میں کامیاب رہے ہیں۔

مزید برآں سال 16-2015 کے دوران لارج اسکیل مینوفیکچرنگ (LSM) میں نمو کی شرح گزشتہ سال کی 3.29% کے مقابلے میں 4.61% رہی۔ LSM میں ہونے والی بہتری ابتدائی طور پر چائنا پاکستان اکنامک کوریڈور (CPEC) کے آغاز کی وجہ سے بڑھتے ہوئے تعمیراتی کام کے سبب ہے۔ جس سے سیمنٹ اور متعلقہ صنعتوں جیسے اسٹیل، رنگ و روغن وغیرہ میں بہتری آئی ہے۔ جبکہ دیگر شعبوں جیسے آٹو موبائلز، فرٹیلائزرز اور کیمیکلز کے شعبوں میں سال 16-2015 کے دوران ظاہر ہونے والی بہتر کارکردگی کو عالمی سطح پر تیل کی قیمتوں میں کمی اور کم شرح سود سے منسوب کیا جاسکتا ہے۔ تاہم سب سے زیادہ مایوس کن پہلو برآمدات بالخصوص ٹیکسٹائل کی صنعت کی برآمدات میں کمی تھا۔ اس کی بنیادی وجہ برآمدی مارکیٹ کی کمزور طلب، اجناس کی قیمتوں میں کمی اور خطے کی دیگر کرنسیز کے مقابلے میں پاکستانی روپے کا استحکام تھی۔ بجلی کی قیمتوں اور مالی لاگت میں کمی مع GSP پلس اسٹیٹس بھی برآمدات کو مقابلے پر لانے میں معاون نہ ہوسکا۔

مزید یہ کہ ٹیکسٹائل کی صنعت جو کہ ملک کی GDP کا سب سے اہم (13%) سہارا ہے، عالمی برآمدی مارکیٹ میں اپنے شیئرز کو مسلسل کھو رہی ہے۔ اس کمی کی بنیادی وجہ پالیسی کے اطلاق کا فقدان ہے۔ اس کے علاوہ صنعت کو درپیش دیگر اہم چیلنجز میں بڑی برآمدی مارکیٹس جن میں اقتصادی سست روی، توانائی کا بڑھتا ہوا بحران اور غیر موافق بیرونی ماحول ہے۔ اگر لاگت کے اعتبار سے پڑوسی ممالک سے موازنہ کیا جائے تو پاکستان ٹیکسٹائل انڈسٹری مستقل طور پر مقابلے سے باہر ہوتی جارہی ہے اور ماضی قریب میں یہ صورتحال دیگر ممالک کے مقابلے میں روپے کی قدر میں کمی کے باعث مزید سنگین ہوتی رہی ہے۔

رواں مالی سال کے دوران سابقہ مالی سال کی 13.45 بلین امریکی ڈالر کے مقابلے میں 7.42% کمی کے ساتھ 12.46 بلین امریکی ڈالر ریکارڈ کی گئی۔ سوت اور کپاس میں برآمدات میں یہ کمی زیادہ دیکھی گئی۔

کمپنی کا مارکیٹ شیئر:

کمپنی کا شمار ملک کی سب سے بڑی جامع ٹیکسٹائل ملز اور بہترین ٹیکسٹائل مصنوعات کے برآمد کنندہ کے طور پر ہوتا ہے۔ کمپنی نے ملک کی ویلیو ایڈڈ ٹیکسٹائل ایکسپورٹ میں تقریباً 2.12% کی شرح سے اپنا کردار ادا کیا ہے۔

کارکردگی کا مجموعی جائزہ

کارکردگی کے اہم عوامل (کی پرفارمنس انڈیکیٹرز۔ KPI's)، جنہیں ہماری جانب سے دیکھا جاتا ہے وہ درجِ ذیل ہیں:

صراحت	یونٹس	2016	2015
ایکسپورٹ سیلز	روپے ملین میں	19,742	20,986
لوکل سیلز	روپے ملین میں	12,398	12,267
مجموعی نفع	روپے ملین میں	7,306	6,094
نفع قبل از محصول (PBT)	روپے ملین میں	1,335	783
نفع بعد از محصول (PAT)	روپے ملین میں	1,141	605
EBITDA	روپے ملین میں	3,371	3,094
EPS (2015:Restated)	روپے	4.27	2.30
Debt to Equity	تناسب	0.53	0.34
Current Ratio	تناسب	1.08	1.05
Break-up Value per Share (2015:Restated)	روپے	29.35	36.43

مالیاتی کارکردگی کا جائزہ:

موجودہ مالی سال کے دوران برآمدات اور قیمتوں میں کمی، پراڈکٹ مکس میں تبدیلی کے باعث مجموعی فروخت میں 3% تک کمی واقع ہوئی ہے۔ کمپنی کے منتظمین نے سوت کی برآمدات اور مقامی فروخت میں کمی کا فیصلہ کیا چونکہ اس کی قیمتیں گر گئی ہیں اور اسی وجہ سے سوت صرف اتنا بنانے کا ارادہ کیا ہے جتنا وہ اپنا کپڑا بنانے کی ضروریات کو پورا کرسکیں۔ تاہم اس فیصلے کی وجہ سے سوت کی فروخت میں کمی ضرور دیکھی گئی لیکن کمپنی کے اسپننگ سیگمنٹ کو نقصان سے بچالیا گیا۔ تاہم اس کمی کے باوجود، مجموعی نفع جو کہ گزشتہ سال 6.09 بلین روپے تھا بڑھ کر اس سال 7.30 بلین روپے اور مجموعی نفع کی حد 18.27% سے بہتر ہوکر 22.64% ہوگئی ہے۔ مجموعی نفع کی مالیت اور نفع کی حد میں بہتری کی بنیادی وجوہات ناکارہ مشینریز کی تبدیلی، ریشنالائیزیشن، طریقہ کار میں بہتری، پراڈکٹ مکس میں مؤثر انداز میں تبدیلی اور لاگت پر کنٹرول ہیں۔

کمپنی نے مالی سال 2015 میں حاصل ہونے والے 783 ملین روپے کے قبل از وقت محصول منافع (PBT) اور 605 ملین روپے کے بعد از محصول (PAT) منافع کے مقابلے میں مالی سال 2016 میں بالترتیب 1,335 ملین روپے اور 1,141 ملین روپے کا نفع حاصل کیا ہے۔

مالی ساکھ کا تجزیہ:

مذکورہ مدت میں طویل المیعاد واجبات میں 64% اضافہ ہوچکا ہے۔ سال مختتمہ 30 جون، 2016 کو Leverage اور Debt to Equity بالترتیب (2015:0.34) 0.53 اور 1.67 (2015: 2.06) ریکارڈ کیا گیا تھا۔ طویل المیعاد قرض میں بڑھوتی کی بنیادی وجہ منتظمین کی یہ حکمت عملی تھی کہ تاریخی کم ترین شرح سود سے فائدہ اٹھایا جائے تاکہ یہ قرض کی مدت تک فکسڈ ہوجائے۔ اس مالی سرمایہ کاری کو پرانی / ناکارہ مشینوں کی تبدیلی اور پیداواری گنجائش کی غیر متوازن صورتِ حال میں کمی لانے کے لیے بھی استعمال کیا گیا ہے۔ اس سے نہ صرف کارکردگی میں اضافہ ہوگا بلکہ پیداواری لاگت میں کمی اور ساتھ ہی بیرونی تیار کنندگان پر انحصار بھی خاطر خواہ حد تک کم ہوجائے گا۔

سال مختتمہ 30 جون، 2016 میں کام کرنے کا سرمایہ (ورکنگ کیپیٹل)، سال مختتمہ 30 جون، 2015 کے 756 ملین روپے کے مقابلے میں 1,394 ملین روپے تھا۔ جس کی بنیادی وجہ مقامی ریٹیل آپریشنز میں بڑے پیمانے پر توسیع تھی۔ ہر چند یہ کہ موجودہ مؤثر ایسٹ مینجمنٹ کی وجہ سے Current Ratio 1.08 (2015:1.05) بڑھ گئی۔

Sustainability Report

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)

Better Cotton Initiative (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.

This results in reduction of hazardous environmental impact, improving livelihood, economic development of farmers and improving flow of better cotton throughout the supply chain.

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

Contribution to National Exchequer

The Company is contributing to the national growth by sharing its revenues in the form of taxes, rates and duties and exports also contribute towards improving foreign reserves. Contribution by the Company was a total of Rs. 1046 million in FY 2016 (FY 2015: 1,001 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". 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'.**

The **Ideas for a better tomorrow** initiative started with a Pakistan Day celebration for school children and followed up with an inspirational **Mother's Day** commemoration for abandoned mothers at the Great Home, an old age home in Karachi, where we tried to make the day very special for them. Usually the preserve of young men, night cricket is an enjoyable Ramadan tradition in Pakistan. The Company and 'Khelo Kricket' got together to inspire the next generation of Pakistani women cricketers with a Ramadan **Women's Night Cricket Tournament** which taught them about team spirit, perseverance, how to win or lose with grace and how to enjoy playing the game.

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 28 number of special persons as a part of human resource at the year end.

Conservation of Resources

Every acquisition of machine decision is given due weightage to the energy savings and conservation. Beside this, the Company has been investing in power generation which includes installation of turbines, fuel efficient generators so that not to burden already deficient resources of the country.

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.

Pollution Prevention and Control

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

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

Audit Committee Report

The Audit Committee (the Committee) has concluded its annual review of the conduct and operations of the Company during 2016 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, 2016, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.

- The Chief Executive and the Chief Financial Officer have endorsed the financial statements of the Company, consolidated financial statements. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Directors' Report is drafted and endorsed by the Board of Directors which is presented in compliance with the requirements of Companies Ordinance, 1984. The Committee has reviewed and endorsed the report as to the compliance with regulations and acknowledges that business of the Company is fairly discussed in the Directors' Report.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder 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, 2016 and shall retire on the conclusion of the 64th 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 64th Annual General Meeting scheduled for October 31, 2016 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, 2017.

Karachi
October 01, 2016

S.M. Nadim Shafiqullah
Chairman Audit Committee

Financial Highlights

Profit and Loss	2016	2015	2014	2013	2012	2011
	Rupees in millions					
Sales	32,275	33,355	33,013	30,243	24,945	25,464
Gross profit	7,306	6,094	5,976	4,751	3,512	4,655
Operating profit	2,245	2,118	2,659	2,120	1,400	2,664
Profit/(Loss) before tax	1,335	783	1,496	852	(1)	1,537
Profit/(loss) after tax	1,141	605	1,235	711	(240)	1,196
Cash dividend	457	343	81	-	-	-
Bonus shares	-	-	457	305	-	635
Balance Sheet						
Property, plant and equipment	12,050	9,039	8,210	7,132	6,829	6,654
Intangible	13	11	20	23	27	39
Long-term investment, loans, advances and deposits	236	165	151	112	109	96
Net current assets	1,394	756	890	666	(98)	422
Total assets employed	13,693	9,971	9,271	7,933	6,867	7,211
Represented by:						
Share capital	2,971	2,285	1,828	1,523	1,270	635
Reserves	5,747	4,884	4,832	3,905	3,203	4,078
Shareholders' equity	8,718	7,169	6,660	5,428	4,473	4,713
Long-term loans	4,631	2,408	2,239	2,155	2,096	2,199
Deferred liabilities	345	394	372	350	298	299
Total capital employed	13,693	9,971	9,271	7,933	6,867	7,211
Cash Flow Statement						
Operating activities	(2,085)	670	2,090	(161)	3,497	(2,617)
Investing activities	(4,159)	(1,783)	(1,833)	(1,068)	(920)	(1,250)
Financing activities	2,407	108	217	210	(70)	(148)
Cash and cash equivalents at the end of the year	(12,559)	(8,721)	(7,715)	(8,188)	(7,169)	(9,676)

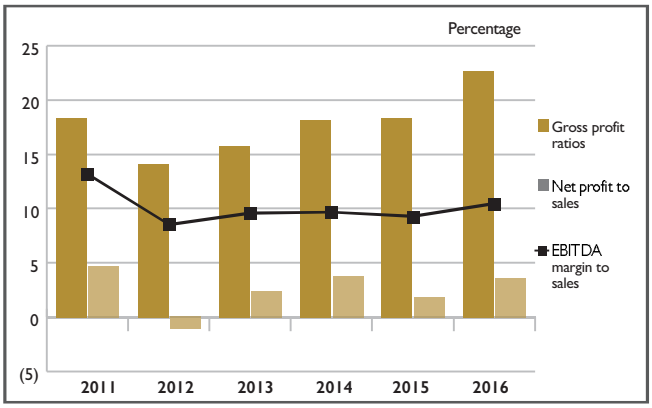
Financial Ratios

Profitabiltiy ratios		2016	2015	2014	2013	2012	2011
Gross profit ratio	%	**22.64**	18.27	18.10	15.71	14.02	18.28
Operating leverage ratio	Times	**(1.86)**	(19.65)	2.77	2.56	23.48	2.03
EBITDA margin to sales	%	**10.43**	9.28	10.66	9.59	8.53	13.19
Net profit to sales	%	**3.54**	1.81	3.74	2.35	(0.96)	4.70
Return on equity	%	**14.37**	8.75	20.43	14.36	(5.23)	28.80
Return on capital employed	%	**18.97**	22.01	30.91	28.65	19.90	40.25
Liquidity ratios							
Current ratio		**1.08**	1.05	1.06	1.05	0.99	1.03
Quick/acid test ratio		**0.26**	0.24	0.20	0.27	0.24	0.19
Cash to current liabilities		**0.02**	0.01	0.01	0.01	0.01	0.01
Cash flow from operations to sales		**(0.06)**	0.02	0.06	(0.01)	0.14	(0.10)
Capital structure ratios							
Financial leverage ratio		**2.06**	1.67	1.62	2.03	2.25	2.67
Weighted average cost of debt		**0.04**	0.09	0.10	0.11	0.11	0.10
Debt to equity ratio		**0.53**	0.34	0.34	0.40	0.47	0.47
Interest cover ratio		**2.47**	1.59	2.29	1.67	0.98	2.34
Turnover ratios							
Inventory turnover	Days	**184**	155	145	122	151	134
Inventory turnover ratio		**1.99**	2.35	2.52	3.00	2.41	2.72
Debtor turnover	Days	**24**	18	22	28	30	31
Debtor turnover ratio		**15.09**	20.33	16.76	13.01	12.15	11.60
Creditor turnover	Days	**120**	118	126	100	86	82
Creditor turnover ratio		**3.38**	3.10	2.91	3.64	4.23	4.43
Fixed assets turonver ratio		**2.68**	3.69	4.02	4.24	3.65	3.82
Total assets turnover ratio		**1.00**	1.34	1.36	1.43	1.41	1.25
Operating cycle	Days	**88**	55	41	49	95	83
Investment/Market ratios							
Earnings per share	Rupees	**4.27**	2.30	*5.40	*3.21	*(1.12)	*5.57
Price earning ratio		**8.47**	18.53	11.85	7.39	(18.87)	9.29
Price to book ratio		**1.24**	1.57	1.76	0.67	0.60	1.41
Dividend yield ratio		**-**	0.03	0.02	-	-	-
Cash dividend per share	Rupees	**-**	1.50	1.50	-	-	-
Bonus shares issued	%	**-**	-	25	20	-	100
Dividend payout ratio	%	**-**	56.60	22.21	-	-	-
Dividend cover ratio	Times	**-**	1.77	*4.50	-	-	-
Breakup value per share	Rupees	**29.35**	31.37	*29.14	*27.41	*25.90	*27.29
Market value per share							
at the end of the year	Rupees	**36.19**	49.05	64.01	23.74	21.11	51.73
high during the year	Rupees	**53.20**	73.25	72.35	27.64	64.29	53.65
low during the year	Rupees	**32.99**	44.65	20.50	19.16	16.05	18.53
EBITDA	Rs. Million	**3,371**	3,094	3,519	2,900	2,129	3,359

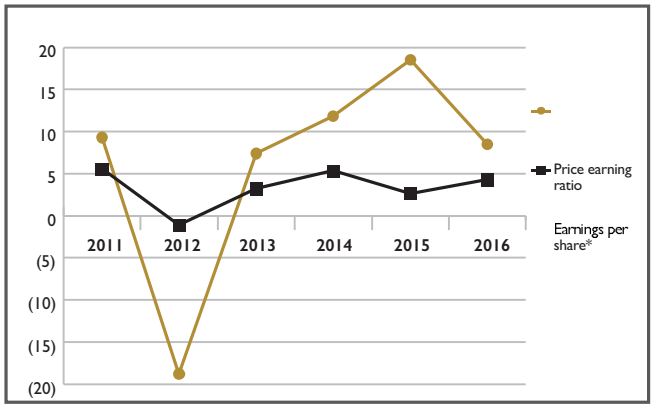
* Restated based on number of shares outstanding as on June 30, 2015.

Graphical Analysis

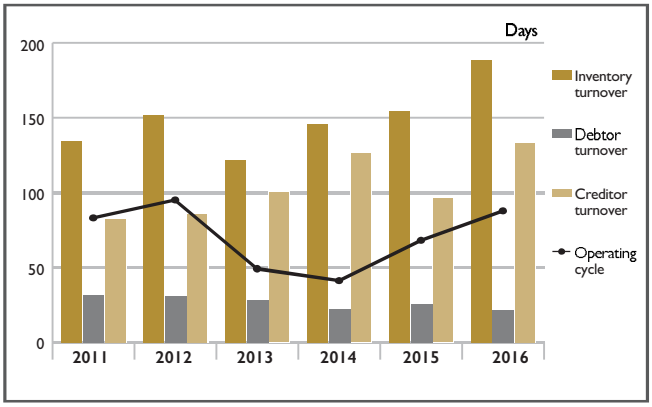
Profitability ratios



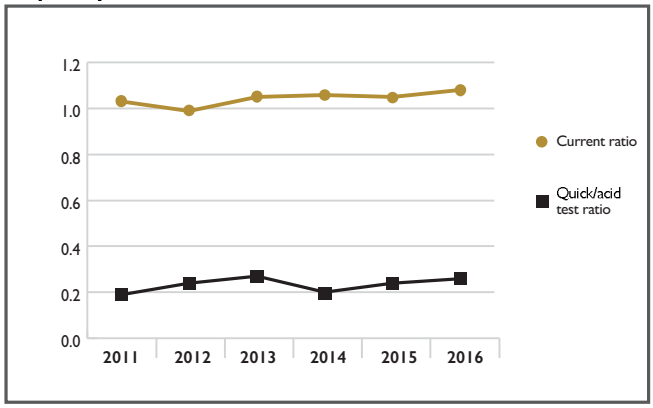
Investor ratios



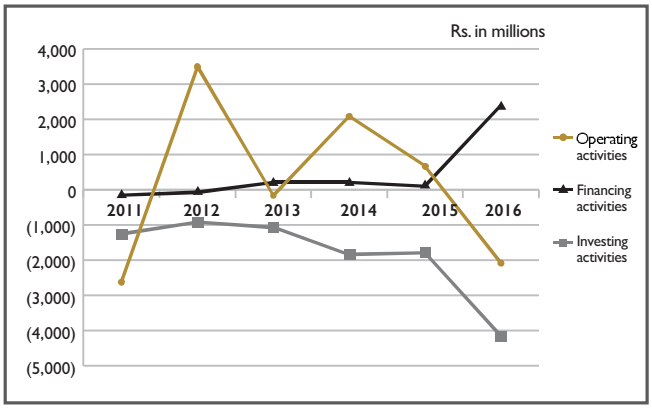
Turnover ratios



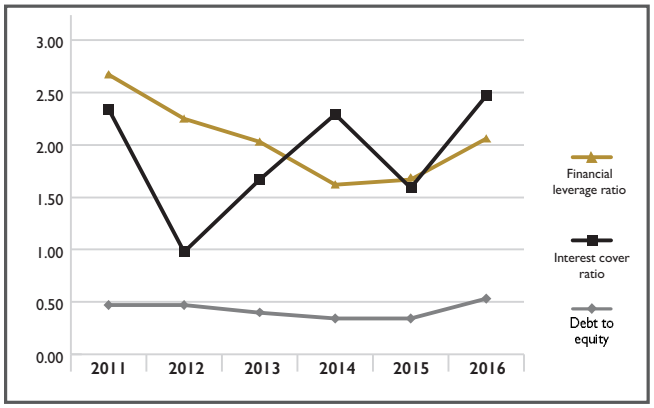
Liquidity ratios

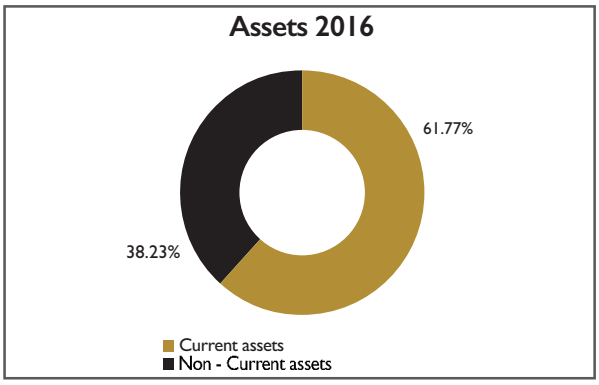


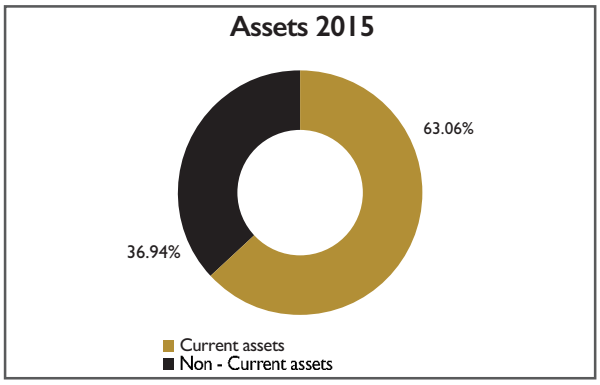
Cash flow

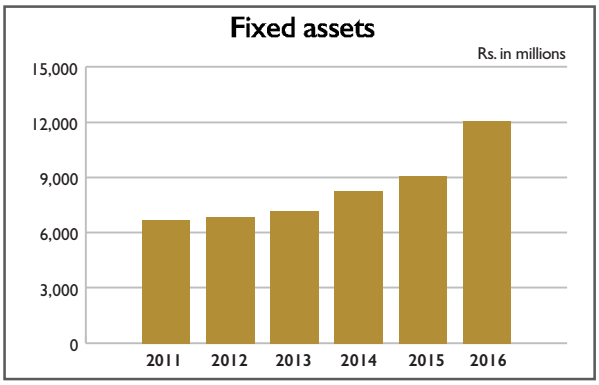


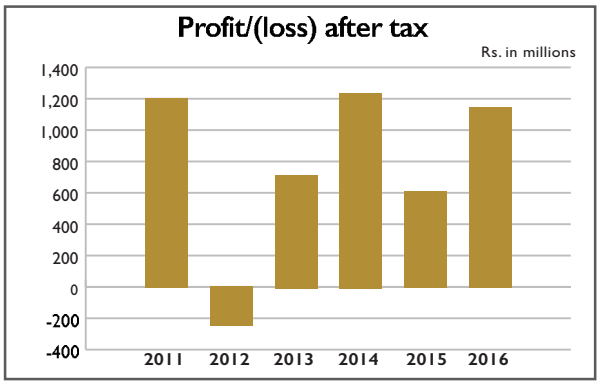
Capital structure ratios

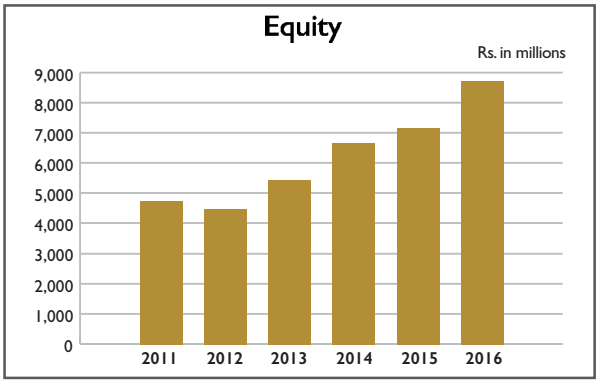


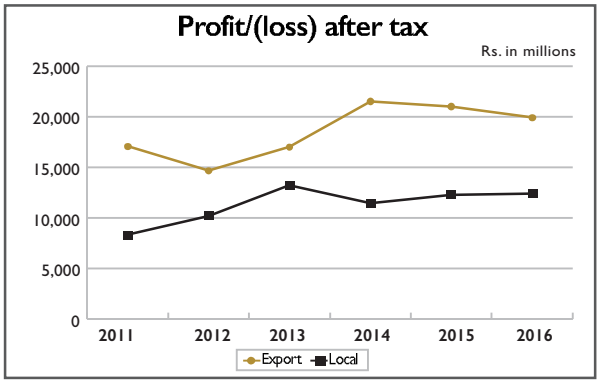

Assets 2016
61.77%
38.23%
Current assets
Non - Current assets

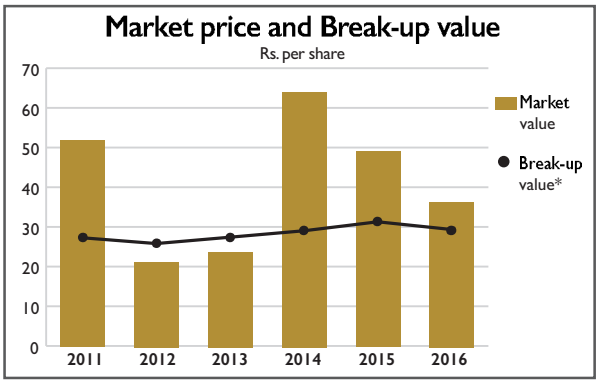

Assets 2015
63.06%
36.94%
Current assets
Non - Current assets

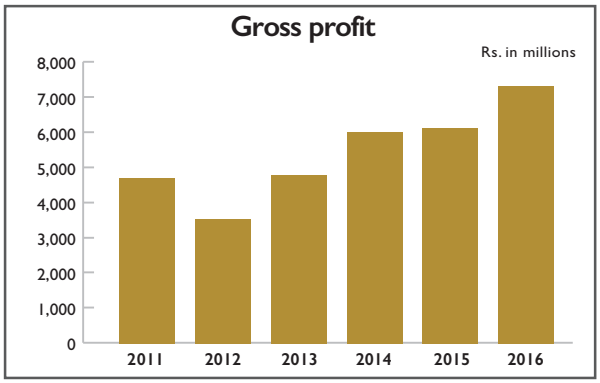

Fixed assets
Rs. in millions
15,000
12,000
9,000
6,000
3,000
0
2011
2012
2013
2014
2015
2016


Profit/(loss) after tax
Rs. in millions
1,400
1,200
1,000
800
600
400
200
0
-200
-400
2011
2012
2013
2014
2015
2016


Equity
Rs. in millions
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
2011
2012
2013
2014
2015
2016

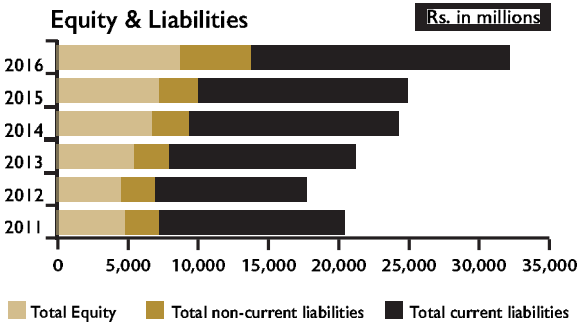

Profit/(loss) after tax
Rs. in millions
25,000
20,000
15,000
10,000
5,000
0
2011
2012
2013
2014
2015
2016
Export
Local

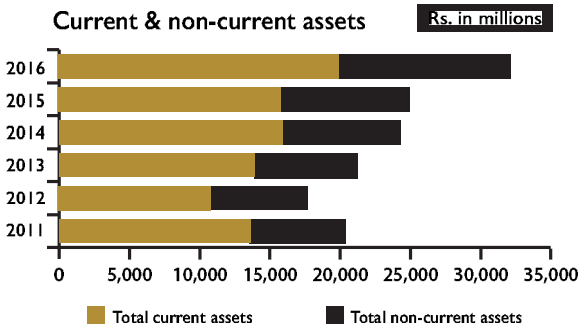

Market price and Break-up value
Rs. per share
70
60
50
40
30
20
10
0
2011
2012
2013
2014
2015
2016
Market value
Break-up value*


Gross profit
Rs. in millions
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
2011
2012
2013
2014
2015
2016

Horizontal Analysis of Financial Statements

	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011
	Rupees (000s)						Variance %					
Balance Sheet												
Total equity	8,718,239	7,169,472	6,659,903	5,428,502	4,472,509	4,712,873	21.60	7.65	22.68	21.37	(5.10)	31.07
Total non-current liabilities	4,975,661	2,802,022	2,611,672	2,504,664	2,394,295	2,497,260	77.57	7.29	4.27	4.61	(4.12)	2.80
Total current liabilities	18,475,363	14,971,853	15,005,632	13,255,764	10,851,954	13,194,546	23.40	(0.23)	13.20	22.15	(17.75)	53.88
Total equity and liabilities	32,169,263	24,943,347	24,277,207	21,188,930	17,718,758	20,404,679	28.97	2.74	14.57	19.58	(13.16)	39.76
Total non-current assets	12,299,727	9,215,047	8,381,303	7,267,065	6,964,606	6,788,103	33.47	9.95	15.33	4.34	2.60	8.63
Total current assets	19,869,536	15,728,300	15,895,904	13,921,865	10,754,152	13,616,576	26.33	(1.05)	14.18	29.46	(21.02)	63.06
Total assets	32,169,263	24,943,347	24,277,207	21,188,930	17,718,758	20,404,679	28.97	2.74	14.57	19.58	(13.16)	39.76
Profit and Loss account												
Net sales	32,274,556	33,354,784	33,012,724	30,242,719	24,944,859	25,463,845	(3.24)	1.04	9.16	21.24	(2.04)	29.33
Cost of sales	(24,968,291)	(27,260,395)	(27,036,675)	(25,491,927)	(21,432,746)	(20,808,843)	(8.41)	0.83	6.06	18.94	3.00	25.99
Gross profit	7,306,265	6,094,389	5,976,049	4,750,792	3,512,113	4,655,002	19.89	1.98	25.79	35.27	(24.55)	46.71
Distribution expenses	(3,242,285)	(2,602,887)	(2,122,660)	(1,509,886)	(1,322,582)	(1,090,588)	24.56	22.62	40.58	14.16	21.27	37.80
Administrative expenses	(1,833,967)	(1,531,584)	(1,313,920)	(1,086,920)	(955,070)	(808,926)	19.74	16.57	20.88	13.81	18.07	15.55
Other expenses	(137,554)	(185,397)	(116,197)	(72,356)	(653)	(116,918)	(25.81)	59.55	60.59	10,980.55	(99.44)	118.05
Other income	152,538	343,095	235,555	38,558	166,617	25,245	(55.54)	45.65	510.91	(76.86)	560.00	0.51
Operating profit	2,244,997	2,117,616	2,658,827	2,120,188	1,400,425	2,663,815	6.02	(20.36)	25.41	51.40	(47.43)	61.17
Financial expenses	(910,488)	(1,334,289)	(1,162,850)	(1,268,651)	(1,401,842)	(1,126,361)	(31.76)	14.74	(8.34)	(9.50)	24.46	55.91
Profit before taxation	1,334,509	783,327	1,495,977	851,537	(1,417)	1,537,454	70.36	(47.64)	75.68	(60,204.70)	(100.09)	117.08
Income tax expense	(193,079)	(178,384)	(261,179)	(140,474)	(238,947)	(340,997)	8.24	(31.70)	85.93	(41.21)	(29.93)	47.81
Profit for the year	1,141,430	604,943	1,234,798	711,063	(240,364)	1,196,457	88.68	(51.01)	73.66	(395.83)	(120.09)	164.89





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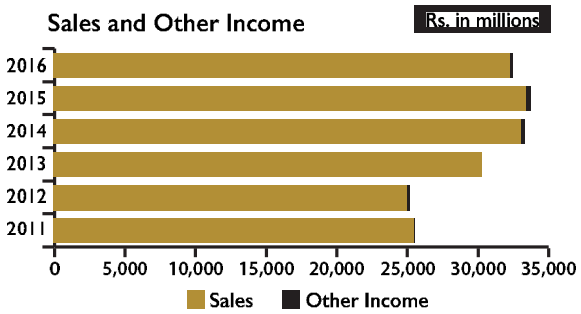
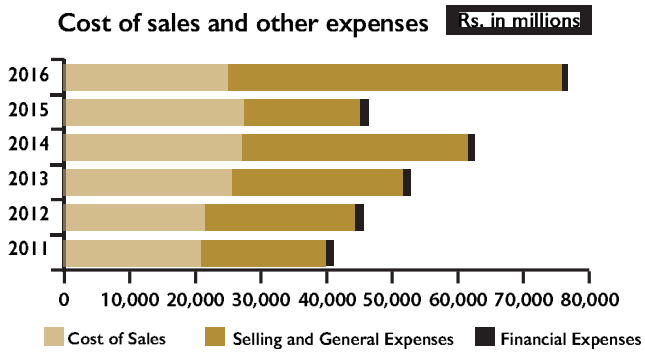
Vertical Analysis of Financial Statements

	2016		2015		2014		2013		2012		2011	
	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%	Rs. in (000s)	%
Balance Sheet												
Total equity	8,718,239	27.10	7,169,472	28.74	6,659,903	27.43	5,428,502	25.62	4,472,509	25.24	4,712,873	23.10
Total non-current liabilities	4,975,661	15.47	2,802,022	11.23	2,611,672	10.76	2,504,664	11.82	2,394,295	13.51	2,497,260	12.24
Total current liabilities	18,475,363	57.43	14,971,853	60.02	15,005,632	61.81	13,255,764	62.56	10,851,954	61.25	13,194,546	64.66
Total equity and liabilities	32,169,263	100.00	24,943,347	100.00	24,277,207	100.00	21,188,930	100.00	17,718,758	100.00	20,404,679	100.00
Total non-current assets	12,299,727	38.23	9,215,047	36.94	8,381,303	34.52	7,267,065	34.30	6,964,606	39.31	6,788,103	33.27
Total current assets	19,869,536	63.77	15,728,300	63.06	15,895,904	65.48	13,921,865	65.70	10,754,152	60.69	13,616,576	66.73
Total assets	32,169,263	100.00	24,943,347	100.00	24,277,207	100.00	21,188,930	100.00	17,718,758	100.00	20,404,679	100.00
Profit and Loss Account												
Net sales	32,274,556	100.00	33,354,784	100.00	33,012,724	100.00	30,242,719	100.00	24,944,859	100.00	25,463,845	100.00
Cost of sales	(24,968,291)	(77.36)	(27,260,395)	(81.73)	(27,036,675)	(81.90)	(25,491,927)	(84.29)	(21,432,746)	(85.92)	(20,808,843)	(81.72)
Gross profit	7,306,265	22.64	6,094,389	18.27	5,976,049	18.10	4,750,792	15.71	3,512,113	14.08	4,655,002	18.28
Distribution expenses	(3,242,285)	(10.05)	(2,602,887)	(7.80)	(2,122,660)	(6.43)	(1,509,886)	(4.99)	(1,322,582)	(5.31)	(1,090,588)	(4.29)
Administrative expenses	(1,833,967)	(5.68)	(1,531,584)	(4.59)	(1,313,920)	(3.98)	(1,086,920)	(3.59)	(955,070)	(3.83)	(808,926)	(3.18)
Other income	(137,554)	0.47	343,095	1.03	235,555	0.71	38,558	0.13	166,617	0.67	25,245	0.10
Other expenses	152,538	(0.43)	(185,397)	(0.56)	(116,197)	(0.35)	(72,356)	(0.24)	(653)	(0.00)	(116,918)	(0.46)
Operating profit	2,244,997	6.96	2,117,616	6.35	2,658,827	8.05	2,120,188	7.01	1,400,425	5.51	2,663,815	10.46
Financial expenses	(910,488)	(2.82)	(1,334,289)	(4.00)	(1,162,850)	(3.52)	(1,268,651)	(4.19)	(1,401,842)	(5.61)	(1,126,361)	(4.42)
Profit/(Loss) before taxation	1,334,509	4.13	783,327	2.35	1,495,977	4.53	851,537	2.82	(1,417)	(0.01)	1,537,454	6.04
Income tax expense	(193,079)	(0.60)	(178,384)	(0.53)	(261,179)	(0.79)	(140,474)	(0.46)	(238,947)	(0.96)	(340,997)	(1.34)
Profit/(Loss) for the year	1,141,430	3.54	604,943	1.81	1,234,798	3.74	711,063	2.35	(240,364)	(0.96)	1,196,457	4.70





Comments on Financial Analysis

EQUITY AND LIABILITIES

- **Shareholders' Equity**
  Aggregate equity of the company has increased by Rs. 1.55 billion from the prior year to Rs 8.72 billion (increase of 21.61% as compared to last year). The issued share capital was raised, via right issue of Rs. 0.69 billion. Reserves of the company increased to Rs. 5.75 billion after total dividend paid out during the year amounting to Rs. 799.83 million.

- **Non-current Liabilities**
  Total long term liabilities has increased by 64% due to the management's strategic decision to take maximum advantage of historically lowest markup rates which would remain locked over the period of loan. Whereas the deferred liabilities which includes deferred taxation and staff retirement benefits have reduced by around 12.5% as compared to the last year. However, it has remained almost consistent during prior five years.

- **Current Liabilities**
  Increase in current liabilities is mainly due to significant increase in short term borrowings from the corresponding year, to meet the working capital requirement. However, it has remained almost consistent during prior five years.

ASSETS

- **Non-current Assets**
  Non-current assets of the Company including property, plant and equipment, intangible assets and long term investments, reflected a significant increase as compared to the prior year, primarily due to addition in the operating fixed assets during the year amounting to Rs. 3.01 billion. Over the last six years it clearly indicates the steady growth in fixed assets of the Company.

- **Current Assets**
  Current assets include trade debts, stock in trade, short term prepayments, cash and bank balances and loans and advances. This has increased due to significant increase in stock-in-trade, trade debts & loan and advances with an aggregate balance of Rs. 19.87 billion at the end of FY 2016.

PROFIT AND LOSS

- **Sales and Cost of Sales**
  Local sales increased marginally, whereas export sales were somewhat reduced as compared to last year. However, with comparison over the last six years, sales grew by 26.74 % from Rs. 25.46 billion in FY 2011 to Rs. 32.28 billion in FY 2016.a

- **Gross Profit**
  Despite decline in sales in the current FY 2016, mainly due to export sales, gross profit margin improved by 4.5% which is primarily due to the result of lower cost of sales, which was achieved through improved efficiencies, installation of new state of the art machineries, production facilities and systems. Cost of sales as a percentage of sales is 77% in FY 2016 as compared to 81% in FY 2015. Overall the gross profit has been showing an increasing trend over the last six years.

- **Operating Profit**
  Operating profit of the company has grown steadily over the past six years. This reflects the performance of the company in maintaining its efficiency on its controls, strategies and systems. For the FY 2016, the operating profit was Rs. 2.24 billion as compared to the Rs. 2.14 in FY 2015.

CASH FLOWS

- Cash and cash equivalents as at June 30, 2016 were recorded at Rs. (12.56) billion as compared to Rs. (8.72) billion at June 30, 2015. Addition in property, plant and equipment and borrowing to meet the working capital are the main reasons for the increase in borrowings as compared to the previous year.

RATIO ANALYSIS

- **Profitability Ratios**

  Gross Profit ratio substantially increased from 18.28% in FY 2011 to 22.64% in FY 2016, indicating improvement in the manufacturing processes. Net profit to sales ratio and EBITDA margin to sales have increased to 3.54% & 10.43% respectively in FY 2016, which again reflects successful cost reduction measures of the company. Return on capital employed has decreased in FY 2016 which is mainly due to increase in shareholders' equity and long term loans, despite the fact that earning have steadily grown over the last six years.

- **Liquidity Ratios**

  Efficient fund management is indicating a steady growth in the current ratio year by year. On the contrary Cash flow from operation has reflected an increase in working capital requirement majorly due to money tied up in storing the raw material requirement taking benefit of lower rates.

- **Turnover Ratios**

  Inventory turnover ratio has decreased which is an indication of increase in stock & inventory during the FY 2016, as also stated in the liquidity ratio comment, having the same retrospective impact on inventory days. Debtors' turnover days is indicating better recovery performance over the past six years as it is 25 days in FY 2016 as compared to the 31 days in FY 2011.

  Fixed asset turnover ratio has shown a slight decline in the current year, which is reflecting the increase in property, plants and equipment despite the fact that sales has remained more or less constant.

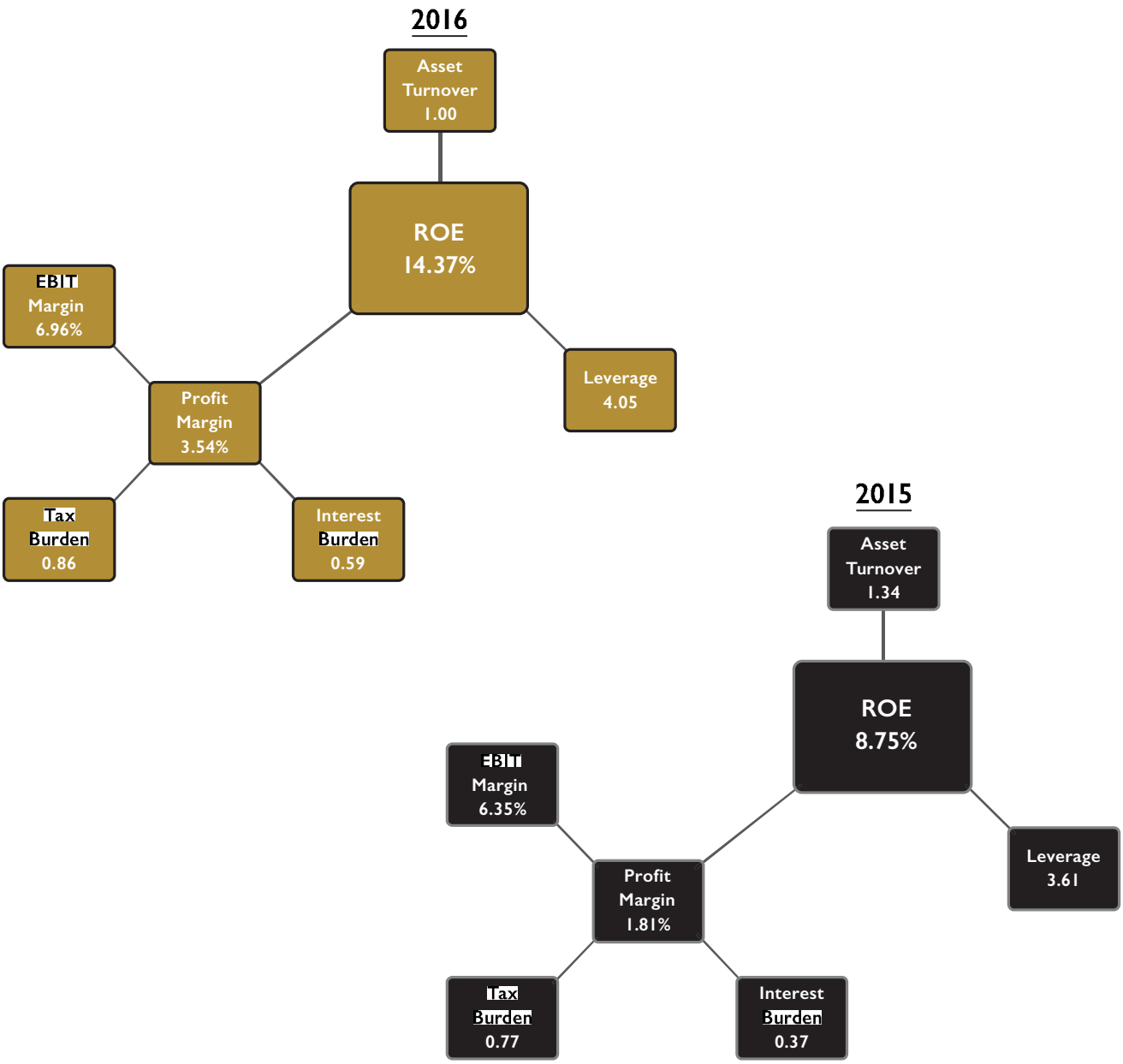
- **Investment/Market Ratios**

  Earnings per share has increased to Rs. 4.27 to Rs. 2.65 in the current year. Price earnings ratio decreased to 8.47 times in FY 2016 from 9.29 times which is as a result of increased earnings per share and simultaneously fall in market price of the shares, which is now at Rs. 36.19 at the end of FY 2016 from Rs. 51.73 in FY 2011.

- **Capital Structure Ratios**

  The increase in long term loans to take advantage of the low markup rate has increased the company debt to equity ratio to 53:47 in FY 2016 as compared to 47:53 in FY 2011. This has also had an impact on the financial leverage ratio which has increased to 2.06 times in the FY 2016. Resultantly, the increase in debt, the interest cover ratio has risen to all-time highest during the last six year to 2.47.

Dupont Analysis



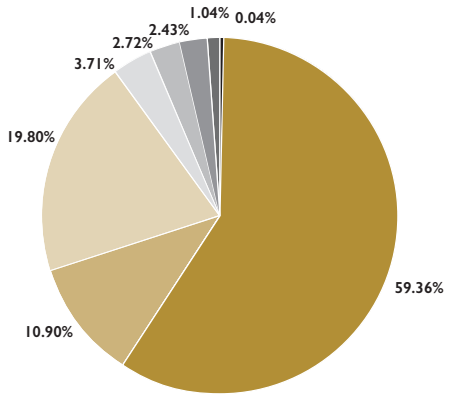
Dupont Analysis

	2016	2015	2014	2013	2012	2011
Return on Equity (ROE)	**14.37**	8.75%	20.43%	14.36%	(5.23)%	28.80%
Asset Turnover	**1.00**	1.34	1.36	1.43	1.41	1.25
Leverage (Total assets to average equity)	**4.05**	3.61	4.02	4.28	3.86	4.91
Net Profit Margin	**3.54%**	1.81%	3.74%	2.35%	(0.96)%	4.70%
Interest Burden	**0.59**	0.37	0.56	0.40	(0.00)	0.58
Tax Burden	**0.86**	0.77	0.83	0.83	169.63	0.78
EBIT Margin	**6.96**	6.35%	8.05%	7.01%	5.61%	10.46%

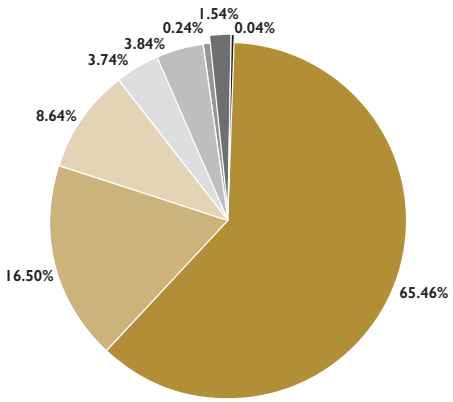
Our Value Addition and its Distribution

	2016		2015	
	Rupees (000s)	%	Rupees (000s)	%
Value addition				
Net sales including sales tax	32,750,413	99.54	33,798,152	99.00
Other operating income	152,538	0.46	343,095	1.00
	32,902,951	100.00	34,141,247	100.00
Value distribution				
Cost of sales (excluding employees' remuneration, duties and taxes)	19,530,837	59.36	22,350,233	65.46
Distribution and administration expenses (excluding employees' remuneration and taxes)	3,587,638	10.90	2,950,017	8.64
Employees' remuneration (excluding EOBI, SESSI and education cess)	6,513,630	19.80	5,634,019	16.50
Government taxes (includes income tax, WPPF, WWF, duties, federal and provincial taxes, sales tax etc.)	1,220,782	3.71	1,275,449	3.74
Providers of capital (finance cost less taxes)	895,881	2.72	1,311,634	3.84
Dividend	799,831	2.43	80,959	0.24
Contribution to society - Donations	12,753	0.04	14,951	0.04
Profit retained	341,599	1.04	523,984	1.54
	32,902,951	100.00	34,141,247	100.00

Distribution of wealth 2016



Distribution of wealth 2015



- Cost of sales
- Distribution and administration expense
- Employees' remuneration
- Government taxes
- Providers of capital (finance cost)
- Dividend
- Profit retained
- Contribution to society

Quarterly Analysis

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total	
	2016	2015	Change	2016	2015	Change	2016	2015	Change	2016	2015	Change	2016	2015
	Rupees in millions			Rupees in millions			Rupees in millions			Rupees in millions			Rupees in millions	
Sales	5,941	6,675	(11)%	7,815	9,585	(18)%	8,508	8,616	(1)%	10,010	8,478	18%	32,275	33,355
GP	1,252	860	46%	1,946	1,880	4%	2,159	1,562	38%	1,949	1,793	9%	7,306	6,094
EBITDA	475	378	26%	964	1,129	(15)%	1,054	839	26%	878	748	17%	3,371	3,094
PAT	(91)	(177)	(49)%	514	429	20%	496	198	149%	223	154	45%	1,142	605
	Rupees per share			Rupees per share			Rupees per share			Rupees per share			Rupees per share	
EPS	(0.40)	(0.78)	(49)%	2.25	1.88	20%	2.17	0.87	149%	0.25	0.68	(63)%	4.27	2.65

First Quarter ended September 30, 2015

Sales during this quarter was dropped by 11% as compared to the corresponding period. Despite this we managed to improve its gross profit margin mainly due to the efforts taken to rationalize the cost of sales which has also reduced by 19% due to right sizing and closing the old spinning unit.

Loss before tax is Rs. 53 million as compared to Rs. 126 million in the corresponding quarter. The loss was mainly due to recession in Europe and also an unfavourable exchange rate prevailing in Pakistan resulting in 20% decline in exports. The loss in spinning segment can mainly be attributed to the slowdown in demand from China.

Second Quarter/Half Year Ended December 31, 2015

During this quarter, sales increased to Rs. 7,815 million showing an increase of 32% from the prior quarter. However, with corresponding period, sales declined by 18%, which was due to lower export sales in this period as a result of economic slowdown in export markets.

While on the contrary, gross profit margin increased which again reflects the company's initiative in improving efficiencies and successful cost reduction measures. Resultantly, EPS significantly improved to Rs. 2.25 as compared to the corresponding period.

Third Quarter/Nine Months Ended March 31, 2016

Performance in this quarter shows an all-round improvement contributing 26% to the annual sales of FY 2016. Although sales in comparison with the corresponding quarter was slightly lower, however with comparison to the corresponding period, it increased by 9% amounting to Rs. 8,508 million.

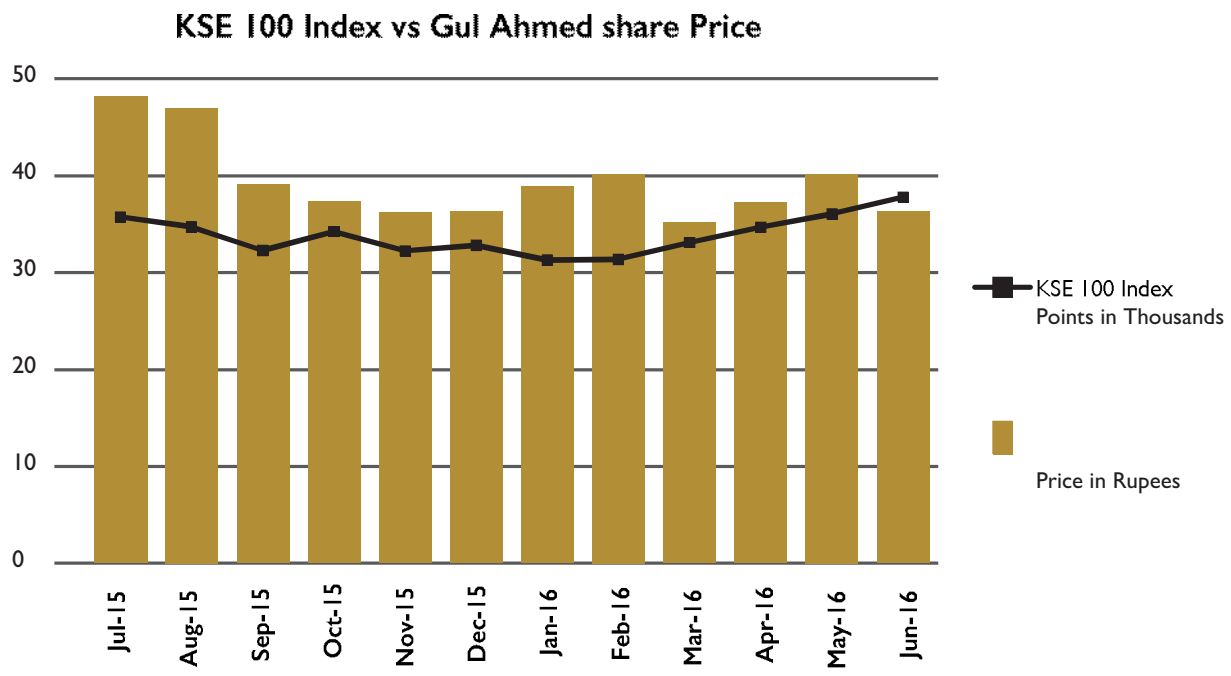
However, gross profit margin and EBITDA significantly increased by 38% and 150% respectively showing strong commitment of management to rationalize the cost.

Fourth Quarter/Year Ended June 30, 2016

Sales during this quarter increased by 18% as compared to the corresponding period which is the highest contribution to annual sales of the FY 2016.

Gross profit margin and EBITDA also increased by 9% and 45% respectively. The growth in GP value as well as margin is mainly due to replacement of inefficient machineries, process re-engineering, a marginal impact of change in product mix and control over costs.

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.

Sensitivity analysis is performed on regular basis to minimize the risk of these external factors. This involves analysing 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 may distort the profitability.
2. Exchange Rate fluctuations affect the export sales of the Company in PKR.
3. Interest Rate fluctuations affect the finance cost of the Company and also affect the decisions of the management to expand its operations/modernise its production facilities due to borrowing cost.
4. Pronouncements by Government of Pakistan relating to rebates, taxes, duties, refinance rates, etc. are all price sensitive. These affect the performance of the Company and major decisions of the management.
5. Pronouncements by foreign governments such as award of 'GSP Plus Status' to Pakistan from European Union which may boost the export revenue of the textile industry. Other pronouncements from competing countries like subsidies to the industry in energy prices, lower tax or duties rates will affect the competitiveness of the industry in Pakistan if such facilities are not provided to the industry in Pakistan by the government.
6. Economic growth in the countries where the products are exported.

Stakeholder Engagement and Investor Relations

STAKEHOLDER ENGAGEMENT

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

Employees

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

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

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

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

Customers

It was well said by the American author Michael LeBoeuf: "A satisfied customer is the best business strategy of all". We also maintain a good relationship with our customers by providing quality products and making deliveries on time. We also provide specialized services to our customers as per their requirements. To further strengthen our relationship, the Company organizes and attends various events and exhibitions, providing our customers with opportunities to interact, and obtains their feedback to understand their needs and requirements.

Suppliers and Partners

The quality of products which goes into what we manufacture has a direct impact on the quality of our products that go to the market bearing our brand. The Company develops two-way, mutually beneficial relationships with strategic suppliers and partners. This enables each business to develop shared goals, visions and strategies. Trade buyers and sellers can effectively collaborate to deliver the best value to end customers which is beneficial to each partner.

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

Government Authorities

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

General Public and Local Community

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

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

INVESTOR RELATIONS

Shareholders

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

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

Annual General Meeting

The Company convenes Annual General Meeting (AGM) in accordance with the Companies Ordinance, 1984. AGM provides a good platform to engage with the shareholders and listen to their views and suggestions.

Financial Reporting

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

Stock Exchange Notifications

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

Media

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

Website

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

SWOT Analysis

STRENGTHS

- Strong Image and Branding
- Pioneer in apparel fabrics both for ladies and gents
- In-depth relationship with international customers
- Competent, well experienced and loyal staff and workers
- Global presence – wholly owned setups in the UAE, Europe and the USA to market the products
- Edge in technology – state of the art plant and machinery
- In house power generation
- Composite mill from cotton to made-ups
- Cordial relationship with the work force
- Strong raw material base as Pakistan is the fourth largest producer of cotton
- Coherent quality control measures at the manufacturing facilities
- Being socially responsible and for sustainable environment, Gul Ahmed has a mission of becoming a green company
- Extensive retail network consists of above 80, 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 on limited customers
- Highly labor intensive industry
- Labor productivity is very low

OPPORTUNITIES

- Growing retail market including expansion of ladies and gents apparel
- Growth in exports as a result of Pakistan's GSP Plus status from European Union
- Less explored USA, Canada, Australia and Middle Eastern markets
- Expanding online sales
- Kid's apparel market has potential to be explored
- E – marketing

THREATS

- Internal and external security situation
- Deteriorating economic conditions in the country compounded by increasing debt burden and circular debt
- Irrational taxation policies
- Continuous energy shortage affecting production and its cost
- Worsening of economic conditions in the Europe
- Large number of competitors including the informal setups, especially in the ladies fabric business
- Key employees lured by competitors
- Shortage of raw material (cotton) due to natural disasters like heavy rains, floods, etc
- Worldwide surplus production capacity resulting in heavy price wars

Environmental Overview (PESTEL)

Political Factors

- Political situation of the country has stabilized to a great extent but is still impulsive as the anti-government movements are very active.
- Law and order conditions have improved greatly, however, there are concerns about the situation 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

- Reduction in/Stable discount rates have favorable impact on the financial cost.
- Reduction 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.
- 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.
- Rapid changes in fashion trends and consumer preferences make the market highly competitive.
- The customers are very particular towards their safety while using the products and therefore require proper compliance with regards to consumer protection measures.
- Growth in population is out spacing the annual growth, resulting in unfavorable impact on the economy
- Customer loyalty is getting stronger day by day therefore, businesses have to make more efforts to maintain it.

Technological Factors

- It is of utmost importance to stay up to date on technological advancements in today's era. Our Company is continuously monitoring technological front in production and is adopting modern practices. It has the latest, state of the art production facilities.
- Gul Ahmed is enduring itself towards the integrated systems for management and storage of data.
- 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 factor to interact with customers globally.
- Gul Ahmed is making the best of efforts to benefit from the increasing trends of online shopping, nationally 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.
- Environmental control requirements need extra investment in the manufacturing facilities

Legal Factors

- Increasing indirect taxes, cess, duties and charges.
- Trade and textile policies are not fully implemented.

Risk Management

Risks 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	• Production break down • HSE Risk • Turnover of skilled staff	• Foreign Currency Risk • Liquidity Risk • Interest Risk • Credit Risk	• Non Compliance of Applicable Laws • Non Compliance of Policies • Non Compliance of Product Standards

Risk Mitigation Activities				
Strategic Risks	**Commercial Risks**	**Operational Risks**	**Financial Risks**	**Compliance Risks**
• Compete through improved quality of product • Upgrade manufacturing facilities • Continuously assess product demand by consumer surveys, attending exhibitions and fashion shows	• Entering into running and long term contracts with suppliers and improved and extended storage facilities • Product research and development • Focus on innovation • Expanding customer base by exploring new export markets and through investment in retail and wholesale business	• 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	• 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, messing, safe and healthy working environment and others.

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 practises and enhancing operational, management and technological skills.

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

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

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

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

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

Health, Safety and Environment (HSE)

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 health, safety and the environment.
- All incidents can be prevented
- 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 is run with strong commitment of top leadership to address HSE concerns with well-defined Policies and objectives. HSE and internal audit departments of the Company review and audit the HSE risks and their mitigation while planning various operational activities of the divisions.

Whistle Blowing Policy

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

Guiding Principles

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

i Ensure that the whistle-blower and/or the person processing the Protected Disclosure is not victimized for doing so;
ii Treat victimization as a serious matter, including initiating disciplinary action against such person(s);
iii Ensure complete confidentiality;
iv Not attempt to conceal evidence of the Protected Disclosure;
v Take disciplinary action, if anyone destroys or conceals evidence of the Protected Disclosure made/to be made; and
vi Provide an opportunity of being heard to the persons involved.

Whistle Blowing Committee

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

i Chief Financial Officer
ii Head of Human Resource
iii Head of Internal Audit

Procedure – Raising Protected Disclosure

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

i Confidential Call
ii Email:
whistleblowing@gulahmed.com
bol@gulahmed.com
iii Whistle Blower Drop Box

Handling Protected Disclosures

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

Shareholders' Information

Annual General Meeting

The Annual General Meeting of the shareholders' will be held on October 31, 2016 at 9:30 a.m at Moosa D. Dessai ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi. Shareholders as of October 22, 2016 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, 2016, the Company has 4,773 shareholders.

Karachi Stock Exchange Share Prices 2015-16		
	Price in Rupees	
Period	High	Low
1st Quarter	53.20	36.85
2nd Quarter	41.20	34.01
3rd Quarter	43.44	34.25
4th Quarter	45.00	32.99

Announcement of Financial Results

The tentative dates of the announcement of financial results and payment of cash dividend (if any) for the year 2016-17 are as follows:

Period	Financial Results	Dividend Payment (if any)
1st Quarter	October 29, 2016	-
2nd Quarter	February 25, 2017	-
3rd Quarter	April 29, 2017	-
Annual Accounts	September 30, 2017	November 30, 2017

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., Shahrah-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 64th 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 Monday, October 31, 2016 at 9:30 a.m. to transact the following businesses:

ORDINARY BUSINESSES

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.

2. To consider and approve, as recommended by the Board of Directors, payment of Final Cash Dividend @ 10% i.e., Re. 1/- per share in addition to 20% Interim Cash Dividends already paid for the year ended June 30, 2016. Holding Company has agreed to relinquish its portion of final cash dividend.

3. To appoint Auditors for the financial year ending June 30, 2017 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 BUSINESSES

5. To obtain consent of the shareholders in terms of S.R.O 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan (SECP), for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB or by any other permissible electronic mean and to pass the following resolution as an Ordinary Resolution, with or without modification:

   "**Resolved** that transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein to the members at their registered addresses either through CD or DVD or USB or by any other permissible electronic mean instead of transmitting the same in hard copies, be and is hereby approved."

6. To consider, and if thought fit, to pass the following resolution,with or without modification(s), as Special Resolution to alter the Articles of Association of the Company by inserting new Articles Nos.83 A, 89 A and 94 A to enable e-voting as required by Companies (E-Voting) Regulations, 2016, issued by Securities and Exchange Commission of Pakistan vide SRO 43(I)/2016 dated 22 January 2016.

   "**Resolved** as and by way of special resolution that the Articles of Association of the Company be amended by adding following new clauses as 83 A, 89 A and 94 A:

   83 A E-Voting: The provisions and requirements for e-voting as prescribed by the Securities and Exchange Commission of Pakistan for the time being and from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of other provisions of these Articles and notwithstanding anything contradictory therein.

   89 A In case of e-voting, voters may appoint either members or non-members as proxy and the Company shall comply with the requirements of the Companies (E-Voting) Regulations, 2016 prescribed under the Companies Ordinance, 1984.

   94 A An instrument appointing a proxy may be in the following form, or in any other form which the Directors may approve:

Option I

Appointing other person as Proxy.

I/We _____ of _____ being a member of Gul Ahmed Textile Mills Limited and holder of _____ (number of shares) Ordinary Shares as per Registered Folio No._____ hereby appoint Mr. _____ of _____ or failing whom Mr. _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the (annual, extraordinary general meeting, as the case may be) of the Company to be held on _____ and at any adjournment thereof. Signed under my / our this _____ day of _____, 20___ .

Option 2

E-voting as per the Companies (E-voting) Regulations, 2016

I/We _____ of _____ being a member of Gul Ahmed Textile Mills Limited holder of _____ Ordinary Share(s) as per Registered Folio No._____ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions, my secured email address is _____, please send login details, password and electronic signature though email.

Signed in the presence of:

Signature should agree with the specimen signature registered with the Company.

Signature of Witness

Signature of Witness

Further resolved that the Chief Executive Officer or Company Secretary of the Company be and is hereby singly authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Securities and Exchange Commission of Pakistan complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution."

Statement under Section 160 of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on Monday, October 31, 2016.

ITEM (4) OF THE AGENDA

To give effect to the notification S.R.O 470(I) 2016 of the Securities and Exchange Commission of Pakistan ('SECP"), shareholders' approval is being sought to allow the Company to circulate its Annual Report through CD/DVD/USB or by any other permissible electronic mean to all members. The Company however, shall place on its website a standard request form to enable those members requiring a hard copy of the Annual Report instead of through CD/DVD/USB, to intimate the Company of their requirement.

Further if a member prefer to receive hard copies for all the future annual reports, then such preference of the member shall be communicated to the Company in writing in which case the Company shall be bound to provide hard copies of all the future annual reports.

ITEM (5) OF THE AGENDA

To give effect to the Companies (E-Voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of association of the company to enable e-voting.

The directors are not interested, directly or indirectly, in the above businesses except to the extent of their investment as has been detailed in the pattern of shareholding.

By Order of the Board

Karachi
October 1, 2016

Mohammed Salim Ghaffar
Company Secretary

NOTES :

1. The Share Transfer Books of the Company will remain closed from October 22, 2016 to October 31, 2016 (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, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of the business on October 21, 2016 will be in time for the purpose of payment of final cash dividend to the transferees.

2. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting. A proxy must be a member of the Company.

3. The CDC Account holders/sub-account holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce his original CNICs at the time of attending the meeting for identification purpose.

4. The directive of the SECP contained in S.R.O. 83(I)/2012 dated July 5, 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is, therefore mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar.

5. Shareholders who hold shares in physical form are requested to provide option for dividend mandate to our Share Registrar in order to comply with the requirements of SECP Circular 18 of 2012 dated June 5, 2012. CDC shareholders are requested to submit their dividend mandate directly to their broker (participant)/CDC Investor account services. Please note that this dividend mandate is optional and not compulsory.

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 Audited Accounts through email are therefore, requested to kindly send their written consent alongwith email address to the Share Registrar of the Company.CDC shareholders are requested to submit their email address and consent directly to their broker (participant)/CDC Investor account services.

7. In compliance with SECP notification No.634 (I)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2016 are being placed on the Company's website: www.gulahmed.com for the information and review of shareholders.

8. Pursuant to the provisions of the Finance Act, 2016, effective July 1, 2016 the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

   a) For Filers of Income Tax return 12.50%
   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 12.50%.

9. The FBR has clarified that where the shares are held in joint accounts/names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her shareholding. The shareholders, who are having joint shareholding status, are requested to kindly intimate their joint shareholding proportions to the Share Registrar of the Company latest by October 21, 2016, 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 by 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 (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

12. Shareholders are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.

13. Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

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

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

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

Signature of Members

مطلع کریں۔

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

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

10 منافع منقسمہ آمدنی پر وہولڈنگ ٹیکس سے مستثنیٰ ہونے کے لیے ٹیکس مستثنیٰ سرٹیفکیٹ کی درست کاپی کمپنی کے شیئر رجسٹرار کو کتابوں کی بندش کے پہلے دن فراہم کرنا ہوگی ورنہ قابل اطلاق شرح کے مطابق منافع منقسمہ پر ٹیکس کاٹا جائے گا۔

11 کارپوریٹ شیئر ہولڈرز جو سی ڈی سی اکاؤنٹس رکھتے ہیں، انھیں اپنے سی ڈی سی (Participants) کے ساتھ اپنے نیشنل ٹیکس نمبر کو اَپ ڈیٹ رکھنا ہوگا جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کمپنی یا فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو اپنے این ٹی این سرٹیفکیٹ کی کاپی بھیجیں۔ شیئر ہولڈرز اپنے این ٹی این یا این ٹی این سرٹیفکیٹ بھیجتے وقت اپنا کمپنی کا نام اور اپنا فولیو نمبر ضرور تحریر کریں۔

12 شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی سے کمپنی کے شیئر رجسٹرار کو فوراً مطلع کریں۔ شیئر ہولڈرز جو سی ڈی سی اکاؤنٹس رکھتے ہیں وہ اپنے (Participants) کے ساتھ اپنا ایڈریس اَپ ڈیٹڈ رکھیں۔

13 ممبران لاہور اور اسلام آباد میں وڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ اس سلسلے میں برائے مہربانی مندرجہ ذیل فارم پُر کریں اور سالانہ اجلاس عام سے 10 دن قبل یہ فارم کمپنی کے رجسٹرڈ پتے پر جمع کروائیں۔ اگر کمپنی اجلاس سے 10 دن قبل ایسے ممبر سے منظوری وصول کرتی ہے جو 10 فیصد یا زائد کی شیئر ہولڈنگ رکھتے ہیں اور کسی جغرافیائی مقام سے وڈیو کے ذریعے اجلاس میں شرکت کرنا چاہتے ہیں تو کمپنی اس شہر میں وڈیو کانفرنس کی سہولت دستیاب کرے گی جو کہ اس شہر میں اس سہولت کی دستیابی سے مشروط ہے۔

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

میں/ہم _____ کے _____ بحیثیت گل احمد ٹیکسٹائل ملز کے ممبر، _____ کے ہولڈر، عام شیئر رجسٹر فولیو نمبر _____ کے مطابق _____ مقام پر وڈیو کانفرنس سہولت حاصل کرنا چاہتے ہیں۔

_____

ممبران کے دستخط

نوٹس:

1 کمپنی کی شیئر منتقلی کی کتابیں 22 اکتوبر 2016 سے 31 اکتوبر 2016 (بشمول دونوں ایام) بند رہیں گی۔ اس دوران کوئی شیئر ٹرانسفر رجسٹریشن کے لیے قبول نہیں کیا جائے گا۔ ہمارے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-F، متصل ہوٹل فاران نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی پر 21 اکتوبر 2016 کو کاروبار کے اختتام تک موصول ہونے والے ٹرانسفرز کو شیئر ہولڈرز کیلئے حتمی نقد منافع منقسمہ کی ادائیگی کے لیے بروقت تصور کیا جائیگا۔

2 ممبر جو اجلاس میں شرکت اور ووٹ ڈالنے کا حق دار ہے، وہ دوسرے ممبر کو اپنی جگہ شرکت، بولنے اور ووٹ ڈالنے کے لیے پراکسی مقرر کرسکتا ہے۔ پراکسیز کے مؤثر ہونے کے لیے ضروری ہے کہ وہ اجلاس شروع ہونے سے 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹر شدہ دفتر پر موصول ہو جائیں۔ پراکسی کا کمپنی ممبر ہونا ضروری ہے۔

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

4 ایس آر او 2012(1)83 مورخہ 5 جولائی، 2012 میں موجود ایس ای سی پی کے ڈائریکٹو کو یہ درکار ہے کہ منافع منقسمہ کے وارنٹس کے ساتھ رجسٹرڈ شیئر ہولڈرز یا نابالغ کی صورت میں مجاز شخص اور کے سی این آئی سی نمبرز موجود ہوں۔ مستقبل میں منفع منقسمہ کے وارنٹس کے اجراء کے لیے شیئر ہولڈرز کے سی این آئی سی نمبر کا ہونا ضروری ہے ورنہ ایس ای سی پی کے حکم مورخہ 3 جون، 2016 کے مطابق منافع منقسمہ کی ادائیگی روک دی جائے گی۔ لہٰذا جن شیئر ہولڈرز نے اب تک اپنے سی این آئی سی فراہم نہیں کیے ہیں ان سے دوبارہ درخواست کی جاتی ہے کہ وہ ہمارے شیئر رجسٹرار کو اپنے سی این آئی سی کی تصدیق شدہ کاپیاں جمع کروائیں۔

5 جو شیئر ہولڈرز فزیکل فارم میں شیئر رکھتے ہیں وہ ہمارے شیئر رجسٹرار کو منافع منقسمہ کے مینڈیٹ کے لیے اپنا آپشن فراہم کریں تاکہ ایس ای سی پی کے 2012 کے سرکلر 18 مورخہ 5 جون 2012 کی ضروریات کی تکمیل کی جاسکے۔ سی ڈی سی شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے منافع منقسمہ کے مینڈیٹ کو براہ راست اپنے بروکر (Participant)/سی ڈی سی انویسٹر اکاؤنٹ سروسز کے پاس جمع کروائیں۔ برائے مہربانی نوٹ فرمالیں کہ یہ منافع منقسمہ کا مینڈیٹ اختیاری ہے، لازمی نہیں۔

6 سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ ایس آر او 2014(1)787 کمپنیز کو یہ سہولت دی ہے کہ وہ ممبران کی تحریری اجازت سے آڈیٹڈ فنانشل اسٹیٹمنٹس بذریعہ ای میل بھیج سکیں۔ جو ممبران آڈیٹڈ اکاؤنٹس بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ وہ اپنی تحریری منظوری کے ساتھ اپنا ای میل ایڈریس کمپنی کے شیئر رجسٹرار کو بھیج دیں۔ سی ڈی سی شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے ای میل ایڈریس اور منظوری براہ راست اپنے بروکر (Participant)/سی ڈی سی انویسٹر اکاؤنٹ سروسز کو جمع کروائیں۔

7 ایس ای سی پی کے نوٹیفکیشن نمبر 2014(1)634 مورخہ 10 جولائی 2014 کے مطابق شیئر ہولڈرز کی معلومات اور جائزے کے لیے 30 جون 2016 کو ختم ہونے والے سال کے لیے کمپنی کی آڈیٹڈ فنانشل اسٹیٹمنٹس اور رپورٹس کمپنی کی ویب سائٹ www.gulahmed.com پر اَپ لوڈ کردی گئی ہیں۔

8 فنانس ایکٹ 2016 جو یکم جولائی 2016 سے مؤثر ہے، کے مطابق انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت منافع منقسمہ کی ادائیگی میں سے انکم ٹیکس کٹوتی کی شرح پر نظر ثانی کی گئی ہے جو کہ مندرجہ ذیل ہے:

a) انکم ٹیکس ریٹرنز کے فائلرز کے لیے 12.50 فیصد

b) انکم ٹیکس ریٹرنز کے نان فائلرز کے لیے 20.00 فیصد

شیئر ہولڈرز جو فائلرز ہیں انھیں چاہئے کہ وہ اس بات کی یقین دہانی کرلیں کہ ان کے نام ایف بی آر کی ویب سائٹ پر موجود تازہ ترین ایکٹو ٹیکس پیئرلسٹ میں شامل ہیں ورنہ انھیں نان فائلر تصور کیا جائے گا اور ان کے نقد منافع منقسمہ پر ٹیکس کی کٹوتی 12.50 فیصد کی بجائے 20 فیصد کے حساب سے کی جائے گی۔

9 ایف بی آر نے یہ واضح کردیا ہے کہ جہاں شیئرز مشترکہ اکاؤنٹس/ ناموں کے ساتھ ہیں اس میں ہر اکاؤنٹ/مشترکہ ہولڈر کو انفرادی طور پر فائلرز یا نان فائلرز تصور کیا جائے گا اور ان کی شیئر ہولڈنگ کے مطابق ٹیکس کاٹا جائے گا۔ جو شیئر ہولڈرز مشترکہ شیئر ہولڈنگ اسٹیٹس رکھتے ہیں ان سے درخواست ہے کہ وہ 21 اکتوبر 2016 تک مندرجہ ذیل فارمیٹ کے تحت اپنے شیئر ہولڈنگ تناسب کے بارے میں کمپنی کے شیئر رجسٹرار کو

آپشن 2

کمپنیز (ای ووٹنگ) ریگولیشنز 2016 کے مطابق ای ووٹنگ

میں/ہم _____ کے _____ بحیثیت گل احمد ٹیکسٹائل ملز کے ممبر ہولڈر _____ عام شیئر رجسٹر شدہ فولیو نمبر _____ بذریعہ انٹرمیڈیئری ای ووٹنگ کا انتخاب کرتے ہیں اور ایگزیکیوٹو آفیسر کی تقرری کی منظوری دیتے ہیں _____ بطور پراکسی اور کمپنیز (ای ووٹنگ) ریگولیشنز، 2016 کے مطابق ای ووٹنگ کریں گے اور قرارداد کے لیے پول کا مطالبہ کرتے ہیں میرا محفوظ ای میل ایڈریس _____ ہے۔ برائے مہربانی لاگ ان کی تفصیلات، پاس ورڈ اور الیکٹرانک دستخط بذریعہ ای میل بھیجیں۔

دستخط بموجودگی

دستخط کمپنی کے پاس موجود دستخط کے مطابق ہونا چاہئے۔

دستخط گواہ　　دستخط گواہ

مزید منظور کیا گیا کہ چیف ایگزیکٹو آفیسر یا کمپنی سیکریٹری بحیثیت فردِ واحد مجاز ہوگا کہ وہ تمام ایکٹس، ڈیڈز اور دیگر معاملات طے کرے تمام اقدامات اٹھائے اور ضروری ایکشن لے جو کمپنی کے آرٹیکلز آف ایسوسی ایشنز کی ترمیم کے لیے ہوں بشمول تمام مطلوبہ دستاویزات/قانونی فارمز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مکمل قوائد وضوابط کی تعمیل کرتے ہوئے پر کیئے جائیں گے تاکہ آرٹیکلز آف ایسوسی ایشنز میں موثر ترمیم کی جاسکے اور قرارداد کی تکمیل ہوسکے۔

کمپنیز آرڈیننس 1984 کے سیکشن 160 کے تحت بیان

یہ بیان، 31 اکتوبر 2016 کو منعقد ہونے والے سالانہ اجلاس عام میں انجام دئے جانے والے خصوصی کاروبار سے متعلق میٹریل فیکٹس کا تعین کرتا ہے۔

ایجنڈا کا آئٹم (4)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2016(1)470 نوٹیفکیشن کو مؤثر بنانے کے لیے شیئر ہولڈرز کی منظوری لی جائے گی تاکہ کمپنی کو اس کی سالانہ رپورٹ سی ڈی/ ڈی وی ڈی/ یو ایس بی یا کسی دیگر الیکٹرانک ذرائع کے ذریعے ممبران تک پہنچانے کی اجازت دی جائے۔ تاہم جو ممبران سی ڈی/ ڈی وی ڈی/ یو ایس بی کے ذریعے حاصل کرنے کی بجائے سالانہ رپورٹ کی ہارڈ کاپی لینا چاہتے ہیں ان کے لیے ہماری ویب سائٹ پر ایک درخواست فارم موجود ہے۔

مزید یہ کہ اگر کوئی ممبر مستقبل میں بھی تمام سالانہ رپوٹس کی ہارڈ کاپیاں حاصل کرنا چاہتا ہے تو وہ اس بارے میں کمپنی کو تحریری طور پر مطلع کرے۔ ایسی صورت میں کمپنی مستقبل میں بھی تمام سالانہ رپورٹس کی ہارڈ کاپی بھیجنے کی پابند ہو جائے گی۔

ایجنڈا کا آئٹم (5)

کمپنیز (ای ووٹنگ) ریگولیشنز 2016 کو مؤثر بنانے کے لیے شیئر ہولڈر کی منظوری حاصل کرنا ہوگی تاکہ آرٹیکلز آف ایسوسی ایشن میں ترمیم کی جاسکے اور ای ووٹنگ کو قابل عمل بنایا جاسکے۔

ڈائریکٹرز مذکورہ بالا کاروبار میں کوئی دلچسپی نہیں رکھتے، سوائے ان کی سرمایہ کاری کے جس کی تفصیلات شیئر ہولڈنگ کے پیٹرن میں دی گئی ہیں۔

بحکم بورڈ

محمد سلیم غفار
کمپنی سیکریٹری

کراچی
یکم اکتوبر، 2016

سالانہ اجلاس عام کا نوٹس

اطلاع دی جاتی ہے کہ گل احمد ٹیکسٹائل ملز لمیٹڈ کا چونسٹھواں سالانہ اجلاس عام مورخہ 31 اکتوبر 2016 بروز پیر بوقت 9:30 بجے صبح بمقام موسیٰ ڈی ڈیسائی آئی سی اے پی (ICAP) آڈیٹوریم، انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، G-31/8، چارٹرڈ اکاؤنٹنٹس ایوینیو، کلفٹن، کراچی میں مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائے گا۔

عمومی کاروبار:

1 30 جون 2016 کو ختم ہونے والے سال کیلئے ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ کمپنی کے آڈیٹڈ اکاؤنٹس کو وصول کرنا، ان پر غور کرنا اور اختیار کرنا۔

2 بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 10 فیصد حتمی نقد منافع منقسمہ پر غور کرنا اور اس کی منظوری دینا، جو کہ 1 روپے فی شیئر ہے۔ اضافی 20 فیصد عبوری نقد منافع منقسمہ کے ساتھ جو کہ 30 جون 2016 کو ختم ہونے والے سال کیلئے ادا کیا جا چکا ہے۔ ہولڈنگ کمپنی نے اپنے حتمی نقد منافع منقسمہ سے دستبرداری کا اعلان کیا ہے۔

3 30 جون 2017 کو ختم ہونے والے سال کیلئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

4 سالانہ اجلاس عام میں انجام دیئے جانے والے کسی بھی دیگر کاروبار کی چیئرمین سے منظوری لینا۔

خصوصی کاروبار:

5 سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ ایس آر او 2016(1)470 مورخہ 31 مئی، 2016 کے مطابق سالانہ رپورٹس بشمول سالانہ آڈیٹڈ اکاؤنٹس، سالانہ اجلاس عام کے نوٹسز اور کمپنی کی دیگر معلومات کو سی ڈی یا ڈی وی ڈی یا یو ایس بی یا کسی دیگر الیکٹرونک ذرائع کے ذریعے ترسیل کرنے کے لیے شیئر ہولڈر کی اجازت حاصل کرنا اور مندرجہ ذیل قرارداد کو بطور عام قرارداد ترمیم کے ساتھ یا بغیر ترمیم کے منظور کروانا:

منظور کیا گیا کہ سالانہ رپورٹس بشمول سالانہ آڈیٹڈ اکاؤنٹس، سالانہ اجلاس عام کے نوٹسز اور کمپنی کی دیگر معلومات کو ممبران کے رجسٹرڈ پتے پر بجائے ہارڈ کاپی بھیجنے کے، سی ڈی یا ڈی وی ڈی یا یو ایس بی یا کسی دیگر الیکٹرونک ذرائع کے ذریعے بھیجا جائے۔

6 مندرجہ ذیل قرارداد کو بطور خاص قرارداد غور کرنا تاکہ نئے آرٹیکلز نمبر 83A، 89A اور 94A کو داخل کر کے کمپنی کے آرٹیکلز آف ایسوسی ایشن کو بدلا جائے۔ کمپنیز ای ووٹنگ ریگولیشنز 2016 کو درکار ای ووٹنگ کو قابل عمل بنایا جائے جو کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے بذریعہ ایس آر او 2016(1)43 مورخہ 22 جنوری 2016 کی طرف سے جاری کیا گیا۔

منظور کیا گیا کہ بذریعہ خاص قرارداد کمپنی کے آرٹیکلز آف ایسوسی ایشن کو نئے درج ذیل آرٹیکلز نمبر 83A، 89A اور 94A داخل کر کے ترمیم کیا جائے۔

83A <u>ای۔ووٹنگ</u>: سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے فی الوقت اور وقتاً فوقتاً بیان کردہ ای ووٹنگ کی شرائط اور ضروریات کو دیگر شرائط سے بلا لحاظ اور باوجود کسی بھی تردید کے ان آرٹیکلز آف ایسوسی ایشن میں شامل سمجھا جائے گا۔

89A ای ووٹنگ کی صورت میں ووٹرز ممبران کو یا جو ممبران نہیں ہیں، ان کو پراکسی مقرر کر سکتے ہیں اور کمپنی کمپنیز آرڈیننس 1984 کی تجویز کے تحت کمپنیز ای۔ووٹنگ ریگولیشنز 2016 کی ضروریات کو کمپنی پورا کریگی۔

94A ایک انسٹرومنٹ پراکسی مندرجہ ذیل صورت میں پراکسی مقرر کر سکتا ہے یا کسی بھی صورت میں جو کہ ڈائریکٹرز منظور کریں۔

آپشن 1

دوسرے شخص کو بطور پراکسی مقرر کرنا

میں/ہم _____ کے _____ بحیثیت گل احمد ٹیکسٹائل ملز کا/ کے ایک ممبر اور _____ کے ہولڈر، (شیئرز کی تعداد) عام شیئرز، رجسٹر شدہ فولیو نمبر _____

کے مطابق مسٹر _____ کے _____ یا مسٹر _____ کے _____

میری/ ہماری غیر موجودگی میں بطور میرا/ ہمارا پراکسی مقرر کرتا ہوں/ کرتے ہیں (سالانہ، غیر معمولی اجلاس عام جو بھی صورت ہو) جو _____ کو منعقد ہو یا ملتوی کیا جائے۔ میرے/ ہمارے دستخط کے تحت _____ دن

کے _____ 20 _____

Statement of Compliance with the Code of Corporate Governance

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

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

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

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

   Executive Directors
   Zain Bashir
   Mohammed Zaki Bashir

   Non-Executive Directors
   Mohomed Bashir
   Ziad Bashir

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

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

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

4. One casual vacancy occurred during the financial year 2016. Mr. Adnan Afridi resigned on April 1, 2016. The causal vacancy was duly filled up by the Directors within 90 days by appointing Mr. Ehsan A. Malik on June 14, 2016.

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

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

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

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

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

10. No new appointment of Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary was made during the year. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

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

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

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

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

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

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

18. The Board has set up an effective internal audit function. This function has been outsourced to Grant Thornton Anjum Rahman Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has also designated a full time employee as Head of Internal Audit.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company, and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

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

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Karachi
October 01, 2016

Review Report to the Members on Statement of Compliance with Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the code") prepared by the Board of Directors of Gul Ahmed Textile Mills Limited ("the Company") for the year ended June 30, 2016 to comply with the requirement of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2016.

Karachi
October 01, 2016

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

Auditors' Report to the Members

We have audited the annexed balance sheet of GUL AHMED TEXTILE MILLS LIMITED (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Karachi
October 01, 2016

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

Balance Sheet

As at June 30, 2016

	Note	2016	2015
		Rupees (000s)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	2,970,796	2,285,228
Reserves	5	5,747,443	4,884,244
		8,718,239	7,169,472
NON-CURRENT LIABILITIES			
Long term financing	6	4,630,604	2,407,732
Deferred liabilities			
Deferred taxation	7	309,308	350,339
Staff retirement benefits	8	35,749	43,951
		345,057	394,290
		4,975,661	2,802,022
CURRENT LIABILITIES			
Trade and other payables	9	5,007,102	5,213,190
Accrued mark-up/profit	10	114,368	206,481
Short term borrowings	11	12,866,493	8,838,174
Current maturity of long term financing	6	487,400	714,008
		18,475,363	14,971,853
CONTINGENCIES AND COMMITMENTS	12		
		32,169,263	24,943,347

MOHOMED BASHIR
Chairman

	Note	2016	2015
		Rupees (000s)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	12,050,465	9,038,685
Intangible assets	14	13,474	11,481
Long term investment	15	58,450	58,450
Long term loans and advances	16	21,820	12,859
Long term deposits	17	155,518	93,572
		12,299,727	9,215,047
CURRENT ASSETS			
Stores, spare parts and loose tools	18	903,447	699,062
Stock-in-trade	19	13,854,292	11,283,818
Trade debts	20	2,364,302	1,913,872
Loans and advances	21	715,875	354,124
Short term prepayments		218,928	96,798
Other receivables	22	475,709	331,399
Tax refunds due from Government	23	911,957	750,196
Income tax refundable-payments less provision		117,249	181,730
Cash and bank balances	24	307,777	117,301
		19,869,536	15,728,300
		32,169,263	24,943,347

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

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Profit and Loss Account

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
Sales	25	32,274,556	33,354,784
Cost of sales	26	24,968,291	27,260,395
Gross profit		7,306,265	6,094,389
Distribution cost	27	3,242,285	2,602,887
Administrative expenses	28	1,833,967	1,531,584
Other operating expenses	29	137,554	185,397
		5,213,806	4,319,868
		2,092,459	1,774,521
Other income	30	152,538	343,095
Operating profit		2,244,997	2,117,616
Finance cost	31	910,488	1,334,289
Profit before taxation		1,334,509	783,327
Provision for taxation	32	193,079	178,384
Profit after taxation		1,141,430	604,943
			Restated
Earnings per share - basic and diluted (Rs.)	33	4.27	2.30

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Statement of Comprehensive Income

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
Profit after taxation		**1,141,430**	604,943
Other comprehensive income			
Items that will not be reclassified to profit and loss account subsequently			
Remeasurement gain/(loss) on defined benefit plan	8.1	**8,376**	(16,437)
Related tax effect	7	**(952)**	2,022
		7,424	(14,415)
Total comprehensive income		**1,148,854**	590,528

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Cash Flow Statement

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,334,509	783,327
Adjustments for:			
Depreciation	13.1.1	1,120,417	964,842
Amortization	14.1	5,189	11,331
Provision for gratuity	8.1	34,342	31,717
Finance cost	31	910,488	1,334,289
Provision for slow moving/obsolete items	18.1	14,645	10,645
Provision for doubtful debts	20.3	34,825	29,825
Property, plant and equipment scrapped	13.1	1,014	1,510
Gain on sale of short term investments	30	-	(5,983)
Dividend income	30	-	(406)
Unclaimed liabilities written back	30	(10,917)	(82,017)
Net loss/(gain) on disposal of property plant and equipment	13.1.3	18,843	(8,050)
		2,128,846	2,287,703
Cash flows from operating activities before adjustments of working capital		3,463,355	3,071,030
Changes in working capital:			
Decrease/(increase) in current assets			
Stores, spare parts and loose tools		(219,030)	145,823
Stock-in-trade		(2,570,474)	630,547
Trade debts		(485,255)	(577,003)
Loans and advances		(361,751)	41,829
Short term prepayments		(122,130)	(24,020)
Other receivables		(144,310)	10,901
Tax refunds due from Government - Net		16,812	159,330
		(3,886,138)	387,407
(Decrease) in current liabilities			
Trade and other payables		(205,509)	(1,009,547)
		(4,091,647)	(622,140)
		(628,292)	2,448,890
Gratuity paid	8.1	(34,168)	(43,715)
Finance cost paid		(1,002,601)	(1,304,972)
Income tax paid		(349,154)	(416,870)
Increase in long term loans and advances		(8,961)	(958)
Increase in long term deposits		(61,946)	(12,538)
		(1,456,830)	(1,779,053)
Net cash (used in)/generated from operating activities		(2,085,122)	669,837

	Note	2016	2015
		Rupees (000s)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(4,210,709)	(1,859,035)
Addition to intangible assets		(7,182)	(2,447)
Proceeds from sale of property, plant and equipment		58,655	71,601
Dividend received		-	406
Short term investments made during the year		-	(519,473)
Proceeds from sale of short term investments		-	525,456
Net cash used in investing activities		(4,159,236)	(1,783,492)
		(6,244,359)	(1,113,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,681,678	873,209
Repayments of long term financing		(685,414)	(685,414)
Proceeds from issue of right shares		1,199,744	-
Dividend paid		(789,492)	(80,197)
Net cash generated from financing activities		2,406,516	107,598
Net (decrease) in cash and cash equivalents		(3,837,843)	(1,006,057)
Cash and cash equivalents - at the beginning of the year		(8,720,873)	(7,714,816)
Cash and cash equivalents - at the end of the year	35	(12,558,716)	(8,720,873)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Statement of Changes in Equity

For the Year Ended June 30, 2016

	Note	Share capital	Reserves				Total
			Capital reserve - share premium	Revenue reserves		Sub total reserves	
				General reserve	Unappro-priated profit		
		Rupees (000s)					
Balance as at June 30, 2014		1,828,182	-	3,580,000	1,251,721	4,831,721	6,659,903
Transfer to general reserve		-	-	650,000	(650,000)	-	-
Transactions with owners							
Issue of bonus shares for the year ended June 30, 2014		457,046	-	-	(457,046)	(457,046)	-
Final dividend for the year ended June 30, 2014		-	-	-	(80,959)	(80,959)	(80,959)
Total comprehensive income for the year ended June 30, 2015							
Profit after taxation		-	-	-	604,943	604,943	604,943
Other comprehensive income		-	-	-	(14,415)	(14,415)	(14,415)
		-	-	-	590,528	590,528	590,528
Balance as at June 30, 2015		2,285,228	-	4,230,000	654,244	4,884,244	7,169,472
Transfer to general reserve		-	-	250,000	(250,000)	-	-
Transactions with owners							
Final dividend for the year ended June 30, 2015		-	-	-	(342,785)	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015		-	-	-	(228,523)	(228,523)	(228,523)
Issuance of right shares	4.3 & 5	685,568	514,176	-	-	514,176	1,199,744
Interim dividend for the nine months ended March 31, 2016		-	-	-	(228,523)	(228,523)	(228,523)
Total comprehensive income for the year ended June 30, 2016							
Profit after taxation		-	-	-	1,141,430	1,141,430	1,141,430
Other comprehensive income		-	-	-	7,424	7,424	7,424
		-	-	-	1,148,854	1,148,854	1,148,854
Balance as at June 30, 2016		2,970,796	514,176	4,480,000	753,267	5,747,443	8,718,239

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Notes to the Financial Statements

For the Year Ended June 30, 2016

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. The Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

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

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

2 BASIS OF PREPERATION

2.1 Basis of measurement

These financial statements comprise of balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and 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 financial statements are the separate financial statements of the Company in which investment in subsidiaries has been accounted for at cost less accumulated impairment losses, if any.

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

2.2 Statement of compliance

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no. 8.3 to the financial statements for valuation of present value of defined benefit obligations.

b) Contingencies

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

c) Useful lives, pattern of economic benefits and impairments

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

Notes to the Financial Statements

For the Year Ended June 30, 2016

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 accounts 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) Provision 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 provision required there against on annual basis. While determining provision, the Company considers financial health, market information, ageing of receivables, credit worthiness, credit rating, past records and business relationship.

i) Taxation

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

2.5 Adoption of new and revised standards and interpretations

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

Following new standards issued by IASB have been adopted by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and have become effective for annual periods beginning on or after January 01, 2015.

IFRS 10 'Consolidated Financial Statements'

This standard replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess. The standard only affects the disclosure in the Company's financial statements. There is no significant effect of this on the Company's financial statements and is only relevant for the Company's Consolidated financial statements.

IFRS 11 'Joint Arrangements'

This standard deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities. This is not relevant for the Company's financial statements.

IFRS 12 'Disclosure of Interest in Other Entities'

This is a comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company does not have any investment in other entities except investment in a 100% wholly owned subsidiary which is carried at cost in these separate financial statements in accordance with IAS 27, hence this standard does not have any effect on the financial statements.

IFRS 13 'Fair Value Measurement'

This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. It unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case of recurring fair value measurements using unobservable inputs the effect of fair value measurement on profit and loss account or other comprehensive income. The Company has adopted the standard prospectively and disclosure in this respect has been given in note 41.

(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 1 Presentation of Financial Statements' (Effective for annual periods beginning on or after January 01, 2016)

Disclosure Initiative (Amendments to IAS 1) introduces certain clarifications related to consideration of materiality, clarifications related to aggregation and disaggregation of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income and the amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. It is unlikely that the standard will have any significant impact on the Company's financial statements.

IAS 12 'Income Taxes' (Effective for annual periods beginning on or after January 01, 2017)

This standard has been amended to clarify:

- Unrealised 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. This standard is unlikely to have any material impact on the Company's financial statements.

IAS 7 'Statement of Cash Flows' (Effective for annual periods beginning on or after January 01, 2017)

This standard has been amended to clarify entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. This Standard is unlikely to have any material impact on the Company's financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (Effective for annual periods beginning on or after January 01, 2016)

This amendment introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible

assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. It is unlikely that the standard will have any significant impact on the Company's financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer Plants (Effective for annual periods beginning on or after January 01, 2016)

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

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

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for either at cost, in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. It is unlikely that the standard will have any significant impact on the Company's financial statements.

IAS 28 (Revised 2011) – 'Investments in Associates and Joint Ventures' (Effective from accounting period beginning on or after January 01, 2016)

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

IFRS 2 'Share-based Payment' (Effective from accounting period beginning on or after January 01, 2016)

IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also separately clarifies how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. The amendment has no impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (Effective from accounting period beginning on or after February 01, 2015)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances).
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss.
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss.
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines. It is unlikely that the standard will have any significant impact on the Company's financial statements.

IFRS 14 'Regulatory Deferral Accounts' (Effective from accounting period beginning on or after January 01, 2016)

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. It is unlikely that the standard will have any significant impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customer' (Effective from accounting period beginning on or after January 01, 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. It is unlikely that the standard will have any significant impact on the Company's financial statements.

IFRS 16 'Leases' (Effective from accounting period beginning on or after January 01, 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. It is unlikely that the standard will have any significant impact on the Company's financial statements.

(c) Amendments to standards as a result of annual improvements to IFRSs 2012–2014 cycle that are not yet effective:

Ammendments to the following standards as a result of annual improvements to the International Financial Reporting Standards issued by IASB that are not yet effective.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - Changes in methods of disposal (Effective from accounting period beginning on or after January 01, 2016)

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

IFRS 7 'Financial Instruments: Disclosures' (Effective from accounting period beginning on or after January 01, 2016)

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

IAS 19 'Employee Benefits' - Discount rate regional market issue (Effective from accounting period beginning on or after January 01, 2016)

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is currency that the liabilities are denominated in, is important, not the country where they arise. The assessment

of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, Government bonds in that relevant currency should be used. The amendment is retrospective but limited to the earliest period presented. It is unlikely that the standard will have any significant impact on the Company's financial statements.

IAS 34 'Interim Financial Reporting' - Disclosure of information 'elsewhere in the interim financial report' (Effective from accounting period beginning on or after January 01, 2016)

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

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

International Financial Reporting Standards (IFRSs)			IASB effective date annual periods beginning on or after
IFRS 1	-	First Time Adoption of IFRS	January 1, 2013
IFRS 9	-	Financial Instruments	January 1, 2018
IFRS 14	-	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	-	Revenue from Contracts with Customers	January 1, 2017
IFRS 16	-	Leases	January 1, 2019

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

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

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

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

Foreign exchange gains and losses on translation or realization are recognised in the profit and loss account.

3.2 Staff retirement benefits

Defined benefit plan

The Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The Company's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2016. The results of valuation are summarized in note no. 8.

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

Defined contribution plan

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

3.3 Accumulated employee compensated absences

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

3.4 Provisions and contingencies

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

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

3.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Company takes into account the current Income Tax law and decisions taken by the Taxation Authorities.

Deferred

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

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

3.6 Borrowings

Borrowings are recorded at the amount of proceeds received, net of transaction cost incurred, and are subsequently recorded at amortized cost using the effective interest rate method.

3.7 Borrowing cost

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

3.8 Trade and other payables

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

3.9 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except leasehold land which is stated at cost.

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

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

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipments (i.e. I.T. equipment and mobile phones) which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 13.1. Depreciation is charged in additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecgonation. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

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

Gains and losses on disposal of operating assets are included in profit and loss account.

Capital work-in-progress

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

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 14.1.

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

3.11 Investments

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

a) Investment at fair value through profit and loss

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

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.

3.12 Loans and receivables

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

3.13 Stores, spare parts and loose tools

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

3.14 Stock-in-trade

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

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

3.15 Trade debts

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

3.16 Revenue recognition

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

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

- Profit on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and rates applicable thereon.

- Duty draw back on export sales is recognized on an accrual basis at the time of export sale.

- Processing charges are recorded when processed goods are delivered to customers.

- Dividend income is recognized when the Company's right to receive the payment is established.

- Interest on loans and advances to employees is recognized on the effective interest method.

3.17 Financial Instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit and loss".

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

3.18 Derecognition of Financial Instruments

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

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

3.19 Impairment

Financial assets

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

Notes to the Financial Statements

For the Year Ended June 30, 2016

The Company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognized as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

Non-Financial assets

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

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

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

3.20 Derivative financial instruments

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

3.21 Offsetting of financial assets and liabilities

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

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

3.22 Cash and cash equivalents

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

3.23 Dividend and appropriation to reserves

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

3.24 Segment reporting

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

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

4 SHARE CAPITAL

4.1 Authorized capital

2016	2015		2016	2015
Number of Shares			Rupees (000s)	
400,000,000	400,000,000	Ordinary shares of Rs.10 each	4,000,000	4,000,000

4.2 Issued, subscribed and paid - up capital

2016	2015			
Number of Shares				
132,745,817	64,188,985	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	1,327,458	641,890
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid under scheme of arrangement for amalgamation	54,473	54,473
158,886,461	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	1,588,865	1,588,865
297,079,604	228,522,772		2,970,796	2,285,228

4.2.1 As at June 30, 2016, Gul Ahmed Holdings (Private) Limited, the holding company of Gul Ahmed Textile Mills Limited, held 199,355,596 (2015: 152,601,758) ordinary shares of Rs. 10 each, constituting 67.10% (2015: 66.78%) of total paid-up capital. This number is exclusive of shares held as stated in Note no. 4.2.3.

4.2.2 As at June 30, 2016, number of shares held by the associated companies and undertakings, other than holding company, aggregated to 9,079,919 (2015: 6,967,864) ordinary shares of Rs. 10 each.

4.2.3 As per the Honorable Sindh High Court's order, the Company has held 1,541,432 shares, 69,138 shares and 398,434 shares out of the total bonus shares issued during the year 2015 to Gul Ahmed Holdings (Private) Limited , the associate Company and other parties respectively, as these companies are the part of the suit filed against the tax on bonus shares imposed through Finance Act 2014.

4.3 Reconciliation of the number of shares outstanding

	Note	2016	2015
		Number of Shares	
Number of shares outstanding at the beginning of the year		228,522,772	182,818,218
Add: Issue of Right shares during the year (2015: Nil)	5.1	68,556,832	-
Add: Issue of bonus shares during the year (2015: 25%)		-	45,704,554
		297,079,604	228,522,772

Notes to the Financial Statements

For the Year Ended June 30, 2016

5 RESERVES

	Note	2016	2015
		Rupees (000s)	
Capital Reserve			
- Share premium Reserve	5.1 & 5.2	514,176	-
Revenue Reserve			
- General Reserve	5.3	4,480,000	4,230,000
- Unappropriated Profit		753,267	654,244
		5,233,267	4,884,244
		5,747,443	4,884,244

5.1 During the year, the Company issued shares, against right shares subscription money received amounting to Rs. 1,120 million, approved by the Board of directors of the Company on February 25, 2016 at premium to the existing shareholders at a ratio of 30 ordinary shares for every 100 shares held. Total amount of premium on the rights issue amounts to Rs. 514 million at the rate of Rs. 7.50 per share.

5.2 The share premium account may be applied by the Company in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; in providing for the premium payable on the redemption of any redeemable preference shares or debentures of the Company; or in paying up un-issued shares of the company to be issued to members of the Company as fully paid bonus shares, in accordance with Section 83 of the Companies Ordinance, 1984.

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

6 LONG TERM FINANCING

	Note	2016	2015
		Rupees (000s)	
From Banking Companies - Secured			
Related party	6.1	-	491,414
Other banks	6.2	3,639,931	2,630,326
		3,639,931	3,121,740
From Non-Banking Financial Institutions - Secured	6.3	1,478,073	-
		5,118,004	3,121,740
Current portion shown under current liabilities		(487,400)	(714,008)
		4,630,604	2,407,732

	Particulars	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
6.1	**Related party - Bank**					
	Habib Metropolitan Bank Limited Loan 1 a) Under LTF-EOP scheme	12 half yearly March-2010	678	7.00% p.a. payable quarterly	-	678
	b) Under LTF-EOP scheme	12 half yearly April-2010	2,038	7.00% p.a. payable quarterly	-	2,038
	Habib Metropolitan Bank Limited Loan 2 Under LTF-EOP scheme	12 half yearly November-2010	19,417	7.00% p.a. payable quarterly	-	38,830
	Habib Metropolitan Bank Limited Loan 3 Under LTFF scheme	16 half yearly February-2012	2,719	10.00% p.a. payable quarterly	-	24,462
	Habib Metropolitan Bank Limited Loan 4 Under LTFF scheme	16 half yearly March-2012	2,504	10.00% p.a. payable quarterly	-	22,537
	Habib Metropolitan Bank Limited Loan 5 Under LTFF scheme	16 half yearly June-2012	4,212	10.25% p.a. payable quarterly	-	37,889
	Habib Metropolitan Bank Limited Loan 6 Under LTFF scheme	16 half yearly July-2012	1,804	10.25% p.a. payable quarterly	-	18,036
	Habib Metropolitan Bank Limited Loan 7 Under LTFF scheme	10 half yearly December-2013	3,328	11.20% p.a. payable quarterly	-	19,968
	Habib Metropolitan Bank Limited Loan 8 Under LTFF scheme	10 half yearly January-2014	970	12.70% p.a. payable quarterly	-	6,781
	Habib Metropolitan Bank Limited Loan 9 Under LTFF scheme	10 half yearly February-2014	1,342	12.70% p.a. payable quarterly	-	9,388
	Habib Metropolitan Bank Limited Loan 10 Under LTFF scheme	10 half yearly June-2014	9,618	12.70% p.a. payable quarterly	-	67,326
	Habib Metropolitan Bank Limited Loan 11 Under LTFF scheme	10 half yearly August-2014	1,357	12.70% p.a. payable quarterly	-	10,856
	Habib Metropolitan Bank Limited Loan 12 Under LTFF scheme	10 half yearly September-2014	3,392	12.70% p.a. payable quarterly	-	27,136
	Habib Metropolitan Bank Limited Loan 13 Under LTFF scheme	10 half yearly October-2014	158	12.70% p.a. payable quarterly	-	1,259
	Habib Metropolitan Bank Limited Loan 14 Under LTFF scheme	10 half yearly August-2015	2,959	11.40% p.a. payable quarterly	-	29,590
	Habib Metropolitan Bank Limited Loan 15 Under LTFF scheme	10 half yearly September-2015	13,689	11.40% p.a. payable quarterly	-	136,885
	Habib Metropolitan Bank Limited Loan 16	10 half yearly April-2016	3,776	11.40% p.a. payable quarterly	-	37,755
		Total from related party			-	491,414

Notes to the Financial Statements

For the Year Ended June 30, 2016

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
						Rupees (000s)	
6.2	**Other Banks**						
	Allied Bank Limited Loan Under LTFF scheme	6.6, 6.9	32 quarterly July-2010	9,256	10.00% p.a. payable quarterly	**74,058**	111,081
	Askari Bank Limited Loan 1 Under LTFF scheme	6.5, 6.9	20 quarterly October-2016	8,346	8.50% p.a. payable quarterly	**166,920**	166,920
	Askari Bank Limited Loan 2 Under LTFF scheme	6.5, 6.9	20 quarterly December-2016	2,930	8.50% p.a. payable quarterly	**58,578**	58,578
	Askari Bank Limited Loan 3 Under LTFF scheme	6.5, 6.9	20 quarterly March-2017	1,066	8.50% p.a. payable quarterly	**21,325**	21,325
	Askari Bank Limited Loan 4 LTFF	6.9, 6.10	28 quarterly May-2018	45	3% p.a. payable quarterly	**1,259**	-
	Askari Bank Limited Loan 5 Under LTFF scheme	6.9, 6.10	28 quarterly December-2018	1,703	3% p.a. payable quarterly	**47,675**	-
	Askari Bank Limited Loan 6 Under LTFF scheme	6.9, 6.10	28 quarterly January-2019	1,069	3% p.a. payable quarterly	**29,935**	-
	Askari Bank Limited Loan 7 Under LTFF scheme	6.9, 6.10	28 quarterly February-2019	929	3% p.a. payable quarterly	**26,005**	-
	Askari Bank Limited Loan 8 Under LTFF scheme	6.9, 6.10	28 quarterly March-2019	1,816	3% p.a. payable quarterly	**50,842**	-
	Askari Bank Limited Loan 9 Under LTFF scheme	6.9, 6.10	28 quarterly April-2019	1,210	3% p.a. payable quarterly	**33,871**	-
	Askari Bank Limited Loan 10 Under LTFF scheme	6.9, 6.10	28 quarterly May-2019	96	3% p.a. payable quarterly	**2,680**	-
	Askari Bank Limited Loan 11 Under LTFF scheme	6.9, 6.10	28 quarterly June-2019	180	3% p.a. payable quarterly	**5,030**	-
	AlBaraka Bank (Pakistan) Limited Loan	6.5, 6.11	20 quarterly March-2016	7,780	Average three months KIBOR Ask rate + 1.10% payable quarterly	**147,820**	155,600
	Bank Al-Habib Limited Under LTFF scheme		8 half yearly December-2013	17,159	12.60% p.a. payable quarterly	**-**	68,629
	Bank Al-Falah Limited Loan 1	6.5	9 half yearly July-2014	1,147	Average six months KIBOR Ask rate + 1.25% payable half yearly	**5,736**	8,031
	Bank Al-Falah Limited Loan 2	6.5	9 half yearly August-2014	1,472	Average six months KIBOR Ask rate + 1.25% payable half yearly	**7,361**	10,308
	Bank Al-Falah Limited Loan 3	6.5	9 half yearly September-2014	8,172	Average six months KIBOR Ask rate + 1.25% payable half yearly	**40,859**	57,203
	Bank Al-Falah Limited Loan 4	6.5	9 half yearly October-2014	10,285	Average six months KIBOR Ask rate + 1.25% payable half yearly	**51,425**	71,997
	Bank Al-Falah Limited - Loan 5 Islamic Banking	6.5, 6.11	09 half yearly March-2014	9,439	Average six months KIBOR Ask rate + 1.25% payable half yearly	**37,755**	56,633

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
Bank Al-Falah Limited - Loan 6 Islamic Banking	6.5, 6.11	09 half yearly April-2014	6,457	Average six months KIBOR Ask rate + 1.25% payable half yearly	**25,830**	38,747
Bank of Punjab - Loan 1 Under LTFF scheme	6.9, 6.10	28 quarterly September-2018	84	3% p.a. payable quarterly	**2,358**	-
Bank of Punjab - Loan 2 Under LTFF scheme	6.9, 6.10	28 quarterly October-2018	1,146	3% p.a. payable quarterly	**32,075**	-
Faysal Bank Limited Loan 1 Under LTFF scheme		10 half yearly January-2014	6,720	12.70% p.a payable quarterly	-	47,040
Faysal Bank Limited Loan 2 Under LTFF scheme		10 half yearly January-2014	3,850	12.70% p.a. payable quarterly	-	26,950
Faysal Bank Limited Loan 3 Under LTFF scheme		10 half yearly April-2014	672	12.70% p.a. payable quarterly	-	4,698
Faysal Bank Limited Loan 4 Under LTFF scheme		10 half yearly June-2014	241	12.70% p.a. payable quarterly	-	1,687
Faysal Bank Limited Loan 5 Under LTFF scheme		10 half yearly July-2014	846	12.70% p.a. payable quarterly	-	6,768
Faysal Bank Limited Loan 6 Under LTFF scheme		10 half yearly September-2014	10,970	12.70% p.a. payable quarterly	-	87,760
Habib Bank Limited Loan 1 a) Under State Bank of Pakistan (SBP) scheme of Long Term Finance - Export Oriented Projects (LTF-EOP)	6.4, 6.8	12 half yearly June-2010	5,411	7.00% p.a. payable quarterly	-	5,411
b) Under LTF-EOP scheme		12 half yearly November-2010	4,450	7.00% p.a. payable quarterly	-	8,903
Habib Bank Limited Loan 2 Under LTF-EOP scheme		12 half yearly December-2010	2,571	7.00% p.a. payable quarterly	-	5,142
Habib Bank Limited Loan 3 Under LTF-EOP scheme		12 half yearly February-2010	9,511	7.00% p.a. payable quarterly	-	9,511
Habib Bank Limited Loan 4 Under LTF-EOP scheme		12 half yearly January-2010	776	7.00% p.a. payable quarterly	-	776
Habib Bank Limited Loan 5 a) Under LTF-EOP scheme		12 half yearly January-2010	1,691	7.00% p.a. payable quarterly	-	1,691
b) Under LTF-EOP scheme		12 half yearly February-2010	136	7.00% p.a. payable quarterly	-	136
Habib Bank Limited Loan 6 Under State Bank of Pakistan (SBP) Scheme of Long Term Financing Facility (LTFF)	6.4, 6.9	16 half yearly July-2011	11,054	10.00% p.a. payable quarterly	**66,326**	88,434
Habib Bank Limited Loan 7 Under LTFF scheme	6.4, 6.9	16 half yearly August-2011	562	10.00% p.a. payable quarterly	**3,375**	4,499
Habib Bank Limited Loan 8 Under LTFF scheme	6.4, 6.9	16 half yearly October-2011	709	10.00% p.a. payable quarterly	**4,260**	5,678
Habib Bank Limited Loan 9 Under LTFF scheme	6.4, 6.9	16 half yearly March-2012	277	10.00% p.a. payable quarterly	**1,937**	2,491
Habib Bank Limited Loan 10 Under LTFF scheme	6.4, 6.9	16 half yearly August-2012	3,536	10.25% p.a. payable quarterly	**28,326**	35,398

Notes to the Financial Statements

For the Year Ended June 30, 2016

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
Habib Bank Limited Loan 11 Under LTFF scheme	6.4, 6.9	20 quarterly September-2016	5,804	9.00% p.a. payable quarterly	**116,050**	116,050
Habib Bank Limited Loan 12 Under LTFF scheme	6.4, 6.9	20 quarterly November-2016	1,698	9.00% p.a. payable quarterly	**33,950**	33,950
MCB Bank Limited Loan 1 Under LTFF scheme	6.6, 6.9	10 half yearly March-2017	18,891	8.25% p.a. payable quarterly	**188,910**	174,050
MCB Bank Limited Loan 2 Under LTFF scheme	6.6, 6.9	10 half yearly April-2017	2,417	8.25% p.a. payable quarterly	**24,251**	24,251
MCB Bank Limited Loan 3 Under LTFF scheme	6.6, 6.9	10 half yearly June-2017	5,773	8.25% p.a. payable quarterly	**57,730**	57,730
MCB Bank Limited Loan 4 Under LTFF scheme	6.6	10 quarterly March-2017	1,486	Average three months KIBOR Ask rate + 2.25% payable quarterly	**-**	14,860
MEEZAN Bank Limited	6.4, 6.11	10 quarterly March-2017	74,455	Average three months KIBOR Ask rate +1% payable quarterly	**744,555**	-
National Bank of Pakistan Loan	6.6	10 quarterly February-2016	49,598	Average six months KIBOR Ask rate + 0.75% payable half yearly	**495,981**	-
National Bank of Pakistan Loan 1		25 quarterly September-2009	4,000	Average three months KIBOR Ask rate + 1.00% payable quarterly	**-**	4,000
National Bank of Pakistan Loan 2 Under LTFF scheme		16 quarterly September-2011	2,350	10.40% p.a. payable quarterly	**-**	2,350
National Bank Of Pakistan Loan 3 Under LTFF scheme		20 quarterly January-2014	3,190	10.90% p.a. payable quarterly	**-**	44,660
National Bank Of Pakistan Loan 4 Under LTFF scheme		20 quarterly May-2014	801	10.90% p.a. payable quarterly	**-**	12,015
National Bank Of Pakistan Loan 5 Under LTFF scheme		20 quarterly April-2014	6,009	10.90% p.a. payable quarterly	**-**	90,135
National Bank Of Pakistan Loan 6 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly February-2018	5,835	Average three months KIBOR Ask rate + 0.80% payable quarterly	**116,700**	-
National Bank Of Pakistan Loan 7	6.5, 6.6, 6.9	20 quarterly April-2018	5,451	Average three months KIBOR Ask rate + 0.80% payable quarterly	**109,012**	-
National Bank Of Pakistan Loan 8 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly August-2018	179	Average three months KIBOR Ask rate + 0.80% payable quarterly	**3,570**	-
National Bank Of Pakistan Loan 9 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly June-2018	7,131	Average three months KIBOR Ask rate + 0.80% payable quarterly	**142,618**	-
NIB Bank Limited Loan 1 Under LTFF scheme		16 quarterly June-2014	2,827	10.90% p.a. payable quarterly	**-**	31,099
NIB Bank Limited Loan 2 Under LTFF scheme		16 quarterly March-2014	829	10.90% p.a. payable quarterly	**-**	8,291
NIB Bank Limited Loan 3 Under LTFF scheme		16 quarterly August-2014	498	10.90% p.a. payable quarterly	**-**	5,968

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
NIB Bank Limited Loan 4	6.6	16 quarterly March-2014	829	Average three months KIBOR Ask rate + 1.50% payable quarterly	**4,975**	9,120
NIB Bank Limited Loan 5	6.6	16 quarterly June-2014	2,827	Average three months KIBOR Ask rate + 1.50% payable quarterly	**22,619**	31,099
NIB Bank Limited Loan 6 Under LTFF scheme		16 quarterly September-2014	1,289	10.90% p.a. payable quarterly	-	15,480
NIB Bank Limited Loan 7 Under LTFF scheme		16 quarterly November-2014	301	10.90% p.a. payable quarterly	-	3,924
NIB Bank Limited Loan 8 Under LTFF scheme		16 quarterly February-2015	3,220	10.90% p.a. payable quarterly	-	45,090
NIB Bank Limited Loan 9 Under LTFF scheme		16 quarterly March-2015	2,016	10.90% p.a. payable quarterly	-	28,234
NIB Bank Limited Loan 10 Under LTFF scheme		16 quarterly April-2015	538	10.90% p.a. payable quarterly	-	8,072
NIB Bank Limited Loan 11 Under LTFF scheme		16 quarterly May-2015	1,324	10.90% p.a. payable quarterly	-	19,866
NIB Bank Limited Loan 12 Under LTFF scheme	6.6	16 quarterly June-2015	168	Average three months KIBOR Ask rate + 1.50% payable quarterly	**2,023**	2,527
NIB Bank Limited Loan 13 Under LTFF scheme		16 quarterly June-2015	2,037	10.90% p.a. payable quarterly	-	30,568
NIB Bank Limited Loan 14 Under LTFF scheme		16 quarterly October-2015	803	10.90% p.a. payable quarterly	-	12,850
SONERI Bank Loan 1 Under LTFF scheme	6.4	16 quarterly March-2018	14,457	5% p.a. payable quarterly	**231,310**	-
Standard Chartered Bank Loan 1 Under LTFF scheme		8 half yearly October-2012	2,995	11.10% p.a. payable quarterly	-	5,990
Standard Chartered Bank Loan 2 Under LTFF scheme		8 half yearly November-2012	21,886	11.10% p.a. payable quarterly	-	43,784
United Bank Limited Loan 1 Under LTF-EOP scheme		12 half yearly April-2010	931	7.00% p.a. payable quarterly	-	931
United Bank Limited Loan 2 Under LTFF scheme		16 half yearly November-2010	363	10.00% p.a. payable quarterly	-	2,176
United Bank Limited Loan 3 Under LTFF scheme		10 half yearly December-2012	1,319	10.50% p.a. payable quarterly	-	5,276
United Bank Limited Loan 4 Under LTFF scheme		12 half yearly December-2011	557	10.50% p.a. payable quarterly	-	2,234
United Bank Limited Loan 5 Under LTFF scheme		12 half yearly January-2012	128	10.50% p.a. payable quarterly	-	644
United Bank Limited Loan 6 Under LTFF scheme		12 half yearly February-2012	741	10.50% p.a. payable quarterly	-	3,708
United Bank Limited Loan 7 Under LTFF scheme		12 half yearly April-2012	3,686	11.20% p.a. payable quarterly	-	18,432
United Bank Limited Loan 8 Under LTFF scheme		19 half yearly November-2011	7,441	11.20% p.a. payable quarterly	-	81,857

Notes to the Financial Statements

For the Year Ended June 30, 2016

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
United Bank Limited Loan 9 Under LTFF scheme		19 half yearly December-2011	5,916	11.20% p.a. payable quarterly	-	65,072
United Bank Limited Loan 10 Under LTFF scheme	6.6	12 half yearly September-2013	269	Average six months KIBOR Ask rate + 1.00% payable half yearly	1,612	2,150
United Bank Limited Loan 11	6.6	12 half yearly October-2013	1,235	Average six months KIBOR Ask rate + 1.00% payable half yearly	7,411	9,883
United Bank Limited Loan 12	6.6	12 half yearly December-2013	5,892	Average six months KIBOR Ask rate + 1.00% payable half yearly	35,792	47,133
United Bank Limited Loan 13 Under LTFF scheme	6.6, 6.9	12 half yearly January-2014	259	12.70% p.a. payable quarterly	-	2,338
United Bank Limited Loan 14 Under LTFF scheme	6.6, 6.9	12 half yearly March-2014	1,525	11.20% p.a. payable quarterly	-	13,727
United Bank Limited Loan 15	6.6	12 half yearly January-2014	11,913	Average six months KIBOR Ask rate + 1.00% payable half yearly	83,387	107,213
United Bank Limited Loan 16 Under LTFF scheme	6.5, 6.9	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	18,020	18,020
United Bank Limited Loan 17 Under LTFF scheme	6.5, 6.9	10 half yearly August-2017	398	6.60% p.a. payable quarterly	3,985	3,985
United Bank Limited Loan 18 Under LTFF scheme	6.5, 6.9	10 half yearly September-2017	215	6.60% p.a. payable quarterly	2,150	2,150
United Bank Limited Loan 19 Under LTFF scheme	6.5, 6.9	10 half yearly October-2017	102	6.60% p.a. payable quarterly	1,020	1,020
United Bank Limited Loan 20	6.5	10 half yearly November-2017 payable quarterly	2,385	Average six months KIBOR Ask rate + 1.25%	23,850	23,850
United Bank Limited Loan 21 Under LTFF scheme	6.5, 6.9	10 half yearly December-2017	89	6.60% p.a. payable quarterly	890	890
United Bank Limited Loan 22 Under LTFF scheme	6.5, 6.9	10 half yearly February-2018	318	5% p.a. payable quarterly	3,187	-
United Bank Limited Loan 23 Under LTFF scheme	6.5, 6.9	10 half yearly March-2018	4,182	5% p.a. payable quarterly	41,822	-
United Bank Limited Loan 24 Under LTFF scheme	6.5, 6.9	10 half yearly April-2018	1,827	5% p.a. payable quarterly	18,270	-
United Bank Limited Loan 25 Under LTFF scheme	6.5, 6.9	10 half yearly May-2018	954	5% p.a. payable quarterly	9,546	-
United Bank Limited Loan 26 Under LTFF scheme	6.5, 6.9	10 half yearly March-2018	12,111	5% p.a. payable quarterly	121,114	-
Samba Bank Limited Loan 1 Under LTFF scheme		9 half yearly May-2015	17,245	10.90% p.a. payable quarterly	-	137,955
Samba Bank Limited Loan 2 Under LTFF scheme		9 half yearly June-2015	4,456	10.90% p.a. payable quarterly	-	35,644
		Total from Other Banks			3,639,931	2,630,326

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
						Rupees (000s)	
6.3	**Non-Banking Financial Institutions - Secured**						
	Pair Investment Company 1 Under LTFF scheme	6.9, 6.10	12 half yearly May-2018	11,417	6% p.a. payable half yearly	**137,000**	-
	Pair Investment Company 2 Under LTFF scheme	6.9, 6.10	12 half yearly June-2018	11,346	6% p.a. payable half yearly	**136,150**	-
	Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly February-2018	10,093	3% p.a. payable quarterly	**322,990**	-
	Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	2,479	3% p.a. payable quarterly	**79,340**	-
	Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	1,218	3% p.a. payable quarterly	**38,970**	-
	Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	8,312	3% p.a. payable quarterly	**265,986**	-
	Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly May-2018	816	3% p.a. payable quarterly	**26,120**	-
	Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly June-2018	417	3% p.a. payable quarterly	**13,330**	-
	Pak Brunei Investment Company Loan Under LTFF scheme	6.5, 6.9, 6.10	16 quarterly December-2018	28,637	2.5% p.a payable quarterly	**458,187**	-
			Total from Non-Banking Financial Institutions			**1,478,073**	-

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

6.5 These loans are secured by charge over specified machinery.

6.6 These loans are secured by way of pari passu charge over the property, plant and equipment of the Company.

6.7 Habib Metropolitan Bank Limited is a related party and associated company by virtue of common directorship of one of the Directors of the Company.

6.8 Grace period of one year in payment of principal outstanding under LTF-EOP facilities was allowed by the banks as per State Bank of Pakistan SMEFD circular No. 01 dated January 22, 2009.

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

6.10 These loans are secured by ranking charge over present and future property, plant and equipment of the company and will subsequently upgraded by way of pari passu charge.

6.11 These loans are obtained from Shariah Compliant Banks.

6.12 The Company can avail prepayment option and rollover option for loans at its discretion.

Notes to the Financial Statements

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
7 DEFERRED TAXATION			
Opening		350,339	332,921
Charged to profit and loss account	32	(41,983)	19,440
Charged to other comprehensive income		952	(2,022)
		309,308	350,339
Deferred tax arises due to:			
Taxable temporary difference in respect of			
Accelerated tax depreciation allowance		352,990	392,567
Deductible temporary differences in respect of			
Provision for gratuity		(4,062)	(5,408)
Provision for doubtful debts		(26,477)	(24,388)
Provision for slow moving items		(13,143)	(12,432)
		(43,682)	(42,228)
		309,308	350,339

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

	Note	2016	2015
		Rupees (000s)	
8 STAFF RETIREMENT BENEFITS			
8.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability			
Opening balance		43,951	39,512
Charge for the year	8.2	34,342	31,717
Remeasurement (gain)/loss charged in other comprehensive income		(8,376)	16,437
Benefits paid during the year		(34,168)	(43,715)
Closing balance		35,749	43,951
8.2 Charge for the year recognized in profit and loss account			
Current service cost		31,722	27,920
Past Service Cost	8.4	-	1,458
Interest cost		2,620	2,339
	28.1	34,342	31,717
8.3 Significant actuarial assumptions used			
Following significant actuarial assumptions were used for the valuation:			
Discount rate used		7.25% p.a	9.75 % p.a
Expected increase in salary for year end obligation		6.25 % p.a	8.75 % p.a
Average expected remaining working life time of employees		5 years	9 years
Mortality rates		SLIC 2001-2005 Set back 1 Year	SLIC 2001-2005 Set back 1 Year

8.4 Past service cost had arisen due to change in plan (eligible payment days) for certain employees of the Company.

8.5 General Description

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

8.6 Sensitivity Analysis

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

	Note	2016	2015
		Rupees (000s)	
Discount Rate + 100 bps		34,171	40,225
Discount Rate - 100 bps		37,543	48,442
Salary increase + 100 bps		37,543	48,442
Salary increase - 100 bps		34,142	40,162

9 TRADE AND OTHER PAYABLES

Creditors - Due to related parties		46,679	11,793
- Others		2,465,508	3,666,875
		2,512,187	3,678,668
Provisions and accrued expenses	9.1.1, 9.1.2, 9.1.3 & 12.6	1,941,938	1,135,406
Advance from customers		328,988	274,889
Workers' profit participation fund	9.3	75,029	49,498
Workers' welfare fund	9.4	27,235	15,986
Unclaimed dividend		2,140	1,274
Dividend Payable	9.2	9,473	-
Taxes withheld	9.5	71,378	25,627
Payable to employees' provident fund	9.5	14,270	2,158
Others		24,464	29,684
		5,007,102	5,213,190

9.1.1 Accrued expenses include infrastructure cess amounting to Rs. 133 million (2015: Rs. 94.2 million). The Company along with other petitioners has challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi. However, in view of the uncertainties in such matters, full amount has been expensed out in the financial statements.

9.1.2 The Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated 31 August, 2015 regarding increase in the Gas rate tariff. The Honorable Sindh High Court has already passed interim orders to suspend the operation of the notification and payments of bills on regular basis at the tariff prevailing prior to the issuance of the impugned notification and restrained from taking any coercive action against the Company; thereafter Honorable Sindh High Court has given the decision in favor of the Company. The Government has filed an appeal in the Divisional Bench of the Honorable Sindh High Court there against. However, as a matter of prudence, full provision of Rs. 98.689 million has been made in the financial statements.

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

Notes to the Financial Statements

For the Year Ended June 30, 2016

9.2 Dividend payable includes the dividend amount Rs. 7.033 million held by the Company, as refered in Note no. 4.2.3 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014.

The amount includes Rs. 5.395 million and Rs. 0.24 million of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively.

	Note	2016	2015
		Rupees (000s)	
9.3 Workers' profit participation fund			
Opening balance		49,498	84,102
Allocation for the year	29	71,671	42,069
Interest for the year	9.3.1	3,358	7,429
		124,527	133,600
Payments made during the year		(49,498)	(84,102)
Closing balance		75,029	49,498

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

9.4 The Company along with other petitioners have challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008. The Honorable Sindh High Court has given the decision in favor of the Government. The Company has filed an appeal in the Supreme Court of Pakistan against the above decision. However, in view of the uncertainties in such matters, full amount has been expensed out in the financial statements.

9.5 The Company has paid this amount subsequent to balance sheet date.

	2016	2015
	Rupees (000s)	
10 ACCRUED MARK-UP/PROFIT		
Mark-up/profit on long term financing	46,852	71,540
Mark-up/profit on short term borrowings	67,516	134,941
	114,368	206,481

10.1 This includes Rs. 6.83 million and Rs. 13.93 million (2015: Rs. 6.80 million and Rs. 28.6 million) in long term financing and short term borrowings respectively under Shariah Compliant arrangements.

	2016	2015
10.2 Accrued markup includes markup due to following related parties:	Rupees (000s)	
Long term financing		
Habib Metropolitan Bank Limited - associated company	-	14,205
Short term borrowings		
Habib Metropolitan Bank Limited - associated company	2,528	1,729
Silk Bank Limited - associated company	-	7,182
	2,528	8,911
	2,528	23,116

	Note	2016	2015
		Rupees (000s)	
11 SHORT TERM BORROWINGS - SECURED			
Short term bank borrowings			
Foreign currency		894,500	967,746
Local currency		7,525,100	7,077,400
	11.1	8,419,600	8,045,146
Short term running finance		4,446,893	793,028
		12,866,493	8,838,174

11.1 Short term bank borrowing includes Istisna (Shariah Compliant) amounting to Rs. 2,702 million (2015: Rs. 2,209 million) in local currency and Rs. 114 (2015: Rs. Nil) in foreign currency. Istisna is an Islamic mode of finance.

11.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts, other receivables and pledge over cotton. Unavailed facility at the year end was Rs. 2,975 million (2015: Rs. 7,004 million). The facility for short term finance matures within twelve months. Short term borrowings include following from related parties:

	2016	2015
	Rupees (000s)	
Habib Metropolitan Bank Limited - associated company	622,639	183,551
Silk Bank Limited - associated company	-	475,000
	622,639	658,551

11.3 Foreign currency mark-up/profit rates range from 1.15% to 2.00% (2015: 1.15% to 2.00%) per annum. Local currency mark-up/profit rates range from 3.00% to 9.96% (2015: 5.75% to 13.21%) per annum.

12 CONTINGENCIES AND COMMITMENTS

12.1 The Company owns and possesses a plot of land measuring 44 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2015: Rs. 84 million). The Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by some claimants who claim to be the owners, as this land was previously sold to them and subsequently resold to the Company. The claim of the alleged owners is fictitious. The Company is confident that its title to the land is secure and accordingly no provision in this behalf has been made in these financial statements.

12.2 The Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 33.409 million (2015: Rs. 33.409 million) against sale of property included in other receivables note no. 22. The Company's management and its legal counsel are of the opinion that the case will be decided in the Company's favor and as such no provision has been made there against.

12.3 The Company has filed a Petition in the Honorable Sindh High Court against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.827 million (2015: Rs. 50.827 million). This demand has been raised after lapse of more than two years although the records and books of the Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Company. No provision has been made there against in these financial statements as the Company is confident of the favorable outcome of the Petition.

12.4 The Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent of Rs.10 million (2015: Rs. 10 million) and against which part payment of Rs. 2.57 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Company. No provision has been made there against in these financial statements as the Company is confident of the favorable outcome of the Petition. Also refer note no. 21.2.

Notes to the Financial Statements

For the Year Ended June 30, 2016

12.5 The Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 17.851 million (2015: Rs. 17.851 million) against a customer for the sale of fabric included in trade debts note no. 20. However, in view of the uncertainties in such matters, full provision has been made in the financial statements.

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

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

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

However as a matter of abundant prudence amount payable under the GIDC Act, 2015 commencing from May 22, 2015 to the balance sheet date amounting to Rs. 584.934 million (2015: Rs. 44.473 million) has been provided in these financial statements.

12.8 Guarantees

(a) Rs. 706 million (2015: Rs. 656 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. 638 million (2015: Rs. 588 million).

(b) Post dated cheques Rs. 1,000 million (2015 : Rs. 462 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.

(c) Bills discounted Rs. 2,267 million (2015: Rs. 1,818 million).

(d) Corporate guarantee of Rs. 93.365 million (2015: Rs. 96.873 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK.

12.9 Commitments

(a) The Company is committed for capital expenditure as at June 30, 2016 of Rs. 2,103 million (2015: Rs. 1,335 million).

(b) The Company is committed for non capital expenditure items under letters of credits as at June 30, 2016 of Rs. 819 million (2015: Rs. 2,000 million).

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

	Note	2016	2015
		Rupees (000s)	
Not more than one year		497,517	408,079
More than one year not more than five years		1,670,611	1,486,287
More than five years		994,367	939,586
		3,162,495	2,833,952

13 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	13.1	10,505,376	8,701,473
Capital work in progress (CWIP)	13.2	1,545,089	337,212
		12,050,465	9,038,685

13.1 **Operating fixed assets**

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
		Rupees						
Movement in net book value during the year ended June 30, 2016								
Opening net book value (NBV)		227,564	1,519,714	6,404,852	46,233	167,222	335,888	8,701,473
Direct additions (at cost)		-	28,861	128,617	10,554	100,462	242,379	510,873
Transfer from CWIP	13.2	-	662,167	1,818,692	-	11,100	-	2,491,959
Disposal at NBV	13.1.2	-	-	(61,895)	-	(690)	(14,913)	(77,498)
Scraped at NBV		-	-	-	(531)	(483)	-	(1,014)
Depreciation charge	13.1.1	-	(230,642)	(748,019)	(5,524)	(44,597)	(91,635)	(1,120,417)
Closing net book value		**227,564**	**1,980,100**	**7,542,247**	**50,732**	**233,014**	**471,719**	**10,505,376**
Net book value as at June 30, 2016								
Cost		227,564	3,619,877	14,676,918	104,554	549,516	836,022	20,014,451
Accumulated depreciation		-	(1,639,777)	(7,134,671)	(53,822)	(316,502)	(364,303)	(9,509,075)
Net book value		**227,564**	**1,980,100**	**7,542,247**	**50,732**	**233,014**	**471,719**	**10,505,376**
Movement in net book value during the year ended June 30, 2015								
Opening net book value (NBV)		227,564	1,000,544	5,941,830	51,743	153,871	336,705	7,712,257
Direct additions (at cost)		-	164,370	205,838	722	42,173	93,683	506,786
Transfer from CWIP		-	518,654	984,818	66	8,795	-	1,512,333
Disposal at NBV	13.1.2	-	-	(46,279)	(58)	(856)	(16,358)	(63,551)
Scraped at NBV			-	-	(501)	(1,009)	-	(1,510)
Depreciation charge	13.1.1	-	(163,854)	(681,355)	(5,739)	(35,752)	(78,142)	(964,842)
Closing net book value		227,564	1,519,714	6,404,852	46,233	167,222	335,888	8,701,473
Net book value as at June 30, 2015								
Cost		227,564	2,928,849	12,906,373	95,692	444,258	652,746	17,255,482
Accumulated depreciation		-	(1,409,135)	(6,501,521)	(49,459)	(277,036)	(316,858)	(8,554,009)
Net book value		227,564	1,519,714	6,404,852	46,233	167,222	335,888	8,701,473
Depreciation rate % per annum		-	10 to 20	10 to 20	10 to 12	15 to 33	20	

		Note	2016	2015
			Rupees (000s)	
13.1.1	Depreciation charge for the year has been allocated as follows:			
	Cost of goods manufactured	26.1	**854,834**	758,913
	Distribution cost	27	**154,214**	106,228
	Administrative expenses	28	**111,369**	99,701
			1,120,417	964,842

Notes to the Financial Statements

For the Year Ended June 30, 2016

13.1.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Plant and machinery						
Ink Jet Engraving	6,897	5,175	1,000	(4,175)	Negotiation	A.K. Sons P-30 Street No.1, Block Madina Town, Faisalabad
Finisher Drawing Frame	207	97	150	53	Negotiation	Al-Ahmed Textile Mills (Pvt) Ltd. Room No. 305 3rd Floor Anum Empire, ZCC-1 Block 7/8 KCHS, Karachi
Ring Spinning	38,680	14,838	2,100	(12,738)	Negotiation	Basfa Textile (Pvt.) Ltd 20-K.M Ferozepur Road Al Noor Town Lahore City
Drawing Frame	33,653	13,274	11,000	(2,274)	Insurance Claim	EFU General Insurance Ltd Tower Branch No-105 Floor K.D.L.B.Building W.W Road Karachi
Card Crosrol	6,990	504	1,200	696	Negotiation	Farhan Cotton Waste Industry Plot # A1122 Sindh Industries Trading Estate, Noorabad, Hyderabad
Simplex Toyoda Frame	6,376	162	300	138	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town, Faisalabad
Ring Spinning	25,906	8,329	900	(7,429)	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town, Faisalabad
Ring Spinning	2,671	906	100	(806)	Negotiation	Jilani Textile Traders Shop No. 2, Madina Mosque Labour Square, Hyderabad
Card Crosrol	24,001	5,730	4,000	(1,730)	Negotiation	Spincot Textile Mills (Pvt) Ltd. Suit No. 1-A, 2nd Floor, Craze-I, Plaza Defence, Lahore
Card Crosrol	30,041	12,824	4,400	(8,424)	Negotiation	Unique Spinning Mills (Pvt) Ltd. Plot # A-6, Site, Kotri
Written down value below Rs. 50,000	1,342	56	600	544	Negotiation	Various
	176,764	61,895	25,750	(36,145)		
Office equipment						
Split A-C	469	80	90	10	Negotiation	Aman Aircondtioning Services Shop # 2-3 Plot # 37 Commercial Street Ph-11 Ext DHA, Karachi
Written down value below Rs. 50,000	3,595	610	552	(58)	Negotiation	Various
	4,064	690	642	(48)		

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Vehicles						
Toyota Corolla - ARW-749	1,348	254	522	268	Company Policy	Abdul Sami - Employee Flat No. 22/3, Mariya Society Khalid Bin Waleed Road, Karachi
Suzuki Alto - ATK-215	679	157	272	115	Company Policy	Abdullah Faisal - Employee House No. C-47, Block-L, North Nazimabad, Karachi
Toyota Corolla - ASU-743	1,342	322	671	349	Company Policy	Ali Gohar Bhutto - Employee Gul Ahmed Textile Mills Ltd. Unit No. 4 House No. 01, Malir, Karachi.
Honda City - ASV-704	1,307	331	524	193	Company Policy	Fakhar Rafique Siddique - Employee House No. A-332, Block-2 Gulistan-E-Johar, Karchi
Suzuki Cultus - ARH-523	720	133	288	155	Company Policy	Iqbal Godil - Employee House # A-70, Block-4, Dhoraji Colony Gulshan-E-Iqbal, Karachi
Suzuki Swift - ATG-957	1,083	255	437	182	Company Policy	Mehmood Younus - Employee House No. 601 Jamaluddin Afghani Road, Al Madina Arcade Mualimabad PECHS, Block-3, Karachi
Honda City - AUE-224	1,338	387	536	149	Company Policy	Mohammad Ovais - Employee Haroon Royal City Phase # 1, Flat No. 147, Area Gulistan-E-Johar Block-17, Karachi
Suzuki Liana - ASU-109	1,097	264	440	176	Company Policy	Muhammad Javed - Employee Flat No. 19, Gul Ahmed Textile Millls Ltd., Karachi
Suzuki Alto - APW-964	517	79	265	186	Company Policy	Muhammad Nadeem - Employee Flat No D-24 Block-20, Rashid Minhas Road, Gulshane-E-Iqbal, Karachi
Suzuki Mehran - ARK-472	489	99	196	97	Company Policy	Muqeet Azfar - Employee House No. A-493, Block 11-A, North Karachi
Suzuki Cultus - AUE-182	883	260	353	93	Company Policy	Nayyar Hameed - Employee House No. N-21, Gulistan-E-Johar, Block-15, Karachi
Suzuki Cultus - AJT-428	604	59	425	366	Company Policy	Salim Ghaffar - Employee House No.A1/174, 2nd Floor, Block 13-D-2, KDA Scheme 24, Gulshan-E-Iqbal, Karachi
Suzuki Cultus - ATP-217	864	215	346	131	Company Policy	Shahid Iqbal Babar - Employee House No. F-18, Usmania Colony Nazimabad No. 1, Liaqatabad, Karachi

Notes to the Financial Statements

For the Year Ended June 30, 2016

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Cultus - AUE-912	882	265	353	88	Company Policy	Zain-Ul-Abedin - Employee House No. A-203, Gulshan-E-Iqbal Block 13-D-2, Karachi
Honda City - AVV-861	1,383	463	783	320	Company Policy	Abdul Qayyum - Employee House No. R-412, Ameenabad Malir City, Karachi
Toyota Corolla - ATT-498	1,449	310	580	270	Company Policy	Akhter Saeed - Employee House # A-382, Block-3 Gulshan-e-Iqbal, Karachi
Toyota Corolla - ARZ-963	1,302	241	521	280	Negotiation	Khawaja Fazal-Ur-Rehman Flat No. 1-A/2, Area Saba Avenue, Phase-5, DHA Karachi,
Suzuki Mehran - ASQ-609	518	113	207	94	Negotiation	Mr. Asif Mehmood House # Z-125, Street No. 4
Suzuki Mehran - AST-407	511	112	256	144	Negotiation	Mr. Kamran Ali Qureshi House # H-171, Area New L Block Orangi Town, Karachi
Toyota Corolla - ASV-362	1,388	321	556	235	Negotiation	Arbab Ali Rajar Goat Haji Muhammad Ali Rajar Tappal Ghar, Tando Adam
Toyota Corolla - AUD-404	1,461	423	585	162	Negotiation	Mohammad Fayyaz Goth Ghulam Hussain, Post Office Nizam Kila, Tahseel Liaquat Pur, District Rahim Yar Khan
Toyota Virosa - AJC-020	2,403	183	825	642	Negotiation	Mr. Muhammad Hussain Khan Shop No. P-59, North Nazimabad, Karachi
Toyota Corolla GLI - ASN-473	1,388	328	555	227	Negotiation	Muhammad Ali Aslam House No. B-33, Dhoraji Colony, Karachi
Suzuki Mehran - ARH-904	462	84	332	248	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town, North Karachi, Karachi
Suzuki Liana - RXI - ATP-218	1,199	278	637	359	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town, North Karachi, Karachi
Honda City - AUG-589	1,458	422	1,157	735	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town, North Karachi
Suzuki Cultus - ATS-493	864	196	670	474	Negotiation	Muhammad Faizan House # B-189, Area Zaman Town, Korangi # 4, Sector # 35/A, Karachi
Suzuki Alto - AQD-945	521	77	511	434	Negotiation	Muhammad Imran House # 875, Area Hussainabad, Korangi # 4, Sector # 35/A, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Alto - ASF-157	663	153	552	399	Negotiation	Muhammad Imran House # 875, Area Hussainabad Korangi # 4, Sector # 35/A, Karachi
Suzuki Alto - ASD-746	658	122	486	364	Negotiation	Muhammad Imran House # 875, Area Hussainabad Korangi # 4, Sector # 35/A, Karachi
Suzuki Alto - AMH-810	513	63	205	142	Negotiation	Muhammad Kamran House No. 61, Peer Illahi Bux Colony, Karachi
Suzuki Cultus - ASK-829	815	196	326	130	Negotiation	Muhammad Mehboob Alam House No. 3/1322, Mansoor Nagar Sector 11-1/2, Orangi Town, Karachi
Honda City - AUE-227	1,338	380	536	156	Negotiation	Feroz Abdul Rehman Daair House No. 20 Area Jinnah Housing, Karachi
Suzuki Alto - AUE-618	697	210	279	69	Negotiation	Furqan Ahmed Plot No. 107, House No. M-4 Block 13-D-2, Gulshan-E-Iqbal, Karachi
Hyundai Grace Van - CN-6770	1,231	97	628	531	Negotiation	Imran Ahmed House # 219, Sector 35-B, Korangi # 4 Karachi
Suzuki Alto - ASY-609	664	154	333	179	Negotiation	Muhammad Younus House # 875, Area Hussainabad
Toyota Corolla GLI - AWN-084	1,574	526	1,450	924	Negotiation	Muhammad Younus House No. A-414, Iqra Complex Perfume Chowk Gulistan-e-Johar, Karachi
Toyotal Corolla GLI - ASN-641	1,388	334	555	221	Negotiation	Obaid-Ul-Rehman Siddiqui House No. B123, Block-1, North Nazimabd, Karachi
Suzuki Liana - AST-571	1,097	254	440	186	Negotiation	Owais Baig Wali Garden, House No. 201, Area Ghulam Hussain Qasim Road, Garden West
Suzuki Alto - AUL-348	708	205	355	150	Negotiation	Rehan Haseeb Flat # B-11, Area Imran Arcade, F.B Area, Block 7, Karachi
Suzuki Alto - AUE-179	698	191	349	158	Negotiation	Saifa Asghar House No. B-30, Mohalla Meer Hassan Abad Latifabad, Hyderabad
Honda City - ATC-192	1,269	305	508	203	Negotiation	Shahbaz Ahmed Railway Housing Society, Flat No. 521, Area Samama Hill View, Gulistan-E-Johar Karachi
Block-A,16						
Toyota Corolla - ASF-461	1,311	315	525	210	Negotiation	Sheikh Muhammad Umar House No. 22, M.C.H.S Tipu Sultan Road, Karachi

Notes to the Financial Statements

For the Year Ended June 30, 2016

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Honda City - AUK-550	1,357	363	1,112	749	Negotiation	Syed Muhammad Ali Warsi House No. A-162, Area Gulbarg, F.B.Area, Block # 12, Karachi.
Suzuki Alto VXR - ASK-815	662	142	487	345	Negotiation	Muhammad Arshad House # 358, Sector 9/E, Jinnah Colony, Orangi Town, Karachi
Toyota Corolla - ATG-937	1,302	279	975	696	Negotiation	Muhammad Bilal Khan House # B-34, Area Sir Syed Town, North Karachi, Sector
Honda City - AKC-692	951	84	750	666	Negotiation	Muhammad Sohail Flat No. B-3, Ghulam Hussain Qasim Road, Block B-72, Garden West, Karachi.
Honda City - ATY-401	1,338	358	807	449	Negotiation	Muhammad Tahir Iftikhar House # 291, Area Kamran Block, Allama Iqbal Town, Lahore
Honda City - AUG-158	1,339	358	537	179	Negotiation	Mushtaq Ahmed House No. B-30, Area Sir Syed Town, North Karachi, Sector 11-C/1, Karachi.
Suzuki Alto VXR - APK-439	516	71	408	337	Negotiation	Naveed Rauf House # 16/2, Nazimabad, Sector 11-H, Karachi
Suzuki Alto VXR - ANT - 308	516	71	508	437	Negotiation	Naveed Rauf House # 16/2, Nazimabad, Sector 11-H, Karachi
Suzuki Alto VXR - AMK-876	516	67	418	351	Negotiation	Naveed Rauf House # 16/2, Nazimabad, Sector 11-H, Karachi
Suzuki Alto VXR - AQH-316	516	70	462	392	Negotiation	Naveed Rauf House#16/2, Nazimabad, Sector 11-H Karachi
Honda Civic - AZQ-482	2,048	1,052	1,450	398	Negotiation	Syed Hassan Riaz Bukhari House No.120, Sector 33, Opp. Khayaban-e-Mohafiz, DHA, Karachi.
Suzuki Cultus VXR - ARL-051	851	146	521	375	Negotiation	Syed Muhammad Taufiq House # B-150, Gulshan-E-Iqbal, Block-6 Karachi
Toyota Corolla - BEP-173	1,852	1,636	1,828	192	Insurance Claim	EFU General Insurance Ltd Tower Branch No-10, 5th Floor K.D.L.B. Building W.W Road Karachi
Written down value below Rs. 50,000	1,255	80	670	590	Negotiation	Various
	59,103	14,913	32,263	17,350		
2016	**239,931**	**77,498**	**58,655**	**(18,843)**		
2015	181,032	63,551	71,601	8,050		

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

	Note	2016	2015
		Rupees (000s)	
Other income - gain on sale of property, plant and equipment	30	18,791	28,631
Other operating expenses - loss on sale of property, plant and equipment	29	(37,634)	(20,581)
		(18,843)	8,050

13.2 Capital work in progress

	June 2016				June 2015			
	Machinery and store items held for capitalization	Civil Work	Other assets	Total	Machinery and store items held for capitalization	Civil Work	Other assets	Total
	Rupees (000s)							
Cost as at start	254,586	80,051	2,575	337,212	341,999	153,887	1,410	497,296
Capital expenditure incurred during the year	2,534,641	1,156,600	8,595	3,699,836	897,405	444,818	10,026	1,352,249
Transferred to property, plant and equipment	(1,818,692)	(662,167)	(11,100)	(2,491,959)	(984,818)	(518,654)	(8,861)	(1,512,333)
Cost as at end	970,535	574,484	70	1,545,089	254,586	80,051	2,575	337,212

14 INTANGIBLE ASSETS

	Note	2016	2015
		Rupees (000s)	
Computer Software			
Net carrying value basis as at June 30			
Opening net book value		11,481	20,365
Additions (at cost)		7,182	2,447
Amortisation charge	14.1	(5,189)	(11,331)
Closing net book value		13,474	11,481
Gross carrying value as at June 30			
Cost	14.3	175,120	167,938
Accumulated amortisation		(161,646)	(156,457)
Net book value		13,474	11,481

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

Distribution cost	27	507	41
Administrative expenses	28	4,682	11,290
		5,189	11,331

14.2 Remaining useful life range from one to four years

14.3 This includes cost of Rs. 149.32 million (2015: Rs. 109.45 million) in respect of assets which are fully amortized but are still in use of the Company.

Notes to the Financial Statements

For the Year Ended June 30, 2016

		Note	2016	2015
			Rupees (000s)	
15	LONG TERM INVESTMENT			
	Gul Ahmed International Limited - FZC UAE	15.1	58,450	58,450

15.1 Gul Ahmed International Limited - FZC UAE, an unquoted company incorporated in United Arab Emirates (UAE), is a wholly owned subsidiary (the subsidiary) of the Company. The paid-up share capital of the subsidiary is divided into 10,000 (2015:10,000) 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 two 100% fully owned subsidiary companies i.e GTM (Europe) limited and GTM USA Corp. for the year ended June 30, 2016 is Rs. 329 million (2015: Rs. 277 million).

		Note	2016	2015
			Rupees (000s)	
16	LONG TERM LOANS AND ADVANCES			
	Considered good - Secured			
	- Due from executives (other than CEO and Directors)	16.2	35,618	20,725
	- Due from non-executive employees		2,185	1,424
			37,803	22,149
	Current portion being receivable within twelve months following the balance sheet date			
	- Due from executives		(15,122)	(9,029)
	- Due from non-executive employees		(861)	(261)
		21	(15,983)	(9,290)
			21,820	12,859

16.1 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. 10.574 (2015 : Rs. 8.117 million) to executives and Rs. 0.465 million (2015 : Rs. 0.475 million) to non-executive which carry no interest. The balance amount carries mark-up ranging from 6.5% to 14% (2015: 7% to 14%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

16.2 Reconciliation of carrying amount of loans to executives

	2016	2015
	Rupees (000s)	
Opening balance	20,725	15,680
Disbursement during the year	28,344	11,569
Transfer from non-executive to executive employees	-	36
Recovered during the year	(13,451)	(6,560)
Closing balance	35,618	20,725

16.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 35.168 million (2015: Rs. 20.725 million).

		2016	2015
		Rupees (000s)	
17	**LONG TERM DEPOSITS**		
	Considered good		
	Security Deposit - Rent	149,964	90,445
	Security Deposit - Utilities	5,335	2,531
	Others	219	596
		155,518	93,572

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

		Note	2016	2015
			Rupees (000s)	
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		564,426	433,310
	Spare parts		450,956	362,328
	Loose tools		3,749	4,463
			1,019,131	800,101
	Provision for slow moving/obsolete items	18.1	(115,684)	(101,039)
			903,447	699,062
	18.1 Movement in provision for slow moving/obsolete items			
	Opening balance		101,039	90,394
	Charge for the year	28	14,645	10,645
	Closing balance		115,684	101,039
19	**STOCK-IN-TRADE**			
	Raw materials	19.1	2,337,553	2,076,097
	Work-in-process		230,825	237,034
	Finished goods	19.2	11,285,914	8,970,687
			13,854,292	11,283,818

19.1 Raw material amounting to Rs. Nil (2015: Nil) has been pledged with the banks as at balance sheet date.

19.2 Finished goods include stock of waste valuing Rs.59 million (2015: Rs. 45 million) determined at net realizable value.

		Note	2016	2015
			Rupees (000s)	
20	**TRADE DEBTS**			
	Export debtors - secured			
	Considered good	20.1	1,516,559	788,035
	Local debtors - unsecured			
	- Considered good	20.1	847,743	1,125,837
	- Considered doubtful		233,035	198,210
			1,080,778	1,324,047
			2,597,337	2,112,082
	Allowance for impairment of doubtful trade debts	20.3	(233,035)	(198,210)
			2,364,302	1,913,872

20.1 Includes amounts due from related parties as under:

	2016	2015
Export debtors - secured		
Gul Ahmed International Ltd. (FZC) - UAE - wholly owned subsidiary	28,032	14,791
GTM (Europe) Limited - indirect wholly owned subsidiary	380,881	202,460
GTM USA Corporation - indirect wholly owned subsidiary	51,519	28,234
	460,432	245,485
Local debtors - unsecured		
Swisstex Chemicals (Private) Limited - Associated company	2,587	1,427
	463,019	246,912

20.2 The maximum aggregate month end balance due from related parties during the year was Rs.463 million (2015: Rs. 247 million).

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

	Upto 1 month	1-6 months	More than 6 months	As at June 2016
	Rupees (000s)			
Gul Ahmed International (FZC)-UAE	28,032	-	-	28,032
GTM (Europe) Limited	378,227	1,082	125	379,434
GTM USA Corporation	51,519	-	-	51,519
Swisstex Chemicals (Private) Limited	1,160	-	1,427	2,587
	458,938	1,082	1,552	461,572

	Upto 1 month	1-6 months	More than 6 months	As at June 2015
	Rupees (000s)			
Gul Ahmed International Ltd.(FZC)-UAE	22,232	-	-	22,232
GTM (Europe) Limited	195,019	-	-	195,019
GTM USA Corporation	28,234	-	-	28,234
Swisstex Chemicals (Private) Limited	1,427	-	-	1,427
	246,912	-	-	246,912

20.3 Movement in allowance for impairment of doubtful trade debts

	Note	2016	2015
		Rupees (000s)	
Opening balance		198,210	168,385
Charge for the year	28	34,825	29,825
Closing balance		233,035	198,210

21 LOANS AND ADVANCES

	Note	2016	2015
Considered Good			
Current portion being receivable within twelve months following the balance sheet date			
- Executives		15,122	9,029
- Other employees		861	261
	16	15,983	9,290
Advances to suppliers	21.1	697,322	342,264
Others	21.2	2,570	2,570
		715,875	354,124

21.1 Advances to suppliers includes following to related parties - Rs. Nil (2015: Rs. 7.441 million) with Gul Ahmed International Limited (FZC) - UAE, Rs. 2.611 million (2015: Rs. Nil) with GTM (Europe) Limited and Rs. 0.245 million (2015: Rs. 2.633 million) with GTM USA Corporation.

21.2 This represents amount of Rs. 2.57 million (2015: Rs. 2.57million) paid to Nazir Sindh High Court, Karachi in compliance with the Order of the Honourable Sindh High Court in respect of ground rent suit as mentioned in Note no. 12.4.

		Note	2016	2015
			Rupees (000s)	
22	**OTHER RECEIVABLES**			
	Duty drawback and local taxes and levies		354,615	225,195
	Mark-up rate subsidy receivable		6,918	6,918
	Receivable against sale of property	12.2	33,409	33,409
	Fair value of forward exchange contracts		-	18,762
	Receivable against bank guarantee margin		36,142	6,594
	Others	22.1	44,625	40,521
			475,709	331,399
23	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		796,465	538,928
	Income tax		115,492	211,268
			911,957	750,196
24	**CASH AND BANK BALANCES**			
	Cash in hand		158,887	11,033
	Balances with banks in current accounts			
	- Local currency		86,845	105,192
	- Foreign currency		62,045	1,076
		24.1&24.2	148,890	106,268
			307,777	117,301
24.1	Bank balances include amounts held by related parties as under:			
	Habib Metropolitan Bank Limited - associated company		65,153	15,550
	Silk Bank Limited - associated company		-	2,936
			65,153	18,486

24.2 This includes an amount of Rs. 7.853 million (2015:Rs.16.011 million) placed under Shariah compliant arrangement.

Notes to the Financial Statements

For the Year Ended June 30, 2016

		Note	2016	2015
			Rupees (000s)	
25	**SALES**			
	Local	25.1	12,397,822	12,266,853
	Export			
	Direct export		19,299,079	20,292,667
	Indirect export		443,211	693,290
			19,742,290	20,985,957
	Duty drawback		272,628	214,121
			32,412,740	33,466,931
	Brokerage and commission		(138,184)	(112,147)
			32,274,556	33,354,784

25.1 Sales are exclusive of sales tax amounting to Rs. 475.857 million (2015: Rs. 443.367 million).

		Note	2016	2015
			Rupees (000s)	
26	**COST OF SALES**			
	Opening stock of finished goods		8,970,687	8,658,343
	Cost of goods manufactured	26.1	27,283,518	27,572,739
			36,254,205	36,231,082
	Closing stock of finished goods		(11,285,914)	(8,970,687)
			24,968,291	27,260,395
26.1	**Cost of goods manufactured**			
	Raw materials consumed	26.2	7,671,158	9,425,068
	Stores, spares parts and loose tools consumed		4,057,004	3,908,439
	Staff cost	28.1	5,155,417	4,645,142
	Fuel, power and water		2,529,862	2,005,092
	Insurance		133,709	137,082
	Repair and maintenance		782,227	775,533
	Depreciation	13.1.1	854,834	758,913
	Other manufacturing expenses		182,600	150,889
	Purchases and processing charges		6,114,128	5,789,916
	Cost of samples shown under distribution cost		(203,630)	(116,296)
			27,277,309	27,479,778
	Work-in-process			
	Opening		237,034	329,995
	Closing		(230,825)	(237,034)
			6,209	92,961
			27,283,518	27,572,739

	Note	2016	2015
		Rupees (000s)	
26.2 Raw materials consumed			
Opening stock		2,076,097	2,926,027
Purchases during the year		7,932,614	8,575,138
Closing stock		(2,337,553)	(2,076,097)
		7,671,158	9,425,068

27 DISTRIBUTION EXPENSES

Staff cost	28.1	922,308	663,203
Freight and shipment expenses		257,699	280,639
Insurance		26,415	26,843
Advertisement and publicity		941,647	822,848
Participation in exhibitions		-	40,208
Cost of samples transferred from cost of goods manufactured		203,630	116,296
Rent, rates and taxes		602,839	429,251
Depreciation	13.1.1	154,214	106,228
Amortisation	14.1	507	41
Export development surcharge		49,327	51,708
Other expenses		83,699	65,622
		3,242,285	2,602,887

28 ADMINISTRATIVE EXPENSES

Staff cost	28.1	531,774	472,202
Rent, rates and taxes		175,147	89,340
Repairs and maintenance		67,358	64,978
Vehicle up keep and maintenance		117,604	134,394
Utilities		140,876	127,785
Conveyance and traveling		187,851	150,177
Printing and stationery		53,662	43,849
I.T expenses		48,652	33,985
Postage and telecommunication		116,308	77,577
Legal and consultancy fees		57,365	50,075
Depreciation	13.1.1	111,369	99,701
Amortisation	14.1	4,682	11,290
Auditors' remuneration	28.2	2,250	2,068
Donations	28.3	12,753	14,951
Insurance		20,900	21,138
Provision for doubtful trade debts	20.3	34,825	29,825
Provision for slow moving/obsolete items	18.1	14,645	10,645
Other expenses		135,946	97,604
		1,833,967	1,531,584

Notes to the Financial Statements

For the Year Ended June 30, 2016

	Cost of sales		Distribution Cost		Administrative expense		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees (000s)							
28.1 Staff cost								
- Salaries, wages & benefits	5,012,297	4,509,153	900,881	645,994	508,098	449,173	6,421,276	5,604,320
Retirement benefits								
- Gratuity	34,342	31,717	-	-	-	-	34,342	31,717
- Contribution to provident fund	69,848	55,277	20,561	16,123	21,410	20,188	111,819	91,588
	104,190	86,994	20,561	16,123	21,410	20,188	146,161	123,305
- Staff compensated absences	38,930	48,995	866	1,086	2,266	2,841	42,062	52,922
	5,155,417	4,645,142	922,308	663,203	531,774	472,202	6,609,499	5,780,547

	2016	2015
	Rupees (000s)	
28.2 Auditor's remuneration		
Audit fee	1,500	1,265
Review fee of half yearly accounts	110	110
Fee for consolidation of holding and subsidiaries	200	165
Review fee of statement of compliance with code of corporate governance	55	55
Other certification fee	39	32
Sindh sales tax on services	112	96
Out of pocket expenses	234	345
	2,250	2,068

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

Name of Director	Interest in Donee	Name of Donee	2016	2015
			Rupees (000s)	
Zain Bashir and Ziad Bashir	Directors	LITE Development and Management Company	175	-
Mohomed Bashir	Trustee (up to February 2014)	Fellowship fund for Pakistan	-	1,980
Mohomed Bashir	Trustee	Habib University Foundation	-	6,000
			175	7,980

		Note	2016	2015
			Rupees (000s)	
29	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	9.3	71,671	42,069
	Workers' welfare fund		27,235	15,986
	GIDC paid in preceding years written off		-	105,251
	Loss on sale of property, plant and equipment		37,634	20,581
	Property, plant and equipment scrapped		1,014	1,510
			137,554	185,397
30	**OTHER INCOME**			
	Income from financial assets			
	Mark-up income from loans and advances		1,371	1,116
	Gain on sale of short term investments		-	5,983
	Dividend income		-	406
	Net exchange gain on forward contracts		-	18,762
	Exchange gain on realization of export receivables - net		102,974	185,585
			104,345	211,852
	Income from non-financial assets			
	Gain on sale of property, plant and equipment		18,791	28,631
	Scrap sales	18,428	20,595	
	Unclaimed liabilities written back		10,917	82,017
	Others		57	-
			48,193	131,243
			152,538	343,095
31	**FINANCE COST**			
	Mark-up/profit on long term financing	31.1 & 31.4	288,156	334,286
	Mark-up/profit on short term borrowings	31.2, 31.3 & 31.4	508,241	861,771
	Profit on murabaha		-	22,491
	Interest on workers' profit participation fund		3,358	7,429
	Bank charges		104,938	103,767
	Commission		5,795	4,545
			910,488	1,334,289

31.1 Includes mark-up on long term financing charged by related parties as under:

Habib Metropolitan Bank Limited - associated company	26,210	60,720

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

Habib Metropolitan Bank Limited - associated company	19,725	14,365
Silk Bank Limited - associated company	3,162	14,259
	22,887	28,624

31.3 It includes net exchange gain of Rs. 25 million (2015: exchange gain of Rs. 205 million) on short term borrowing in foreign currency.

31.4 This includes Rs. 57.68 million and Rs. 90.66 million (2015:Rs. 39.25 million and Rs. 130.2 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

Notes to the Financial Statements

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
32 PROVISION FOR TAXATION			
Current			
- for the year		231,905	235,140
- prior		3,157	(76,196)
		235,062	158,944
Deferred		(41,983)	19,440
	32.1	193,079	178,384

32.1 Reconciliation between accounting profit and tax expense

Net Profit for the year before taxation	1,334,509
Tax rate (%)	32%
Tax on accounting profit	427,043
Tax effect of	
Tax credits/ Rebates	(149,658)
Prior year	3,157
Final Tax Regime	(82,516)
Super Tax	33,453
Inadmissibles	1,566
Tax rate	(9,978)
Others	(29,988)
	(233,964)
Tax Expense	193,079

32.1.1 Comparative Provision for current taxation had been made on the basis of minimum tax on turnover under section 113, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001. Accordingly, reconciliation of tax expense with the accounting profit had not been prepared.

			Restated
33 EARNINGS PER SHARE - basic and diluted			
Profit for the year		1,141,430	604,943
Weighted average number of shares	33.1	267,132,058	263,342,407
Earnings per share (Rs.)	33.2	4.27	2.30

33.1 Weighted average number of shares issued during last year have been restated for the effect of Right shares issued during current year.

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

34 SEGMENT INFORMATION

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

a) Spinning : Production of different qualities of yarn using both natural and artificial fibers.

b) Weaving : Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.

c) Processing, Home, Textile and Apparel : Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

34.1 Segment profitability

	Spinning		Weaving		Processing, home Textile and Apparel		Elimination of Inter Segment Transactions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees (000s)									
Sales	6,713,590	8,749,956	11,350,959	10,752,391	30,860,992	29,514,848	(16,650,985)	(15,662,411)	32,274,556	33,354,784
Cost of sales	6,494,297	8,270,026	11,048,028	10,510,646	24,076,951	24,142,134	(16,650,985)	(15,662,411)	24,968,291	27,260,395
Gross profit	219,293	479,930	302,931	241,745	6,784,041	5,372,714	-	-	7,306,265	6,094,389
Distribution and administrative expenses	226,781	212,079	16,839	14,145	4,832,632	3,908,247	-	-	5,076,252	4,134,471
(Loss)/profit before tax and before charging following	(7,488)	267,851	286,092	227,600	1,951,409	1,464,467	-	-	2,230,013	1,959,918
Other operating expenses									137,554	185,397
Other income									(152,538)	(343,095)
Finance cost									910,488	1,334,289
									895,504	1,176,591
Profit before taxation									1,334,509	783,327
Taxation									193,079	178,384
Profit after taxation									1,141,430	604,943

34.2 Segment assets and liabilities

	Spinning		Weaving		Processing, home Textile and Apparel		Elimination of Inter Segment Transactions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees (000s)									
Assets	6,217,673	4,654,991	1,323,364	1,395,281	23,997,451	17,736,460	630,775	1,156,615	32,169,263	24,943,347
Liabilities	2,314,802	1,900,111	694,563	739,085	6,775,396	4,857,504	13,666,263	10,277,175	23,451,024	17,773,875

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Notes to the Financial Statements

For the Year Ended June 30, 2016

34.3 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.

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

34.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 7,158 million (2015: Rs. 10,027 million)

34.6 Information by geographical area

	Revenue		Non - current assets	
	2016	2015	2016	2015
	Rupees (000s)			
Pakistan	12,702,849	12,847,996	12,241,277	9,156,597
Germany	4,384,073	5,567,692	-	-
United Kingdom	2,140,329	1,764,755	-	-
China	552,880	1,610,533	-	-
United States	2,899,830	2,969,100	-	-
Netherlands	1,790,750	2,082,832	-	-
France	1,638,947	2,011,317	-	-
United Arab Emirates	196,784	169,988	58,450	58,450
Spain	1,517,638	791,583	-	-
Italy	1,433,697	633,051	-	-
Sweden	740,890	607,244	-	-
Other countries	2,275,889	2,298,693	-	-
	32,274,556	33,354,784	12,299,727	9,215,047

	Note	2016	2015
		Rupees (000s)	
35 CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	307,777	117,301
Short term borrowings	11	(12,866,493)	(8,838,174)
		(12,558,716)	(8,720,873)

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016				2015			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	Rupees (000s)							
Managerial remuneration	9,020	6,765	631,687	647,472	8,200	6,150	437,537	451,887
House rent allowance	3,608	2,706	251,943	258,257	3,280	2,460	175,015	180,755
Other allowances	1,085	739	146,110	147,934	1,003	677	83,372	85,052
Contribution to provident fund	751	564	45,216	46,531	683	513	33,723	34,919
	14,464	10,774	1,074,956	1,100,194	13,166	9,800	729,647	752,613
Number of persons	1	1	533	535	1	1	395	397

36.1 The Chief Executive, Directors and certain Executives are provided with free use of Company maintained cars and are also covered under Company's Health Insurance Plan along with their dependents.

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

36.3 Aggregate amount charged in the accounts for the year for meeting fee to four Non Executive Directors and the Chairman was Rs. 1.9 million (2015: four Non Executive Directors and Chairman Rs. 2.2 million).

36.4 Executive means an employee other than the Chief Executive and Executive Directors, whose basic salary exceeds five 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.

		2016	2015
		Rupees (000s)	
Relationship with the Company	**Nature of Transactions**		
Parent Company	Dividend Paid	534,106	-
	Subscription of right shares	818,192	-
Subsidiaries and indirect subsidiaries	Sales of goods	1,195,985	463,548
	Purchase of goods	1,396	-
	Commission	142,793	143,271
Associated companies and other related parties	Purchase of goods	37,173	48,931
	Sale of goods	1,160	3,124
	Rent paid	71,558	9,900
	Fees paid	1,500	1,500
	Commission/discount	847	5,532
	Donation paid	175	7,980
	Bills discounted	4,590,010	3,174,522
	Commission/Bank charges paid	31,693	34,051
	Mark-up/interest charged	49,097	89,344
	Company's contribution to provident fund	113,463	91,588
	Dividend paid	24,388	147
	Subscription of right shares	36,961	-
Relationship with the Company	**Nature of Outstanding Balances**		
Subsidiaries and indirect subsidiaries	Trade and other payables	35,933	-
	Long term investment	58,450	58,450
	Trade debts	460,432	245,485
	Advances to suppliers	2,856	10,074
	Corporate guarantee issued in favour of subsidiary company	93,365	96,873
Associated companies and others related parties	Borrowings from banks	622,639	1,149,965
	Trade and other payables	10,746	11,793
	Payable to employee's provident fund	14,270	2,158
	Bank guarantee	637,583	587,583
	Accrued mark-up	2,528	23,116
	Loans to key management personnel & executive	35,618	20,725
	Trade debts	2,587	1,427
	Deposit with banks	65,153	18,486
	Prepaid rent	35,197	-

There are no transactions with directors of the Company and key management personnel other than under the terms of employment. Loans and remuneration of the directors, key management personnel and executives are disclosed in notes 16 and 36 respectively.

Related parties status of outstanding receivables and payables as at June 30, 2016 are also included in respective notes to the financial statements.

Notes to the Financial Statements

For the Year Ended June 30, 2016

38 CAPACITY AND PRODUCTION

		2016			2015		
		Rupees (000s)					
	Unit	Capacity	Production	Working	Capacity	Production	Working
Spinning	Kgs. (20 Counts converted)	48,237	32,440	3 shifts	46,970	33,929	3 shifts
Weaving	Sq. meters (50 Picks converted)	159,205	111,940	3 shifts	159,205	103,461	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 FINANCIAL ASSETS AND LIABILITIES

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

	2016						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	Rupees (000s)						
Financial assets							
Loans and receivables							
Loans and advances	10,878	15,886	26,764	5,105	5,934	11,039	37,803
Long term deposits	-	-	-	-	155,518	155,518	155,518
Trade debts	-	-	-	2,364,302	-	2,364,302	2,364,302
Other receivables	-	-	-	80,767	-	80,767	80,767
Cash and bank balances	-	-	-	307,777	-	307,777	307,777
	10,878	15,886	26,764	2,757,951	161,452	2,919,403	2,946,167
Financial liabilities							
Long term financing	487,400	4,630,604	5,118,004	-	-	-	5,118,004
Staff retirement benefits	-	-	-	-	35,749	35,749	35,749
Short term borrowings	12,866,493	-	12,866,493	-	-	-	12,866,493
Trade and other payables	75,029	-	75,029	4,504,472	-	4,504,472	4,579,501
Accrued mark-up/profit	-	-	-	114,368	-	114,368	114,368
	13,428,922	4,630,604	18,059,526	4,618,840	35,749	4,654,589	22,714,115
Off balance sheet items							
Guarantees	-	-	-	799,437	-	799,437	799,437
Bills discounted	-	-	-	2,266,673	-	2,266,673	2,266,673
Commitments	-	-	-	3,419,160	2,664,978	6,084,138	6,084,138
	-	-	-	6,485,270	2,664,978	9,150,248	9,150,248

Financial assets and liabilities of the Company as at June 30, 2015 were as follows:

	2015						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	Rupees (000s)						
Financial assets							
Loans and receivables							
Loans and advances	6,588	6,969	13,557	2,702	5,890	8,592	22,149
Long term deposits	-	-	-	-	93,572	93,572	93,572
Trade debts	-	-	-	1,913,872	-	1,913,872	1,913,872
Other receivables	-	-	-	99,286	-	99,286	99,286
Cash and bank balances	-	-	-	117,301	-	117,301	117,301
	6,588	6,969	13,557	2,133,161	99,462	2,232,623	2,246,180
Financial liabilities							
Long term financing	714,008	2,407,732	3,121,740	-	-	-	3,121,740
Staff retirement benefits	-	-	-	-	43,951	43,951	43,951
Short term borrowings	8,838,174	-	8,838,174	-	-	-	8,838,174
Trade and other payables	49,498	-	49,498	4,817,506	-	4,817,506	4,867,004
Accrued mark-up/profit	-	-	-	206,481	-	206,481	206,481
	9,601,680	2,407,732	12,009,412	5,023,987	43,951	5,067,938	17,077,350
Off balance sheet items							
Guarantees	-	-	-	752,945	-	752,945	752,945
Bills discounted	-	-	-	1,818,318	-	1,818,318	1,818,318
Commitments	-	-	-	3,742,586	2,425,873	6,168,459	6,168,459
	-	-	-	6,313,849	2,425,873	8,739,722	8,739,722

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

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

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

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

40.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk. The Company is exposed to currency risk and interest rate risk only.

Notes to the Financial Statements

For the Year Ended June 30, 2016

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:

	2016	2015
	Equivalent USD 000s	
Trade debts	14,485	7,775
Cash and bank balances	593	11
Borrowings from financial institutions	(8,527)	(9,549)
Trade and other payables	(1,589)	(18,805)
Net exposure	4,962	(20,568)

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

Foreign currency commitments outstanding at year end are as follows:

	2016	2015
	000s	
USD	7,420	19,276
EURO	7,191	1,510
JPY	912,410	324,013
CHF	1,993	6,035
GBP	-	13

The following significant exchange rates were applied during the year:

Rupee per USD		
Average rate	104.80	101.35
Reporting date rate (Buying/selling)	104.90 / 104.70	101.45 / 101.25

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2016 would have increased/ decreased the equity and profit/ loss after tax by Rs. 17.66 million (2015: Rs.66 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, 2015.

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

b) Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Company has long term finance and short term borrowings at fixed and variable rates. During the year the Company has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

The Company is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 26 million (2015: Rs. 14 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs.18,060 million (2015: Rs. 12,009 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, 2016, if interest/mark-up rates on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 10.75 million (2015: Rs 5.38 million) lower/higher, mainly as a result of higher/lower interest/mark-up expense on floating rate borrowings.

At June 30, 2016, if interest/mark-up 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. 87.49 million (2015: Rs. 74.1 million) lower/higher, mainly as a result of higher/lower interest/mark-up expense on floating rate borrowings.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in interest rate at the balance sheet would not effect profit and loss account of the Company.

c) Other Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any such other price risk.

40.2 Credit risk

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

Exposure to credit risk

Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2016	2015
		Rupees (000s)	
Loans and advances	16	37,803	22,149
Long term deposit		155,518	93,572
Trade debts	20	2,364,302	1,913,872
Other receivables		80,767	99,286
Bank balances	24	148,890	106,268
		2,787,280	2,235,147

The Company manages credit risk as follows:

Loans and advances

These loans are due from employees and are secured against vehicles, properties, outstanding balance of provident fund and other retirement dues of the relevant employees. In addition, the Company obtains guarantees by two employees against each disbursement on account of loans and these are up to the extent of loans outstanding as at the date of default. The guarantor will pay the outstanding amount if the counter party will not meet their obligation, however no such instances have ever occured.

Notes to the Financial Statements

For the Year Ended June 30, 2016

The Company actively makes recovery of these loans and the Company does not expect these employees will fail to meet their obligations hence no impairment allowance is made.

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 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 no. 20.3.

Aging of trade debts is as follows:

	Note	2016	2015
		Rupees (000s)	
1 to 6 months		2,199,435	1,826,782
6 months to 1 year		158,242	71,558
1 year to 3 years		6,625	15,532
	20	2,364,302	1,913,872

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

Other receivables

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

Bank balances

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

The bank balances along with credit ratings are tabulated below:

	Note	2016	2015
		Rupees (000s)	
AAA		12,946	27,625
AA+		70,251	19,820
AA		18,693	24,789
A+		554	29,215
A		45,830	896
A-		205	3,105
AA-		411	818
	24	148,890	106,268

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.

40.3 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 39.

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, 2016, the Company has Rs. 15,842 million (2015: Rs. 15,842 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 2,975 million (2015: Rs. 7,004 million) and also has Rs. 308 million (2015: Rs. 117 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

40.4 Capital risk management

The primary objectives of the 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, 2016 and 2015 were as follows.

	2016	2015
	Rupees (000s)	
Total borrowings	17,984,497	11,959,914
Cash and bank	(307,777)	(117,301)
Net debt	17,676,720	11,842,613
Total equity	8,718,239	7,169,472
Total equity and debt	26,394,959	19,012,085
Gearing ratio (%)	67	62

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.

41 FAIR VALUES

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

The 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;

Notes to the Financial Statements

For the Year Ended June 30, 2016

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 Inputs are unobservable, inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The 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.

42 PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2016	2015
		Un-audited	Audited
Size of the fund - Total assets (Rs. 000s)		851,930	730,476
Cost of investments made (Rs. 000s)		721,812	618,699
Percentage of investments made		84.73%	84.70%
Fair value of investments (Rs. 000s)	42.1	777,547	682,703

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

	2016		2015	
	Rupees (000s)	Percentage	Rupees (000s)	Percentage
	Un-audited		Audited	
Shares in listed companies	78,014	10.03%	77,530	11.36%
Government securities	437,017	56.20%	413,663	60.59%
Debt securities	130,650	16.80%	85,698	12.55%
Mutual funds	63,509	8.17%	74,083	10.85%
Balance in saving accounts	68,357	8.79%	31,729	4.65%
	777,547	100%	682,703	100%

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

43 NUMBER OF PERSONS EMPLOYED

"Number of persons employed as on year end were 15,279 (2015: 13,384) and average number of employees during the year were 12,690 (2015: 12,899).

44 EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 1, 2016 has declared dividend of Re.1 per share i.e 10% of paid up capital. The holding company has relinquished its right to dividend.

Through the Finance Act, 2015, income tax has been levied at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital unless the company distributes cash dividend equal to at least 40% of its after tax profits or 50% of paid up capital, which ever is lower, within six months of the end of the said tax year. Since the Board of Directors has paid/ recommended interim and final cash dividend for the year ended June 30, 2016, which exceeds the above stated limits, hence there will be no tax liability.

45 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on October 01, 2016.

46 GENERAL

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Attendance at Board Meetings

For the Year Ended June 30, 2016

Name of Directors	Board		Audit Committee		Human Resource & Remuneration Committee	
	Required *	Attended	Required	Attended	Required	Attended
Mohomed Bashir	4	4	4	4	1	1
Zain Bashir	4	4	-	-	1	1
Mohammed Zaki Bashir	4	4	-	-	-	-
Ziad Bashir	4	3	-	-	-	-
S.M. Nadim Shafiqullah	4	2	4	3	1	1
Dr. Amjad Waheed	4	3	-	-	-	-
Adnan Afridi	3	3	3	3	-	-
Ehsan A. Malik	-	-	-	-	-	-

* held during the period the concerned director was on the board.

Pattern of Shareholding

As at June 30, 2016

No. of Shareholders		Shareholding			Shares held
695	From	1	To	100	24,194
1,201	From	101	To	500	440,409
971	From	501	To	1,000	797,263
1,259	From	1,001	To	5,000	3,163,945
272	From	5,001	To	10,000	2,062,577
100	From	10,001	To	15,000	1,278,633
63	From	15,001	To	20,000	1,112,761
34	From	20,001	To	25,000	780,434
29	From	25,001	To	30,000	811,845
17	From	30,001	To	35,000	556,832
17	From	35,001	To	40,000	641,972
6	From	40,001	To	45,000	255,758
16	From	45,001	To	50,000	784,163
11	From	50,001	To	55,000	587,802
2	From	55,001	To	60,000	119,087
5	From	60,001	To	65,000	323,913
4	From	70,001	To	75,000	289,300
2	From	75,001	To	80,000	155,600
2	From	80,001	To	85,000	167,500
1	From	85,001	To	90,000	85,300
4	From	90,001	To	95,000	376,080
5	From	95,001	To	100,000	495,382
1	From	100,001	To	105,000	102,000
3	From	110,001	To	115,000	337,000
3	From	115,001	To	120,000	357,000
2	From	125,001	To	130,000	255,000
3	From	130,001	To	135,000	396,147
2	From	135,001	To	140,000	276,900
1	From	145,001	To	150,000	150,000
1	From	155,001	To	160,000	155,675
1	From	160,001	To	165,000	161,174
2	From	180,001	To	185,000	367,000
2	From	185,001	To	190,000	379,213
3	From	195,001	To	200,000	595,969
1	From	230,001	To	235,000	230,366
1	From	235,001	To	240,000	235,950
1	From	240,001	To	245,000	240,500
2	From	255,001	To	260,000	520,000
1	From	300,001	To	305,000	302,000
1	From	305,001	To	310,000	308,500
3	From	320,001	To	325,000	975,000
1	From	330,001	To	335,000	333,958
2	From	345,001	To	350,000	697,000
1	From	375,001	To	380,000	379,671
1	From	400,001	To	405,000	401,456
1	From	495,001	To	500,000	500,000
1	From	515,001	To	520,000	520,000
1	From	555,001	To	560,000	555,851
1	From	650,001	To	655,000	654,500
1	From	895,001	To	900,000	899,000
1	From	970,001	To	975,000	973,000
2	From	995,001	To	1,000,000	2,000,000
1	From	1,670,001	To	1,675,000	1,671,800
1	From	1,690,001	To	1,695,000	1,694,500
1	From	2,005,001	To	2,010,000	2,009,429
1	From	5,995,001	To	6,000,000	5,996,053
1	From	6,250,001	To	6,255,000	6,253,000
1	From	7,860,001	To	7,865,000	7,864,889
1	From	8,915,001	To	8,920,000	8,918,745
1	From	14,515,001	To	14,520,000	14,515,833
1	From	19,225,001	To	19,230,000	19,229,179
1	From	199,355,001	To	199,360,000	199,355,596
4,773					**297,079,604**

Categories. of Shareholders	Number	Shares held	Percentage
Individuals	4,682	32,236,092	10.85
Investment Companies & Mutual Funds	51	10,047,442	3.38
Insurance Companies	6	9,906,562	3.34
Joint Stock Companies	19	209,075,494	70.38
Modaraba Companies	2	43,675	0.01
Financial Institutions	2	654,865	0.22
Foreign Investors	5	34,811,012	11.72
Charitable Institutions	3	115,055	0.04
Government Departments	3	189,407	0.06
	4,773	**297,079,604**	**100.00**

Pattern of Shareholding

As at June 30, 2016

Additional Information

Categories of Shareholders	Number	Shares held
Associated Companies, Undertakings and Related Parties		
Gul Ahmed Holdings (Private) Limited	1	199,355,596
Swisstex Chemicals (Private) Limited	1	8,918,745
Trustee - Gul Ahmed Textile Mills Limited Employees Provident Fund Trust	1	161,174
NIT and ICP		
IDBP (ICP Unit)	1	2,064
IDBL (ICP Unit)	1	2,822
National Bank of Pakistan - Trustee Department	1	566
CDC - Trustee National Investment (Unit) Trust	1	14,919
CDC - Trustee National Investment (Unit) Trust	1	5,996,053
Trustee National Bank of Pakistan Employees Benevolent Fund Trust	1	3,253
Trustee National Bank of Pakistan Employees Pension Fund	1	92,730
Mutual Funds		
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	162
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	3,493
CDC - TRUSTEE APF-EQUITY SUB FUND	1	102,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	1,000,000
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	973,000
MCBFSL TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	55,000
TUNDRA FRONTIER OPPORTUNITIES FUND	1	185,000
TUNDRA PAKISTAN FUND	1	520,000
TUNDRA SUSTAINABLE FRONTIER FUND	1	97,500
Banks, NBFI, DFI and Investment Companies	34	837,706
Insurance Companies	6	9,906,562
Joint Stock Companies	17	801,153
Modaraba Companies	2	43,675
Financial Institutions	2	654,865
Foreign Investors	5	34,811,012
Charitable Institutions	3	115,055
Government Departments	3	189,407
DIRECTORS :		
Mohomed Bashir (Chairman)	1	379,671
Zain Bashir (Vice Chairman)	1	4,029
Mohammed Zaki Bashir (Chief Executive)	1	4,029
Ziad Bashir	1	4,029
S.M. Nadim Shafiqullah	1	13,455
Dr. Amjad Waheed	1	11,583
Ehsan A. Malik	1	2,500
DIRECTORS'/CEO'S SPOUSE :		
Tania Zain	1	4,029
CHIEF FINANCIAL OFFICER (CFO)		
Mohammed Saleem Sattar	1	11,583
Shareholders holding 5% or more Voting Interest		
Gul Ahmed Holdings (Private) Limited	1	199,355,596
Hamdan Holdings Limited	1	19,229,179

Details of trading in the shares by:

No trading was carried out by Directors, CEO, CFO, Company Secretary, their spouses and minor children during **the year under review except for 30% Right Shares subscribed as per details given below:-**

DIRECTORS :	
Mohomed Bashir (Chairman)	87,623
Zain Bashir (Vice Chairman)	936
Mohammed Zaki Bashir (Chief Executive)	936
Ziad Bashir	936
S.M. Nadim Shafiqullah	3,105
Dr. Amjad Waheed	2,673
DIRECTORS'/CEO'S SPOUSE :	
Tania Zain	936
CHIEF FINANCIAL OFFICER :	
Mohammed Saleem Sattar	2,673

Consolidated Financial Statements 2016

Group Director's Report

The directors are pleased to present their report together with the audited Consolidated Financial Statements of the Group for the year ended June 30, 2016.

The Group

The Group comprises of Gul Ahmed International Limited (FZC) – UAE, GTM (Europe) Limited – UK and GTM USA 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	1,385,358
Taxation	(203,119)
Profit after tax	1,182,239
Un-appropriated profit brought forward	746,279
Amount available for appropriation	1,928,518
Appropriation	
Transfer to general reserves	250,000
Transfer to statutory reserve	2,099
Amount carried to other comprehensive Income	7,424
Cash dividend	799,831
Amount carried forward	869,164
	1,928,518
Earnings per share (Rs.)	4.43

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 wholly owned subsidiary of Gul Ahmed International Limited (FZC) – UAE and GTM USA Corp. is a wholly owned subsidiary of GTM (Europe) Limited.

Parent Company is subsidiary of Gul Ahmed Holdings (Private) Limited holding 199,355,596 (2015: 152,601,758) shares of Rs. 10 each constituting 67.10% (2015: 66.78%) of total paid up capital.

Subsequent Effects

The directors of the Group in their meeting held on October 01, 2016 have proposed the following:

1. Cash Dividend: Pay cash dividend @ Re. 1 per share i.e. 10% for the year ended June 30, 2016.

2. Reserves: An amount of Rs. 500 million to be transferred to general reserve from un - appropriated profit

Karachi
October 01, 2016

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Auditors' Report to the Members on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Gul Ahmed Textile Mills Limited (the Holding Company) and its subsidiary companies namely Gul Ahmed International Limited (FZC), GTM (Europe) Limited and GTM USA Corp. (the subsidiary companies) as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of the subsidiary companies have been audited by the other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiary companies, is based solely on the report of such other auditors.

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

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

In our opinion, the consolidated financial statements present fairly the financial position of Gul Ahmed Textile Mills Limited and its subsidiary companies as at June 30, 2016 and the results of their operations for the year then ended.

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

Karachi
October 01, 2016

Consolidated Balance Sheet

As at June 30, 2016

	Note	2016	2015
		Rupees (000s)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	2,970,796	2,285,228
Reserves	5	6,010,215	5,097,131
		8,981,011	7,382,359
NON-CURRENT LIABILITIES			
Long term financing	6	4,630,604	2,407,732
Deferred liabilities			
Deferred taxation	7	323,908	359,548
Staff retirement benefits	8	41,346	48,833
		365,254	408,381
		4,995,858	2,816,113
CURRENT LIABILITIES			
Trade and other payables	9	5,377,637	5,393,287
Accrued mark-up/profit	10	114,368	206,481
Short term borrowings	11	12,866,493	8,838,174
Current maturity of long term financing	6	487,400	714,008
		18,845,898	15,151,950
CONTINGENCIES AND COMMITMENTS	12		
		32,822,767	25,350,422

MOHOMED BASHIR
Chairman

	Note	2016	2015
		Rupees (000s)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	12,069,608	9,049,142
Intangible assets	14	20,492	15,834
Long term loans and advances	15	21,820	12,859
Long term deposits	16	158,136	93,572
Deferred taxation	7	996	3,194
		12,271,052	9,174,601
CURRENT ASSETS			
Stores, spare parts and loose tools	17	903,447	699,062
Stock-in-trade	18	14,057,202	11,461,198
Trade debts	19	2,786,782	2,152,073
Loans and advances	20	729,911	349,247
Short term prepayments		227,788	114,964
Other receivables	21	475,709	331,399
Tax refunds due from Government	22	913,960	750,196
Taxation - net		117,249	181,730
Cash and bank balances	23	339,666	135,952
		20,551,714	16,175,821
		32,822,767	25,350,422

The annexed notes 1 - 45 form an integral part of these consoidated financial statements.

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Consolidated Profit and Loss Account

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
Sales	24	33,187,676	34,217,319
Cost of sales	25	25,521,668	27,787,984
Gross profit		7,666,008	6,429,335
Distribution cost	26	3,285,630	2,644,798
Administrative expenses	27	2,096,296	1,790,118
Other operating expenses	28	137,554	185,397
		5,519,480	4,620,313
		2,146,528	1,809,022
Other income	29	154,673	343,095
Operating profit		2,301,201	2,152,117
Finance cost	30	915,843	1,360,449
Profit before taxation		1,385,358	791,668
Provision for taxation	31	203,119	177,399
Profit after taxation		1,182,239	614,269
			Restated
Earnings per share - basic and diluted (Rs.)	32	4.43	2.33

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
Profit after taxation		1,182,239	614,269
Other comprehensive income			
Items that will not be reclassified to profit and loss account subsequently			
Remeasurement gain/(loss) on defined benefit plan	8.1	8,376	(16,437)
Related tax effect	7	(952)	2,022
		7,424	(14,415)
Items that will be reclassified to profit and loss account subsequently			
Exchange difference on translation of foreign subsidiaries		9,076	10,270
Total comprehensive income		1,198,739	610,124

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Consolidated Cash Flow Statement

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,385,358	791,668
Adjustments for:			
Depreciation	13.1.1	1,125,358	968,706
Amortisation	14.1	7,130	13,703
Provision for gratuity	8.2	36,585	33,531
Finance cost	30	915,843	1,360,449
Provision for slow moving/obsolete items	17.1	14,645	10,645
Provision for doubtful debts	19.3	34,825	29,825
Property, plant and equipment scrapped	13.1	1,014	1,510
Gain on sale of short term investments	29	-	(5,983)
Dividend income	29	-	(406)
Unclaimed liabilities written back	29	(10,917)	(82,017)
Net loss /(gain) on disposal of property plant and equipment	13.1.3	18,619	(8,050)
		2,143,102	2,321,913
Cash flows from operating activities before adjustments of working capital		3,528,460	3,113,581
Changes in working capital:			
Decrease/(increase) in current assets			
Stores, spare parts and loose tools		(219,030)	145,823
Stock-in-trade		(2,596,004)	668,504
Trade debts		(669,534)	(699,215)
Loans and advances		(380,664)	55,487
Short term prepayments		(112,824)	(19,946)
Other receivables		(144,310)	14,628
Tax refunds due from Government - net		14,809	159,476
		(4,107,557)	324,757
Increase(decrease) in current liabilities			
Trade and other payables		(15,073)	(953,878)
		(4,122,630)	(629,121)
		(594,170)	2,484,460
Adjustments for:			
Gratuity paid	8.1	(35,696)	(45,951)
Finance cost paid		(1,007,956)	(1,331,132)
Income tax paid		(351,605)	(415,885)
Increase in long term loans and advances		(8,961)	(958)
Increase in long term deposits		(64,564)	(12,538)
		(1,468,782)	(1,806,464)
Net cash (used in)/generated from operating activities		(2,062,952)	677,996

	Note	2016	2015
		Rupees (000s)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(4,225,010)	(1,865,002)
Addition to intangible assets		(11,788)	(5,517)
Proceeds from sale of property, plant and equipment		59,553	71,601
Dividend received		-	406
Short term investments made during the year		-	(519,473)
Proceeds from sale of short term investments		-	525,456
Net cash used in investing activities		(4,177,245)	(1,792,529)
Balance brought forward		(6,240,197)	(1,114,533)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,681,678	873,209
Repayments of long term financing		(685,414)	(685,414)
Proceeds from issue of right shares		1,199,744	-
Dividend paid		(789,492)	(80,197)
Net cash generated from financing activities		2,406,516	107,598
Exchange difference on translation of foreign subsidiaries		9,076	10,270
Net (decrease) in cash and cash equivalents		(3,824,605)	(996,665)
Cash and cash equivalents - at the beginning of the year		(8,702,222)	(7,705,557)
Cash and cash equivalents - at the end of the year	34	(12,526,827)	(8,702,222)

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the Year Ended June 30, 2016

	Note	Share capital	Reserves						Total
			Capital reserve - share premium	General reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary (Note 5.4)	Unappro-priated profit	Sub total reserves	
		Rupees (000s)							
Balance as at June 30, 2014		1,828,182	-	3,580,000	96,902	11,901	1,336,209	5,025,012	6,853,194
Transfer to									
General reserve		-	-	650,000	-	-	(650,000)	-	-
Statutory reserve		-	-	-	-	1,779	(1,779)	-	-
		-	-	650,000	-	1,779	(651,779)	-	-
Transactions with owners									
Issue of bonus shares for the year ended June 30, 2014		457,046	-	-	-	-	(457,046)	(457,046)	-
Final dividend for the year ended June 30, 2014		-	-	-	-	-	(80,959)	(80,959)	(80,959)
		457,046	-	-	-	-	(538,005)	(538,005)	(80,959)
Total comprehensive income for the year ended June 30, 2015									
Profit after taxation		-	-	-	-	-	614,269	614,269	614,269
Other comprehensive income		-	-	-	10,270	-	(14,415)	(4,145)	(4,145)
		-	-	-	10,270	-	599,854	610,124	610,124
Balance as at June 30, 2015		2,285,228	-	4,230,000	107,172	13,680	746,279	5,097,131	7,382,359
Transfer to reserves									
General reserve		-	-	250,000	-	-	(250,000)	-	-
Statutory reserve		-	-	-	-	2,099	(2,099)	-	-
		-	-	250,000	-	2,099	(252,099)	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2015		-	-	-	-	-	(342,785)	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015		-	-	-	-	-	(228,523)	(228,523)	(228,523)
Issuance of right shares	4.3 & 5	685,568	514,176	-	-	-	-	514,176	1,199,744
Interim dividend for the nine months ended March 31, 2016		-	-	-	-	-	(228,523)	(228,523)	(228,523)
		685,568	514,176	-	-	-	(799,831)	(285,655)	399,913
Total comprehensive income for the year ended June 30, 2016									
Profit after taxation		-	-	-	-	-	1,182,239	1,182,239	1,182,239
Other comprehensive income		-	-	-	9,076	-	7,424	16,500	16,500
		-	-	-	9,076	-	1,189,663	1,198,739	1,198,739
Balance as at June 30, 2016		2,970,796	514,176	4,480,000	116,248	15,779	884,012	6,010,215	8,981,011

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

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

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

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

Gul Ahmed International Limited (FZC) - UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA Corp. is a wholly owned subsidiary of GTM (Europe) Limited.

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

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

Details of Subsidiaries

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

1.2 Basis of consolidation

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

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

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

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

2 BASIS OF PREPERATION

2.1 Basis of measurement

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

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

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

2.2 Statement of compliance

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

(a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in Note no. 8.3 to these consolidated financial statements for valuation of present value of defined benefit obligations.

(b) Contingencies

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

(c) Useful lives, pattern of economic benefits and impairments

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

(d) Intangibles

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

(e) Provision for obsolescence and slow moving spare parts and loose tools

Provision for obsolescence and slow moving spare parts is based on parameters set out by management.

(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) Provision against trade debts, advances and other receivables

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

(h) Taxation

The Group takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in Note no. 3.5 of these consolidated financial statements. Deferred tax calculation has been made based on estimate of expected future ratio of export and local sales based on past history.

2.5 Adoption of new and revised standards and interpretations

(a) New and amended standards and interpretations became effective:

Following new standards issued by IASB have been notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and have become effective for annual periods beginning on or after January 01, 2015.

IFRS 10 'Consolidated Financial Statements'

This standard replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Group and provides additional guidance to assist in the determination of control where this is difficult to assess. These consolidated financial statements have already been prepared in compliance with this standard.

IFRS 11 'Joint Arrangements'

This standard deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities. This is not relevant for the Group's financial statements.

IFRS 12 'Disclosure of Interest in Other Entities'

This is a comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard does not have any effect on these consolidated financial statements.

IFRS 13 'Fair Value Measurement'

This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. It unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case of recurring fair value measurements using unobservable inputs the effect of fair value measurement on profit and loss account or other comprehensive income. This standard requires certain additional disclosure and have been given in Note no. 39.

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

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

IAS 1 'Presentation of Financial Statements' (Effective for annual periods beginning on or after January 01, 2016)

Disclosure Initiative (Amendments to IAS 1) introduces certain clarifications related to consideration of materiality, clarifications related to aggregation and disaggregation of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income and the amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IAS 12 'Income Taxes' (Effective for annual periods beginning on or after January 01, 2017)

This standard has been amended to clarify:

- Unrealised 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. This standard is unlikely to have any material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

IAS 7 'Statement of Cash Flows' (Effective for annual periods beginning on or after January 01, 2017)

This standard has been amended to clarify entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. This standard is unlikely to have any material impact on the Group's financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (Effective for annual periods beginning on or after January 01, 2016)

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

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer Plants (Effective for annual periods beginning on or after January 01, 2016)

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

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

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IAS 28 (Revised 2011) – 'Investments in Associates and Joint Ventures' (Effective from accounting period beginning on or after January 01, 2016)

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

IFRS 2 'Share-based Payment' (Effective from accounting period beginning on or after January 01, 2016)

IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also separately clarifies how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. The amendment has no impact on the Group's financial statements.

IFRS 9 'Financial Instruments' (Effective from accounting period beginning on or after February 01, 2015)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances).

- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss.
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss.
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IFRS 14 'Regulatory Deferral Accounts' (Effective from accounting period beginning on or after January 01, 2016)

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IFRS 15 'Revenue from Contracts with Customer' (Effective from accounting period beginning on or after January 01, 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IFRS 16 'Leases' (Effective from accounting period beginning on or after January 01, 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. It is unlikely that the standard will have any significant impact on the Group's financial statements.

(c) Amendments to standards as a result of annual improvements to IFRSs 2012–2014 cycle that are not yet effective:

Ammendments to the following standards as a result of annual improvements to the International Financial Reporting Standards issued by IASB that are not yet effective.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - Changes in methods of disposal (Effective from accounting period beginning on or after January 01, 2016)

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

IFRS 7 'Financial Instruments: Disclosures' (Effective from accounting period beginning on or after January 01, 2016)

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

IAS 19 'Employee Benefits' - Discount rate regional market issue (Effective from accounting period beginning on or after January 01, 2016)

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is currency that the liabilities are denominated in, is important, not the country where they arise. The assessment

of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, Government bonds in that relevant currency should be used. The amendment is retrospective but limited to the earliest period presented. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IAS 34 'Interim Financial Reporting' - Disclosure of information 'elsewhere in the interim financial report' (Effective from accounting period beginning on or after January 01, 2016)

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

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

International Financial Reporting Standards (IFRSs)			IASB effective date annual periods beginning on or after
IFRS 1	-	First Time Adoption of IFRS	January 1, 2013
IFRS 9	-	Financial Instruments	January 1, 2018
IFRS 14	-	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	-	Revenue from Contracts with Customers	January 1, 2017
IFRS 16	-	Leases	January 1, 2019

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

All monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or as fixed under contractual arrangements.

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

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

Foreign exchange gains and losses on translation or realization are recognized in the profit and loss account.

For the purposes of consolidation, income and expense items of the foreign subsidiaries are translated at annual average exchange rate. All monetary and non-monetary assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising on the translation of foreign subsidiaries are recognized under translation reserve in consolidated reserves until the disposal of interest in such subsidiaries.

3.2 Staff retirement benefits

Defined benefit plan

The Holding Company operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2016. The results of valuation are summarized in note no. 8. Provision in respect of the staff retirement benefit obligation is made by subsidiary in accordance with relevant labour laws of their respective countries.

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

Defined contribution plan

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

3.3 Accumulated employee compensated absences

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

3.4 Provisions and contingencies

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

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

3.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Group takes into account the current Income Tax law, and decisions taken by the Taxation Authorities.

Deferred

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

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

3.6 Borrowings

Borrowings are recorded at the amount of proceeds received, net of transaction cost incurred, and are subsequently recorded at amortized cost using the effective interest rate method.

3.7 Borrowing cost

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

3.8 Trade and other payables

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

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

3.9 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except leasehold land which is stated at cost.

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

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

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

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

Gains and losses on disposal of operating assets are included in profit and loss account.

Capital work-in-progress

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

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 14.1.

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

3.11 Investments

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

Investment at fair value through profit and loss

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

3.12 Loans and receivables

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

3.13 Stores, spare parts and loose tools

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

3.14 Stock-in-trade

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

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

3.15 Trade debts

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

3.16 Revenue recognition

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

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

- Profit on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and rates applicable thereon.

- Duty draw back on export sales is recognized on an accrual basis at the time of export sale.

- Processing charges are recorded when processed goods are delivered to customers.

- Dividend income is recognized when the Group's right to receive the payment is established.

- Interest on loans and advances to employees is recognized on the effective interest rate method.

3.17 Financial Instruments

Financial instruments carried on the balance sheet include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit and loss".

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

3.18 Derecognition of Financial Instruments

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. The Group 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 in the profit and loss account.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

3.19 Impairment

Financial assets

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

The Group considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognized as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

Non-Financial assets

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

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

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

3.20 Derivative financial instruments

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

3.21 Offsetting of financial assets and liabilities

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

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

3.22 Cash and cash equivalents

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

3.23 Dividend and appropriation to reserves

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

3.24 Segment reporting

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

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

4 SHARE CAPITAL

4.1 Authorized capital

2016	2015		2016	2015
Number of Shares			Rupees (000s)	
400,000,000	400,000,000	Ordinary shares of Rs.10 each	4,000,000	4,000,000

4.2 Issued, subscribed and paid - up capital

2016	2015			
Number of Shares				
132,745,817	64,188,985	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	1,327,458	641,890
5,447,326	5,447,326	Ordinary shares of Rs.10 each allotted as fully paid under scheme of arrangement for amalgamation	54,473	54,473
158,886,461	158,886,461	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	1,588,865	1,588,865
297,079,604	228,522,772		2,970,796	2,285,228

4.2.1 As at June 30, 2016, Gul Ahmed Holdings (Private) Limited, the Parent Company of Gul Ahmed Textile Mills Ltd, held 199,355,596 (2015: 152,601,758) ordinary shares of Rs. 10 each, constituting 67.10% (2015: 66.78%) of total paid-up capital. This number is exclusive of shares held as stated in Note no. 4.2.3.

4.2.2 As at June 30, 2016, number of shares held by the associate companies, other than Holding Group, aggregated to 9,079,919 (2015: 6,967,864) ordinary shares of Rs. 10 each.

4.2.3 As per the Honorable Sindh High Court's order, the Holding Company has held 1,541,432 shares, 69,138 shares and 398,434 shares out of the total bonus shares issued during the year 2015 to Gul Ahmed Holdings (Private) Limited , the Associate Company and other parties respectively, as these companies are the part of the suit filed against the tax on bonus shares imposed through Finance Act 2014.

4.3 Reconciliation of the number of shares outstanding

	Note	2016	2015
		Number of Shares	
Number of shares outstanding at the beginning of the year		228,522,772	182,818,218
Add: Issue of right shares during the year (2015: Nil)	5.1	68,556,832	-
Add: Issue of bonus shares during the year (2015: 25%)		-	45,704,554
		297,079,604	228,522,772

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

5 RESERVES

	Note	2016	2015
		Rupees (000s)	
Capital Reserve			
- Share premium Reserve	5.1 & 5.2	514,176	-
Revenue Reserve			
- General Reserve	5.3	4,480,000	4,230,000
- Unappropriated Profit		884,012	746,279
		5,364,012	4,976,279
Exchange difference on translation of foreign subsidiaries		116,248	107,172
Statutory reserve	5.4	15,779	13,680
		6,010,215	5,097,131

5.1 During the year, the Holding Company issued shares, against right shares subscription money received amounting to Rs. 1,120 million, as approved by the Board of Directors in their meeting held on February 25, 2016, to the existing shareholders at a ratio of 30 ordinary shares for every 100 shares held. The total amount of premium on the rights issue amounts to Rs. 514 million at the rate of Rs. 7.50 per share.

5.2 The share premium account may be applied by the Holding Company in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Holding Company; in providing for the premium payable on the redemption of any redeemable preference shares or debentures of the Holding Company; or in paying up un-issued shares of the Holding Company to be issued to members of the Holding Company as fully paid bonus shares, in accordance with Section 83 of the Companies Ordinance, 1984.

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

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

6 LONG TERM FINANCING

	Note	2016	2015
		Rupees (000s)	
From Banking Companies - Secured			
Related party	6.1	-	491,414
Other banks	6.2	3,639,931	2,630,326
		3,639,931	3,121,740
From Non-Banking Financial Institutions - Secured	6.3	1,478,073	-
		5,118,004	3,121,740
Current portion shown under current liabilities		(487,400)	(714,008)
		4,630,604	2,407,732

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
						Rupees (000s)	
6.1	**Related party - Bank**						
	Habib Metropolitan Bank Limited Loan 1						
	a) Under LTF-EOP scheme		12 half yearly March-2010	678	7.00% p.a. payable quarterly	-	678
	b) Under LTF-EOP scheme		12 half yearly April-2010	2,038	7.00% p.a. payable quarterly	-	2,038
	Habib Metropolitan Bank Limited Loan 2 Under LTF-EOP scheme		12 half yearly November-2010	19,417	7.00% p.a. payable quarterly	-	38,830
	Habib Metropolitan Bank Limited Loan 3 Under LTFF scheme		16 half yearly February-2012	2,719	10.00% p.a. payable quarterly	-	24,462
	Habib Metropolitan Bank Limited Loan 4 Under LTFF scheme		16 half yearly March-2012	2,504	10.00% p.a. payable quarterly	-	22,537
	Habib Metropolitan Bank Limited Loan 5 Under LTFF scheme		16 half yearly June-2012	4,212	10.25% p.a. payable quarterly	-	37,889
	Habib Metropolitan Bank Limited Loan 6 Under LTFF scheme		16 half yearly July-2012	1,804	10.25% p.a. payable quarterly	-	18,036
	Habib Metropolitan Bank Limited Loan 7 Under LTFF scheme		10 half yearly December-2013	3,328	11.20% p.a. payable quarterly	-	19,968
	Habib Metropolitan Bank Limited Loan 8 Under LTFF scheme		10 half yearly January-2014	970	12.70% p.a. payable quarterly	-	6,781
	Habib Metropolitan Bank Limited Loan 9 Under LTFF scheme		10 half yearly February-2014	1,342	12.70% p.a. payable quarterly	-	9,388
	Habib Metropolitan Bank Limited Loan 10 Under LTFF scheme		10 half yearly June-2014	9,618	12.70% p.a. payable quarterly	-	67,326
	Habib Metropolitan Bank Limited Loan 11 Under LTFF scheme		10 half yearly August-2014	1,357	12.70% p.a. payable quarterly	-	10,856
	Habib Metropolitan Bank Limited Loan 12 Under LTFF scheme		10 half yearly September-2014	3,392	12.70% p.a. payable quarterly	-	27,136
	Habib Metropolitan Bank Limited Loan 13 Under LTFF scheme		10 half yearly October-2014	158	12.70% p.a. payable quarterly	-	1,259
	Habib Metropolitan Bank Limited Loan 14 Under LTFF scheme		10 half yearly August-2015	2,959	11.40% p.a. payable quarterly	-	29,590
	Habib Metropolitan Bank Limited Loan 15 Under LTFF scheme		10 half yearly September-2015	13,689	11.40% p.a. payable quarterly	-	136,885
	Habib Metropolitan Bank Limited Loan 16		10 half yearly April-2016	3,776	11.40% p.a. payable quarterly	-	37,755
			Total from related party			-	491,414

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
						Rupees (000s)	
6.2	**Other Banks**						
	Allied Bank Limited Loan Under LTFF scheme	6.6, 6.9	32 quarterly July-2010	9,256	10.00% p.a. payable quarterly	**74,058**	111,081
	Askari Bank Limited Loan 1 Under LTFF scheme	6.5, 6.9	20 quarterly October-2016	8,346	8.50% p.a. payable quarterly	**166,920**	166,920
	Askari Bank Limited Loan 2 Under LTFF scheme	6.5, 6.9	20 quarterly December-2016	2,930	8.50% p.a. payable quarterly	**58,578**	58,578
	Askari Bank Limited Loan 3 Under LTFF scheme	6.5, 6.9	20 quarterly March-2017	1,066	8.50% p.a. payable quarterly	**21,325**	21,325
	Askari Bank Limited Loan 4 LTFF	6.9, 6.10	28 quarterly May-2018	45	3% p.a. payable quarterly	**1,259**	-
	Askari Bank Limited Loan 5 Under LTFF scheme	6.9, 6.10	28 quarterly December-2018	1,703	3% p.a. payable quarterly	**47,675**	-
	Askari Bank Limited Loan 6 Under LTFF scheme	6.9, 6.10	28 quarterly January-2019	1,069	3% p.a. payable quarterly	**29,935**	-
	Askari Bank Limited Loan 7 Under LTFF scheme	6.9, 6.10	28 quarterly February-2019	929	3% p.a. payable quarterly	**26,005**	-
	Askari Bank Limited Loan 8 Under LTFF scheme	6.9, 6.10	28 quarterly March-2019	1,816	3% p.a. payable quarterly	**50,842**	-
	Askari Bank Limited Loan 9 Under LTFF scheme	6.9, 6.10	28 quarterly April-2019	1,210	3% p.a. payable quarterly	**33,871**	-
	Askari Bank Limited Loan 10 Under LTFF scheme	6.9, 6.10	28 quarterly May-2019	96	3% p.a. payable quarterly	**2,680**	-
	Askari Bank Limited Loan 11 Under LTFF scheme	6.9, 6.10	28 quarterly June-2019	180	3% p.a. payable quarterly	**5,030**	-
	AlBaraka Bank (Pakistan) Limited Loan	6.5, 6.11	20 quarterly March-2016	7,780	Average three months KIBOR Ask rate + 1.10% payable quarterly	**147,820**	155,600
	Bank Al-Habib Limited Under LTFF scheme		8 half yearly December-2013	17,159	12.60% p.a. payable quarterly	**-**	68,629
	Bank Al-Falah Limited Loan 1	6.5	9 half yearly July-2014	1,147	Average six months KIBOR Ask rate + 1.25% payable half yearly	**5,736**	8,031
	Bank Al-Falah Limited Loan 2	6.5	9 half yearly August-2014	1,472	Average six months KIBOR Ask rate + 1.25% payable half yearly	**7,361**	10,308
	Bank Al-Falah Limited Loan 3	6.5	9 half yearly September-2014	8,172	Average six months KIBOR Ask rate + 1.25% payable half yearly	**40,859**	57,203
	Bank Al-Falah Limited Loan 4	6.5	9 half yearly October-2014	10,285	Average six months KIBOR Ask rate + 1.25% payable half yearly	**51,425**	71,997
	Bank Al-Falah Limited - Loan 5 Islamic Banking	6.5, 6.11	09 half yearly March-2014	9,439	Average six months KIBOR Ask rate + 1.25% payable half yearly	**37,755**	56,633

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
Bank Al-Falah Limited - Loan 6 Islamic Banking	6.5, 6.11	09 half yearly April-2014	6,457	Average six months KIBOR Ask rate + 1.25% payable half yearly	**25,830**	38,747
Bank of Punjab - Loan 1 Under LTFF scheme	6.9, 6.10	28 quarterly September-2018	84	3% p.a. payable quarterly	**2,358**	-
Bank of Punjab - Loan 2 Under LTFF scheme	6.9, 6.10	28 quarterly October-2018	1,146	3% p.a. payable quarterly	**32,075**	-
Faysal Bank Limited Loan 1 Under LTFF scheme		10 half yearly January-2014	6,720	12.70% p.a payable quarterly	-	47,040
Faysal Bank Limited Loan 2 Under LTFF scheme		10 half yearly January-2014	3,850	12.70% p.a. payable quarterly	-	26,950
Faysal Bank Limited Loan 3 Under LTFF scheme		10 half yearly April-2014	672	12.70% p.a. payable quarterly	-	4,698
Faysal Bank Limited Loan 4 Under LTFF scheme		10 half yearly June-2014	241	12.70% p.a. payable quarterly	-	1,687
Faysal Bank Limited Loan 5 Under LTFF scheme		10 half yearly July-2014	846	12.70% p.a. payable quarterly	-	6,768
Faysal Bank Limited Loan 6 Under LTFF scheme		10 half yearly September-2014	10,970	12.70% p.a. payable quarterly	-	87,760
Habib Bank Limited Loan 1 a) Under State Bank of Pakistan (SBP) scheme of Long Term Finance - Export Oriented Projects (LTF-EOP)	6.4, 6.8	12 half yearly June-2010	5,411	7.00% p.a. payable quarterly	-	5,411
b) Under LTF-EOP scheme		12 half yearly November-2010	4,450	7.00% p.a. payable quarterly	-	8,903
Habib Bank Limited Loan 2 Under LTF-EOP scheme		12 half yearly December-2010	2,571	7.00% p.a. payable quarterly	-	5,142
Habib Bank Limited Loan 3 Under LTF-EOP scheme		12 half yearly February-2010	9,511	7.00% p.a. payable quarterly	-	9,511
Habib Bank Limited Loan 4 Under LTF-EOP scheme		12 half yearly January-2010	776	7.00% p.a. payable quarterly	-	776
Habib Bank Limited Loan 5 a) Under LTF-EOP scheme		12 half yearly January-2010	1,691	7.00% p.a. payable quarterly	-	1,691
b) Under LTF-EOP scheme		12 half yearly February-2010	136	7.00% p.a. payable quarterly	-	136
Habib Bank Limited Loan 6 Under State Bank of Pakistan (SBP) Scheme of Long Term Financing Facility (LTFF)	6.4, 6.9	16 half yearly July-2011	11,054	10.00% p.a. payable quarterly	**66,326**	88,434
Habib Bank Limited Loan 7 Under LTFF scheme	6.4, 6.9	16 half yearly August-2011	562	10.00% p.a. payable quarterly	**3,375**	4,499
Habib Bank Limited Loan 8 Under LTFF scheme	6.4, 6.9	16 half yearly October-2011	709	10.00% p.a. payable quarterly	**4,260**	5,678
Habib Bank Limited Loan 9 Under LTFF scheme	6.4, 6.9	16 half yearly March-2012	277	10.00% p.a. payable quarterly	**1,937**	2,491
Habib Bank Limited Loan 10 Under LTFF scheme	6.4, 6.9	16 half yearly August-2012	3,536	10.25% p.a. payable quarterly	**28,326**	35,398

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
Habib Bank Limited Loan 11 Under LTFF scheme	6.4, 6.9	20 quarterly September-2016	5,804	9.00% p.a. payable quarterly	**116,050**	116,050
Habib Bank Limited Loan 12 Under LTFF scheme	6.4, 6.9	20 quarterly November-2016	1,698	9.00% p.a. payable quarterly	**33,950**	33,950
MCB Bank Limited Loan 1 Under LTFF scheme	6.6, 6.9	10 half yearly March-2017	18,891	8.25% p.a. payable quarterly	**188,910**	174,050
MCB Bank Limited Loan 2 Under LTFF scheme	6.6, 6.9	10 half yearly April-2017	2,417	8.25% p.a. payable quarterly	**24,251**	24,251
MCB Bank Limited Loan 3 Under LTFF scheme	6.6, 6.9	10 half yearly June-2017	5,773	8.25% p.a. payable quarterly	**57,730**	57,730
MCB Bank Limited Loan 4 Under LTFF scheme	6.6	10 quarterly March-2017	1,486	Average three months KIBOR Ask rate + 2.25% payable quarterly	**-**	14,860
MEEZAN Bank Limited	6.4, 6.11	10 quarterly March-2017	74,455	Average three months KIBOR Ask rate +1% payable quarterly	**744,555**	-
National Bank of Pakistan Loan	6.6	10 quarterly February-2016	49,598	Average six months KIBOR Ask rate + 0.75% payable half yearly	**495,981**	-
National Bank of Pakistan Loan 1		25 quarterly September-2009	4,000	Average three months KIBOR Ask rate + 1.00% payable quarterly	**-**	4,000
National Bank of Pakistan Loan 2 Under LTFF scheme		16 quarterly September-2011	2,350	10.40% p.a. payable quarterly	**-**	2,350
National Bank Of Pakistan Loan 3 Under LTFF scheme		20 quarterly January-2014	3,190	10.90% p.a. payable quarterly	**-**	44,660
National Bank Of Pakistan Loan 4 Under LTFF scheme		20 quarterly May-2014	801	10.90% p.a. payable quarterly	**-**	12,015
National Bank Of Pakistan Loan 5 Under LTFF scheme		20 quarterly April-2014	6,009	10.90% p.a. payable quarterly	**-**	90,135
National Bank Of Pakistan Loan 6 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly February-2018	5,835	Average three months KIBOR Ask rate + 0.80% payable quarterly	**116,700**	-
National Bank Of Pakistan Loan 7	6.5, 6.6, 6.9	20 quarterly April-2018	5,451	Average three months KIBOR Ask rate + 0.80% payable quarterly	**109,012**	-
National Bank Of Pakistan Loan 8 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly August-2018	179	Average three months KIBOR Ask rate + 0.80% payable quarterly	**3,570**	-
National Bank Of Pakistan Loan 9 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly June-2018	7,131	Average three months KIBOR Ask rate + 0.80% payable quarterly	**142,618**	-
NIB Bank Limited Loan 1 Under LTFF scheme		16 quarterly June-2014	2,827	10.90% p.a. payable quarterly	**-**	31,099
NIB Bank Limited Loan 2 Under LTFF scheme		16 quarterly March-2014	829	10.90% p.a. payable quarterly	**-**	8,291
NIB Bank Limited Loan 3 Under LTFF scheme		16 quarterly August-2014	498	10.90% p.a. payable quarterly	**-**	5,968

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
NIB Bank Limited Loan 4	6.6	16 quarterly March-2014	829	Average three months KIBOR Ask rate + 1.50% payable quarterly	**4,975**	9,120
NIB Bank Limited Loan 5	6.6	16 quarterly June-2014	2,827	Average three months KIBOR Ask rate + 1.50% payable quarterly	**22,619**	31,099
NIB Bank Limited Loan 6 Under LTFF scheme		16 quarterly September-2014	1,289	10.90% p.a. payable quarterly	-	15,480
NIB Bank Limited Loan 7 Under LTFF scheme		16 quarterly November-2014	301	10.90% p.a. payable quarterly	-	3,924
NIB Bank Limited Loan 8 Under LTFF scheme		16 quarterly February-2015	3,220	10.90% p.a. payable quarterly	-	45,090
NIB Bank Limited Loan 9 Under LTFF scheme		16 quarterly March-2015	2,016	10.90% p.a. payable quarterly	-	28,234
NIB Bank Limited Loan 10 Under LTFF scheme		16 quarterly April-2015	538	10.90% p.a. payable quarterly	-	8,072
NIB Bank Limited Loan 11 Under LTFF scheme		16 quarterly May-2015	1,324	10.90% p.a. payable quarterly	-	19,866
NIB Bank Limited Loan 12 Under LTFF scheme	6.6	16 quarterly June-2015	168	Average three months KIBOR Ask rate + 1.50% payable quarterly	**2,023**	2,527
NIB Bank Limited Loan 13 Under LTFF scheme		16 quarterly June-2015	2,037	10.90% p.a. payable quarterly	-	30,568
NIB Bank Limited Loan 14 Under LTFF scheme		16 quarterly October-2015	803	10.90% p.a. payable quarterly	-	12,850
SONERI Bank Loan 1 Under LTFF scheme	6.4	16 quarterly March-2018	14,457	5% p.a. payable quarterly	**231,310**	-
Standard Chartered Bank Loan 1 Under LTFF scheme		8 half yearly October-2012	2,995	11.10% p.a. payable quarterly	-	5,990
Standard Chartered Bank Loan 2 Under LTFF scheme		8 half yearly November-2012	21,886	11.10% p.a. payable quarterly	-	43,784
United Bank Limited Loan 1 Under LTF-EOP scheme		12 half yearly April-2010	931	7.00% p.a. payable quarterly	-	931
United Bank Limited Loan 2 Under LTFF scheme		16 half yearly November-2010	363	10.00% p.a. payable quarterly	-	2,176
United Bank Limited Loan 3 Under LTFF scheme		10 half yearly December-2012	1,319	10.50% p.a. payable quarterly	-	5,276
United Bank Limited Loan 4 Under LTFF scheme		12 half yearly December-2011	557	10.50% p.a. payable quarterly	-	2,234
United Bank Limited Loan 5 Under LTFF scheme		12 half yearly January-2012	128	10.50% p.a. payable quarterly	-	644
United Bank Limited Loan 6 Under LTFF scheme		12 half yearly February-2012	741	10.50% p.a. payable quarterly	-	3,708
United Bank Limited Loan 7 Under LTFF scheme		12 half yearly April-2012	3,686	11.20% p.a. payable quarterly	-	18,432
United Bank Limited Loan 8 Under LTFF scheme		19 half yearly November-2011	7,441	11.20% p.a. payable quarterly	-	81,857

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
					Rupees (000s)	
United Bank Limited Loan 9 Under LTFF scheme		19 half yearly December-2011	5,916	11.20% p.a. payable quarterly	-	65,072
United Bank Limited Loan 10 Under LTFF scheme	6.6	12 half yearly September-2013	269	Average six months KIBOR Ask rate + 1.00% payable half yearly	1,612	2,150
United Bank Limited Loan 11	6.6	12 half yearly October-2013	1,235	Average six months KIBOR Ask rate + 1.00% payable half yearly	7,411	9,883
United Bank Limited Loan 12	6.6	12 half yearly December-2013	5,892	Average six months KIBOR Ask rate + 1.00% payable half yearly	35,792	47,133
United Bank Limited Loan 13 Under LTFF scheme	6.6, 6.9	12 half yearly January-2014	259	12.70% p.a. payable quarterly	-	2,338
United Bank Limited Loan 14 Under LTFF scheme	6.6, 6.9	12 half yearly March-2014	1,525	11.20% p.a. payable quarterly	-	13,727
United Bank Limited Loan 15	6.6	12 half yearly January-2014	11,913	Average six months KIBOR Ask rate + 1.00% payable half yearly	83,387	107,213
United Bank Limited Loan 16 Under LTFF scheme	6.5, 6.9	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	18,020	18,020
United Bank Limited Loan 17 Under LTFF scheme	6.5, 6.9	10 half yearly August-2017	398	6.60% p.a. payable quarterly	3,985	3,985
United Bank Limited Loan 18 Under LTFF scheme	6.5, 6.9	10 half yearly September-2017	215	6.60% p.a. payable quarterly	2,150	2,150
United Bank Limited Loan 19 Under LTFF scheme	6.5, 6.9	10 half yearly October-2017	102	6.60% p.a. payable quarterly	1,020	1,020
United Bank Limited Loan 20	6.5	10 half yearly November-2017	2,385	Average six months KIBOR Ask rate + 1.25% payable quarterly	23,850	23,850
United Bank Limited Loan 21 Under LTFF scheme	6.5, 6.9	10 half yearly December-2017	89	6.60% p.a. payable quarterly	890	890
United Bank Limited Loan 22 Under LTFF scheme	6.5, 6.9	10 half yearly February-2018	318	5% p.a. payable quarterly	3,187	-
United Bank Limited Loan 23 Under LTFF scheme	6.5, 6.9	10 half yearly March-2018	4,182	5% p.a. payable quarterly	41,822	-
United Bank Limited Loan 24 Under LTFF scheme	6.5, 6.9	10 half yearly April-2018	1,827	5% p.a. payable quarterly	18,270	-
United Bank Limited Loan 25 Under LTFF scheme	6.5, 6.9	10 half yearly May-2018	954	5% p.a. payable quarterly	9,546	-
United Bank Limited Loan 26 Under LTFF scheme	6.5, 6.9	10 half yearly March-2018	12,111	5% p.a. payable quarterly	121,114	-
Samba Bank Limited Loan 1 Under LTFF scheme		9 half yearly May-2015	17,245	10.90% p.a. payable quarterly	-	137,955
Samba Bank Limited Loan 2 Under LTFF scheme		9 half yearly June-2015	4,456	10.90% p.a. payable quarterly	-	35,644
		Total from Other Banks			3,639,931	2,630,326

	Particulars	Note	Number of installments and commencement month	Installment amount Rs. (000s)	Mark-up rate per annum	2016	2015
						Rupees (000s)	
6.3	**Non-Banking Financial Institutions - Secured**						
	Pair Investment Company 1 Under LTFF scheme	6.9, 6.10	12 half yearly May-2018	11,417	6% p.a. payable half yearly	**137,000**	-
	Pair Investment Company 2 Under LTFF scheme	6.9, 6.10	12 half yearly June-2018	11,346	6% p.a. payable half yearly	**136,150**	-
	Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly February-2018	10,093	3% p.a. payable quarterly	**322,990**	-
	Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	2,479	3% p.a. payable quarterly	**79,340**	-
	Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	1,218	3% p.a. payable quarterly	**38,970**	-
	Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	8,312	3% p.a. payable quarterly	**265,986**	-
	Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly May-2018	816	3% p.a. payable quarterly	**26,120**	-
	Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly June-2018	417	3% p.a. payable quarterly	**13,330**	-
	Pak Brunei Investment Company Loan Under LTFF scheme	6.5, 6.9, 6.10	16 quarterly December-2018	28,637	2.5% p.a payable quarterly	**458,187**	-
			Total from Non-Banking Financial Institutions			**1,478,073**	-

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

6.5 These loans are secured by charge over specified machinery.

6.6 These loans are secured by way of pari passu charge over the property, plant and equipment of the Holding Company.

6.7 Habib Metropolitan Bank Limited is a related party and associated company by virtue of common directorship of one of the Directors of the Holding Company.

6.8 Grace period of one year in payment of principal outstanding under LTF-EOP facilities was allowed by the banks as per State Bank of Pakistan SMEFD Circular No. 01 dated January 22, 2009.

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

6.10 These loans are secured by ranking charge over present and future property plant and equipment of the Holding Company and will subsequently upgraded by way of pari passu charge.

6.11 These loans are obtained from Shariah Compliant Banks.

6.12 The Holding Company can avail prepayment option and rollover option for loans at its discretion.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees (000s)	
7 DEFERRED TAXATION			
Deferred tax liability	7.1	323,908	359,548
Deferred tax asset of an indirect subsidiary	7.2	(996)	(3,194)
		322,912	356,354

7.1 Deferred tax arises due to:

	2016	2015
Taxable temporary differences in respect of		
Accelerated tax depreciation allowance	352,990	392,567
Provision for income of subsidiaries	14,600	9,209
	367,590	401,776
Deductible temporary differences in respect of		
Provision for gratuity	(4,062)	(5,408)
Provision for doubtful debts	(26,477)	(24,388)
Provision for slow moving items	(13,143)	(12,432)
	43,682)	(42,228)
	323,908	359,548

7.1.1 This represent net deferred taxation in respect of temporary differences of the Holding Company. Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001.

7.2 Deferred tax asset of an indirect subsidiary

	2016	2015
	Rupees (000s)	
Deductible temporary differences in respect of		
Accelerated tax depreciation allowance	(312)	(446)
Unused tax losses	(684)	(2,748)
	(996)	(3,194)

7.3 Movement in deferred taxation

	Liability	Asset	Total	Total
	Rupees (000s)			
Opening	359,548	(3,194)	356,354	338,936
Charged to profit and loss account	(36,592)	2,198	(34,394)	19,440
Charged to other comprehensive income	952	-	952	(2,022)
	323,908	(996)	322,912	356,354

8 STAFF RETIREMENT BENEFITS

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

	Note	2016	2015
		Rupees (000s)	
Opening balance		48,833	44,816
Charge for the year	8.2	36,585	33,531
Remeasurement loss charged in other comprehensive income		(8,376)	16,437
Benefits paid during the year		(35,696)	(45,951)
Closing balance		41,346	48,833

8.2 Charge for the recognized in profit and loss account

Current service cost		31,722	27,920
Past service cost	8.4	-	1,458
Interest cost		2,620	2,339
		34,342	31,717
Charge in respect of obligation of the subsidiary company	8.5	2,243	1,814
	27.1	36,585	33,531

8.3 Significant actuarial assumptions used

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

Discount rate used	7.25% p.a	9.75 % p.a
Expected increase in salary for year end obligation	6.25 % p.a	8.75 % p.a
Average expected remaining working life time of employees	5 years	9 years
Mortality rates	SLIC 2001-2005 Set back 1 Year	SLIC 2001-2005 Set back 1 Year

8.4 Past service cost has arisen due to change in plan (eligible payment days) for certain employees of the Holding Company.

8.5 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.

8.6 General Description

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

8.7 Sensitivity Analysis

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

	2016	2015
	Rupees (000s)	
Discount Rate + 100 bps	34,171	40,225
Discount Rate - 100 bps	37,543	48,442
Salary increase + 100 bps	37,543	48,442
Salary increase - 100 bps	34,142	40,162

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

9 TRADE AND OTHER PAYABLES

		Note	2016	2015
			Rupees (000s)	
Creditors	- Due to related parties		10,746	11,793
	- Others		2,866,479	3,841,765
			2,877,225	3,853,558
Provisions and accrued expenses		9.1.1, 9.1.2, 9.1.3 & 12.7	1,947,249	1,138,952
Advance from customers			329,173	274,889
Workers' profit participation fund		9.2	75,029	49,498
Workers' welfare fund		9.3	27,235	15,986
Unclaimed dividend			2,140	1,274
Dividend payable		9.4	9,473	-
Taxes withheld		9.5	71,378	25,627
Payable to employees' provident fund		9.5	14,270	2,158
Others			24,464	31,345
			5,377,637	5,393,287

9.1.1 Accrued expenses include infrastructure cess amounting to Rs. 133 million (2015: Rs. 94.2 million). The Holding Company along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

9.1.2 The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated 31 August, 2015 regarding increase in the Gas rate tariff. The Honorable Sindh High Court has already passed interim orders to suspend the operation of the notification and payments of bills on regular basis at the tariff prevailing prior to the issuance of the impugned notification and restrained from taking any coercive action against the Holding Company; thereafter Honorable Sindh High Court has given the decision in favor of the Holding Company. The Government has filed an appeal in the Divisional Bench of the Honorable Sindh High Court there against. However, as a matter of prudence, full provision of Rs. 98.689 million has been made in the consolidated financial statements.

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

	Note	2016	2015
		Rupees (000s)	
9.2 Workers' profit participation fund			
Opening balance		49,498	84,102
Allocation for the year	28	71,671	42,069
Interest for the year	9.2.1	3,358	7,429
		124,527	133,600
Payments made during the year		(49,498)	(84,102)
Closing balance		75,029	49,498

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

9.3 The Holding Company along with other petitioners have challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008. The Honorable Sindh High Court has given the decision in favor of the Government. The Holding Company has filed an appeal in the Supreme Court of Pakistan against the above decision. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

9.4 Dividend payable includes the dividend amount Rs. 7.033 million held by the Holding Company, as referred in Note no. 4.2.3 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act, 2014. The amount includes Rs. 5.395 million and Rs. 0.24 million of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively.

9.5 These has been paid subsequent to balance sheet date.

	Note	2016	2015
		Rupees (000s)	
10 ACCRUED MARK-UP/PROFIT			
Mark-up/ Profit on long term financing		46,852	71,540
Mark-up/profit on short term borrowings	10.2	67,516	134,941
		114,368	206,481

10.1 This includes Rs. 6.83 million and Rs. 13.93 million (2015:Rs. 6.80 million and Rs. 28.6 million) in long term financing and short term borrowings respectively under Shariah Compliant arrangements.

	2016	2015
	Rupees (000s)	
10.2 Accrued mark-up includes mark-up due to following related parties:		
Long term financing		
Habib Metropolitan Bank Limited - associated company	-	14,205
Short term borrowings		
Habib Metropolitan Bank Limited - associated company	2,528	1,729
Silk Bank Limited - associated company	-	7,182
	2,528	8,911
	2,528	23,116

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

	Note	2016	2015
11 SHORT TERM BORROWINGS - SECURED		Rupees (000s)	
Short Term Bank Borrowings			
Foreign currency		894,500	967,746
Local currency		7,525,100	7,077,400
	11.1	8,419,600	8,045,146
Short term running finance		4,446,893	793,028
		12,866,493	8,838,174

11.1 Short term bank borrowing includes Istisna (Shariah Compliant) amounting to Rs. 2,702 million (2015: Rs. 2,209 million) in local currency and Rs. 114 (2015: Rs. Nil) in foreign currency. Istisna is an Islamic mode of finance.

11.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts, other receivables and pledge over cotton. Unavailed facility at the year end was Rs. 2,975 million (2015: Rs. 7,004 million). The facility for short term finance matures within twelve months. Short term borrowings include following from related parties:

	2016	2015
	Rupees (000s)	
Habib Metropolitan Bank Limited - associated company	622,639	183,551
Silk Bank Limited - associated company	-	475,000
	622,639	658,551

11.3 Foreign currency mark-up/profit rates range from 1.15% to 2.00% (2015: 1.15% to 2.00%) per annum. Local currency mark-up/profit rates range from 3.00% to 9.96% (2015: 5.75% to 13.21%) per annum.

12 CONTINGENCIES AND COMMITMENTS

12.1 The Holding Company owns and possesses a plot of land measuring 44 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2015: Rs. 84 million). The Holding Company holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by some claimants who claim to be the owners, as this land was previously sold to them and subsequently resold to the Holding Company. The claim of the alleged owners is fictitious. The Holding Company is confident that its title to the land is secure and accordingly no provision in this behalf has been made in these financial statements

12.2 The Holding Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 33.409 million (2015: Rs. 33.409 million) against sale of property included in other receivables note no. 21. The Holding Company's management and its legal counsel are of the opinion that the case will be decided in the Holding Company's favor and as such no provision has been made there against.

12.3 The Holding Company has filed a Petition in the Honorable Sindh High Court against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs. 50.827 million (2015: Rs. 50.827 million). This demand had been raised after lapse of more than two years although the records and books of the Holding Company were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the Holding Company. No provision has been made there against in these consolidated financial statements as the Holding Company is confident of the favorable outcome of the Petition.

12.4 The Holding Company has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent of Rs.10 million (2015: Rs. 10 million) and against which part payment of Rs. 2.57 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Holding Company. No provision has been made there against in these consolidated financial statements as the Holding Company is confident of the favorable outcome of the Petition. Also refer note no. 20.2.

12.5 The Holding Company has filed a suit in the Honorable Sindh High Court for recovery of Rs. 17.851 million (2015: Rs. 17.851 million) against a customer for the sale of fabric included in trade debts note no. 19. However, in view of the uncertainties in such matters, full provision has been made in the consolidated financial statements.

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

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

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

However as a matter of abundant prudence amount payable under the GIDC Act, 2015 commencing from May 22, 2015 to the balance sheet date amounting to Rs. 584.934 million (2015: Rs. 44.473 million) has been provided in these consolidated financial statements.

12.8 Guarantees

(a) Rs. 706 million (2015: Rs. 656 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. 638 million (2015: Rs. 588million)

(b) Post dated cheques Rs. 1,000 million (2015 : Rs. 462 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.

(c) Bills discounted Rs. 2,267 million (2015: Rs. 1,858 million).

(d) Corporate guarantee of Rs. 93.365 million (2015: Rs. 96.873 million) has been issued to a bank by the Holding Company in favor of an indirect subsidiary Company - GTM (Europe) Limited - UK.

12.9 Commitments

(a) The Group is committed for capital expenditure as at June 30, 2016 of Rs. 2,103 million (2015: Rs. 1,335 million).

(b) The Group is committed for non capital expenditure items under letters of credits as at June 30, 2016 of Rs. 819 million (2015: Rs. 2,000 million).

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

	Note	2016	2015
		Rupees (000s)	
Not more than one year		497,517	408,079
More than one year not more than five years		1,670,611	1,486,287
More than five years		994,367	939,586
		3,162,495	2,833,952

13 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	13.1	10,524,519	8,711,930
Capital work in progress (CWIP)	13.2	1,545,089	337,212
		12,069,608	9,049,142

Notes to the Consolidated Financial Statements

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13.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
		Rupees (000s)						
Movement in net book value during the year ended June 30, 2016								
Opening net book value (NBV)		227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Direct additions (at Cost)		-	28,861	128,617	12,598	101,824	249,445	521,345
Transfer from CWIP		-	662,167	1,818,692	-	11,100	-	2,491,959
Reclassification made by subsidiary		-	3,202	-	(3,202)	-	-	
Disposal at NBV	13.1.2	-	-	(61,895)	-	(690)	(15,587)	(78,172)
Scraped at NBV		-	-	-	(531)	(483)	-	(1,014)
Depreciation charge	13.1.1	-	(232,094)	(748,019)	(5,825)	(45,685)	(93,735)	(1,125,358)
Foreign currency retranslation		-	1,163	-	504	815	1,347	3,829
Closing net book value		**227,564**	**1,983,013**	**7,542,245**	**53,754**	**237,567**	**480,376**	**10,524,519**
Net book value as at June 30, 2016								
Cost		227,564	3,623,079	14,918,908	121,418	591,846	969,658	20,452,473
Accumulated depreciation		-	(1,641,229)	(7,376,663)	(68,168)	(355,094)	(490,629)	(9,931,783)
Foreign currency retranslation		-	1,163	-	504	815	1,347	3,829
Net book value		**227,564**	**1,983,013**	**7,542,245**	**53,754**	**237,567**	**480,376**	**10,524,519**
Movement in net book value during the year ended June 30, 2015								
Opening net book value (NBV)		227,564	1,000,544	5,941,828	51,176	158,654	340,845	7,720,611
Direct additions (at Cost)		-	164,370	205,838	6,355	42,507	93,683	512,753
Transfer from CWIP		-	518,654	984,818	66	8,795	-	1,512,333
Disposal at NBV	13.1.2	-	-	(46,279)	(58)	(856)	(16,358)	(63,551)
Scraped at NBV		-	-	-	(501)	(1,009)	-	(1,510)
Depreciation charge	13.1.1	-	(163,854)	(681,355)	(6,828)	(37,405)	(79,264)	(968,706)
Closing net book value		227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Net book value as at June 30, 2015								
Cost		227,564	2,928,849	13,033,494	112,553	480,095	735,800	17,518,355
Accumulated depreciation		-	(1,409,135)	(6,628,644)	(62,343)	(309,409)	(396,894)	(8,806,425)
Net book value		227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Depreciation rate % per annum		-	10 to 20	10 to 20	10 to 12	15 to 33	20 to 25	

	Note	2016	2015
		Rupees (000s)	
13.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	25.1	**854,834**	758,913
Distribution cost	26	**154,214**	106,228
Administrative expenses	27	**116,310**	103,565
		1,125,358	968,706

13.1.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Plant and machinery						
Ink Jet Engraving	6,897	5,175	1,000	(4,175)	Negotiation	A.K. Sons P-30 Street No.1, Block Madina Town, Faisalabad
Finisher Drawing Frame	207	97	150	53	Negotiation	Al-Ahmed Textile Mills (Pvt) Ltd. Room No. 305 3rd Floor Anum Empire, ZCC-1 Block 7/8 KCHS, Karachi
Ring Spinning	38,680	14,838	2,100	(12,738)	Negotiation	Basfa Textile (Pvt.) Ltd 20-K.M Ferozepur Road Al Noor Town Lahore City
Drawing Frame	33,653	13,274	11,000	(2,274)	Insurance Claim	EFU General Insurance Ltd Tower Branch No-105 Floor K.D.L.B.Building W.W Road Karachi
Card Crosrol	6,990	504	1,200	696	Negotiation	Farhan Cotton Waste Industry Plot # A1122 Sindh Industries Trading Estate, Noorabad, Hyderabad
Simplex Toyoda Frame	6,376	162	300	138	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town, Faisalabad
Ring Spinning	25,906	8,329	900	(7,429)	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town, Faisalabad
Ring Spinning	2,671	906	100	(806)	Negotiation	Jilani Textile Traders Shop No. 2, Madina Mosque Labour Square, Hyderabad
Card Crosrol	24,001	5,730	4,000	(1,730)	Negotiation	Spincot Textile Mills (Pvt) Ltd. Suit No. 1-A, 2nd Floor, Craze-I, Plaza Defence, Lahore
Card Crosrol	30,041	12,824	4,400	(8,424)	Negotiation	Unique Spinning Mills (Pvt) Ltd. Plot # A-6, Site, Kotri
Written down value below Rs. 50,000	1,342	56	600	544	Negotiation	Various
	176,764	61,895	25,750	(36,145)		
Office equipment						
Split A-C	469	80	90	10	Negotiation	Aman Aircondtioning Services Shop # 2-3 Plot # 37 Commercial Street Ph-11 Ext DHA, Karachi
Written down value below Rs. 50,000	3,595	610	552	(58)	Negotiation	Various
	4,064	690	642	(48)		

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Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Vehicles						
Toyota Corolla - ARW-749	1,348	254	522	268	Company Policy	Abdul Sami - Employee Flat No. 22/3, Mariya Society Khalid Bin Waleed Road, Karachi
Suzuki Alto - ATK-215	679	157	272	115	Company Policy	Abdullah Faisal - Employee House No. C-47, Block-L, North Nazimabad, Karachi
Toyota Corolla - ASU-743	1,342	322	671	349	Company Policy	Ali Gohar Bhutto - Employee Gul Ahmed Textile Mills Ltd. Unit No. 4 House No. 01, Malir, Karachi.
Honda City - ASV-704	1,307	331	524	193	Company Policy	Fakhar Rafique Siddique - Employee House No. A-332, Block-2 Gulistan-E-Johar, Karchi
Suzuki Cultus - ARH-523	720	133	288	155	Company Policy	Iqbal Godil - Employee House # A-70, Block-4, Dhoraji Colony Gulshan-E-Iqbal, Karachi
Suzuki Swift - ATG-957	1,083	255	437	182	Company Policy	Mehmood Younus - Employee House No. 601 Jamaluddin Afghani Road, Al Madina Arcade Mualimabad PECHS, Block-3, Karachi
Honda City - AUE-224	1,338	387	536	149	Company Policy	Mohammad Ovais - Employee Haroon Royal City Phase # 1, Flat No. 147, Area Gulistan-E-Johar Block-17, Karachi
Suzuki Liana - ASU-109	1,097	264	440	176	Company Policy	Muhammad Javed - Employee Flat No. 19, Gul Ahmed Textile Millls Ltd., Karachi
Suzuki Alto - APW-964	517	79	265	186	Company Policy	Muhammad Nadeem - Employee Flat No D-24 Block-20, Rashid Minhas Road, Gulshane-E-Iqbal, Karachi
Suzuki Mehran - ARK-472	489	99	196	97	Company Policy	Muqeet Azfar - Employee House No. A-493, Block 11-A, North Karachi
Suzuki Cultus - AUE-182	883	260	353	93	Company Policy	Nayyar Hameed - Employee House No. N-21, Gulistan-E-Johar, Block-15, Karachi
Suzuki Cultus - AJT-428	604	59	425	366	Company Policy	Salim Ghaffar - Employee House No. A1/174, 2nd Floor, Block 13-D-2, KDA Scheme 24, Gulshan-E-Iqbal, Karachi
Suzuki Cultus - ATP-217	864	215	346	131	Company Policy	Shahid Iqbal Babar - Employee House No. F-18, Usmania Colony Nazimabad No. 1, Liaqatabad, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Cultus - AUE-912	882	265	353	88	Company policy	Zain-Ul-Abedin - Employee House No. A-203, Gulshan-E-Iqbal Block 13-D-2, Karachi
Honda City - AVV-861	1,383	463	783	320	Company policy	Abdul Qayyum - Employee House No. R-412, Ameenabad Malir City, Karachi
Toyota Corolla - ATT-498	1,449	310	580	270	Company policy	Akhter Saeed - Employee House # A-382, Block-3 Gulshan-e-Iqbal, Karachi
Toyota Corolla - ARZ-963	1,302	241	521	280	Negotiation	Khawaja Fazal-Ur-Rehman Flat No. 1-A/2, Area Saba Avenue, Phase-5, DHA Karachi,
Suzuki Mehran - ASQ-609	518	113	207	94	Negotiation	Mr. Asif Mehmood House # Z-125, Street No. 4
Suzuki Mehran - AST-407	511	112	256	144	Negotiation	Mr. Kamran Ali Qureshi House # H-171, Area New L Block Orangi Town, Karachi
Toyota Corolla - ASV-362	1,388	321	556	235	Negotiation	Arbab Ali Rajar Goat Haji Muhammad Ali Rajar Tappal Ghar, Tando Adam
Toyota Corolla - AUD-404	1,461	423	585	162	Negotiation	Mohammad Fayyaz Goth Ghulam Hussain, Post Office Nizam Kila, Tahseel Liaquat Pur, District Rahim Yar Khan
Toyota Virosa - AJC-020	2,403	183	825	642	Negotiation	Mr. Muhammad Hussain Khan Shop No. P-59, North Nazimabad, Karachi
Toyota Corolla GLI - ASN-473	1,388	328	555	227	Negotiation	Muhammad Ali Aslam House No. B-33, Dhoraji Colony, Karachi
Suzuki Mehran - ARH-904	462	84	332	248	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town, North Karachi, Karachi
Suzuki Liana - RXI - ATP-218	1,199	278	637	359	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town, North Karachi, Karachi
Honda City - AUG-589	1,458	422	1,157	735	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town, North Karachi
Suzuki Cultus - ATS-493	864	196	670	474	Negotiation	Muhammad Faizan House # B-189, Area Zaman Town, Korangi # 4, Sector # 35/A, Karachi
Suzuki Alto - AQD-945	521	77	511	434	Negotiation	Muhammad Imran House # 875, Area Hussainabad, Korangi # 4, Sector # 35/A, Karachi

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For the Year Ended June 30, 2016

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Suzuki Alto - ASF-157	663	153	552	399	Negotiation	Muhammad Imran House # 875, Area Hussainabad Korangi # 4, Sector # 35/A, Karachi
Suzuki Alto - ASD-746	658	122	486	364	Negotiation	Muhammad Imran House # 875, Area Hussainabad Korangi # 4, Sector # 35/A, Karachi
Suzuki Alto - AMH-810	513	63	205	142	Negotiation	Muhammad Kamran House No. 61, Peer Illahi Baksh Colony, Karachi
Suzuki Cultus - ASK-829	815	196	326	130	Negotiation	Muhammad Mehboob Alam House No. 3/1322, Mansoor Nagar Sector 11-1/2, Orangi Town, Karachi
Honda City - AUE-227	1,338	380	536	156	Negotiation	Feroz Abdul Rehman Daair House No. 20 Area Jinnah Housing, Karachi
Suzuki Alto - AUE-618	697	210	279	69	Negotiation	Furqan Ahmed Plot No. 107, House No. M-4 Block 13-D-2, Gulshan-E-Iqbal, Karachi
Hyundai Grace Van - CN-6770	1,231	97	628	531	Negotiation	Imran Ahmed House # 219, Sector 35-B, Korangi # 4 Karachi
Suzuki Alto - ASY-609	664	154	333	179	Negotiation	Muhammad Younus House # 875, Area Hussainabad
Toyota Corolla GLI - AWN-084	1,574	526	1,450	924	Negotiation	Muhammad Younus House No. A-414, Iqra Complex Perfume Chowk Gulistan-e-Johar, Karachi
Toyotal Corolla GLI - ASN-641	1,388	334	555	221	Negotiation	Obaid-Ul-Rehman Siddiqui House No. B123, Block-1, North Nazimabd, Karachi
Suzuki Liana - AST-571	1,097	254	440	186	Negotiation	Owais Baig Wali Garden, House No. 201, Area Ghulam Hussain Qasim Road, Garden West
Suzuki Alto - AUL-348	708	205	355	150	Negotiation	Rehan Haseeb Flat # B-11, Area Imran Arcade, F.B Area, Block 7, Karachi
Suzuki Alto - AUE-179	698	191	349	158	Negotiation	Saifa Asghar House No. B-30, Mohalla Meer Hassan Abad Latifabad, Hyderabad
Honda City - ATC-192	1,269	305	508	203	Negotiation	Shahbaz Ahmed Railway Housing Society, Flat No. 521, Area Samama Hill View, Gulistan-E-Johar Block-A,16, Karachi
Toyota Corolla - ASF-461	1,311	315	525	210	Negotiation	Sheikh Muhammad Umar House No. 22, M.C.H.S Tipu Sultan Road, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	(Loss)/gain on disposal	Mode of disposal	Particulars of buyers
	Rupees (000s)					
Honda City - AUK-550	1,357	363	1,112	749	Negotiation	Syed Muhammad Ali Warsi House No. A-162, Area Gulbarg, F.B.Area, Block # 12, Karachi.
Suzuki Alto VXR - ASK-815	662	142	487	345	Negotiation	Muhammad Arshad House # 358, Sector 9/E, Jinnah Colony, Orangi Town, Karachi
Toyota Corolla - ATG-937	1,302	279	975	696	Negotiation	Muhammad Bilal Khan House # B-34, Area Sir Syed Town, North Karachi, Sector
Honda City - AKC-692	951	84	750	666	Negotiation	Muhammad Sohail Flat No. B-3, Ghulam Hussain Qasim Road, Block B-72, Garden West, Karachi.
Honda City - ATY-401	1,338	358	807	449	Negotiation	Muhammad Tahir Iftikhar House # 291, Area Kamran Block, Allama Iqbal Town, Lahore
Honda City - AUG-158	1,339	358	537	179	Negotiation	Mushtaq Ahmed House No. B-30, Area Sir Syed Town, North Karachi, Sector 11-C/1, Karachi.
Suzuki Alto VXR - APK-439	516	71	408	337	Negotiation	Naveed Rauf House # 16/2, Nazimabad, Sector 11-H, Karachi
Suzuki Alto VXR - ANT - 308	516	71	508	437	Negotiation	Naveed Rauf House # 16/2, Nazimabad, Sector 11-H, Karachi
Suzuki Alto VXR - AMK-876	516	67	418	351	Negotiation	Naveed Rauf House # 16/2, Nazimabad, Sector 11-H, Karachi
Suzuki Alto VXR - AQH-316	516	70	462	392	Negotiation	Naveed Rauf House#16/2, Nazimabad, Sector 11-H Karachi
Honda Civic - AZQ-482	2,048	1,052	1,450	398	Negotiation	Syed Hassan Riaz Bukhari House No.120, Sector 33, Opp. Khayaban-e-Mohafiz, DHA, Karachi.
Suzuki Cultus VXR - ARL-051	851	146	521	375	Negotiation	Syed Muhammad Taufiq House # B-150, Gulshan-E-Iqbal, Block-6 Karachi
Toyota Corolla - BEP-173	1,852	1,636	1,828	192	Insurance Claim	EFU General Insurance Ltd Tower Branch No-10, 5th Floor K.D.L.B. Building W.W Road Karachi
Mercedes Benz R Class	3,209	674	898	224	Negotiation	Ryan Oliver 101 Brinksway, Stockport, SK3 OHX, United Kingdom
Written down value below Rs. 50,000	1,255	80	670	590	Negotiation	Various
	62,312	15,587	33,161	17,574		
2016	**243,140**	**78,172**	**59,553**	**(18,619)**		
2015	181,032	63,551	71,601	8,050		

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

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

	Note	2016	2015
		Rupees (000s)	
Other income - gain on sale of property, plant and equipment	29	19,015	28,631
Other operating expenses - loss on sale of property, plant and equipment	28	(37,634)	(20,581)
		(18,619)	8,050

13.2 Capital work in progress

	June 2016				June 2015			
	Machinery and store items held for capitalization	Civil work	Other assets	Total	Machinery and store items held for capitalization	Civil work	Other assets	Total
	Rupees (000s)							
Cost as at start	254,586	80,051	2,575	337,212	341,999	153,887	1,410	497,296
Capital expenditure incurred during the year	2,534,641	1,156,600	8,595	3,699,836	897,405	444,818	10,026	1,352,249
Transferred to property, plant and equipment	(1,818,692)	(662,167)	(11,100)	(2,491,959)	(984,818)	(518,654)	(8,861)	(1,512,333)
Cost as at end	970,535	574,484	70	1,545,089	254,586	80,051	2,575	337,212

14 INTANGIBLE ASSETS

		Computer Software	Trade Mark	2016	2015
		Rupees (000s)			
Net carrying value basis as at June 30					
Opening net book value		11,481	4,353	15,834	24,020
Additions (at cost)		7,182	2,130	9,312	5,517
Amortisation charge	14.1	(5,189)	(1,941)	(7,130)	(13,703)
Foreign currency retranslation difference		-	2,476	2,476	-
Closing net book value		13,474	7,018	20,492	15,834
Gross carrying value basis as at June 30					
Cost	14.3	175,120	18,963	194,083	184,771
Accumulated amortisation		(161,646)	(14,421)	(176,067)	(168,937)
Foreign currency retranslation difference		-	2,476	2,476	-
Net book value		13,474	7,018	20,492	15,834
Amortization is charged using straight line method over a period of:		5 years	10 years		

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

	Note	2016	2015
		Rupees (000s)	
Distribution cost	26	507	41
Administrative expenses	27	6,623	13,662
		7,130	13,703

14.2 Remaining useful life range from one to ten years

14.3 This includes cost of Rs. 152.985 million (2015: Rs. 118.92 million) in respect of assets which are fully amortized but are still in use of the Group.

	Note	2016	2015
		Rupees (000s)	
15 LONG TERM LOANS AND ADVANCES			
Considered good - Secured			
- Due from executives (other than CEO and Directors)	15.2	35,618	20,725
- Due from non-executive employees		2,185	1,424
		37,803	22,149
Current portion being receivable within twelve months following the balance sheet date			
- Due from executives		(15,122)	(9,029)
- Due from non-executive employees		(861)	(261)
	20	(15,983)	(9,290)
		21,820	12,859

15.1 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. 10.574 (2015 : Rs. 8.117 million) to executives and Rs. 0.465 million (2015 : Rs. 0.475 million) to non-executive which carry no interest. The balance amount carries mark-up ranging from 6.5% to 14% (2015: 7% to 14%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

15.2 Reconciliation of carrying amount of loans to executives

	2016	2015
	Rupees (000s)	
Opening balance	20,725	15,680
Disbursement during the year	28,344	11,569
Transfer from non-executive to executive employees	-	36
Recovered during the year	(13,451)	(6,560)
Closing balance	35,618	20,725

15.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 35.168 million (2015: Rs. 20.725 million).

	2016	2015
	Rupees (000s)	
16 LONG TERM DEPOSITS		
Considered good		
Security deposit - rent	149,964	90,445
Security deposit - utilities	5,335	2,531
Others	2,837	596
	158,136	93,572

16.1 These are interest free deposit kept with various parties under normal business terms.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

		Note	2016	2015
			Rupees (000s)	
17	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		564,426	433,310
	Spare parts		450,956	362,328
	Loose tools		3,749	4,463
			1,019,131	800,101
	Provision for slow moving/obsolete items	17.1	(115,684)	(101,039)
			903,447	699,062
	17.1 Movement in provision for slow moving/obsolete items			
	Opening balance		101,039	90,394
	Charge for the year	27	14,645	10,645
	Closing balance		115,684	101,039
18	**STOCK-IN-TRADE**			
	Raw materials	18.1	2,337,553	2,076,097
	Work-in-process		230,825	237,034
	Finished goods	18.2	11,488,824	9,148,067
			14,057,202	11,461,198

18.1 Raw material amounting to Rs. Nil (2015: Nil) has been pledged with the banks as at balance sheet date.

18.2 Finished goods include stock of waste valuing Rs.59 million (2015: Rs. 38 million) determined at net realizable value.

		Note	2016	2015
			Rupees (000s)	
19	**TRADE DEBTS**			
	Export debtors - secured			
	- Considered good	19.1	1,939,039	1,026,236
	Local debtors - unsecured			
	- Considered good	19.1	847,743	1,125,837
	- Considered doubtful		233,035	198,210
			1,080,778	1,324,047
			3,019,817	2,350,283
	Allowance for impairment of doubtful trade debts	19.3	(233,035)	(198,210)
			2,786,782	2,152,073
	19.1 Includes amount due from related parties as under:			
	Swisstex Chemicals (Private) Limited- Associated Company		2,587	1,427

19.2 The maximum aggregate month end balance due from related parties during the year was Rs.2.6 million (2015: Rs. 1.8 million).

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

	Upto 1 month	1-6 months	More than 6 months	As at June 2016
	Rupees (000s)			
Swisstex Chemicals (Private) Limited	1,160	-	1,427	2,587

	Upto 1 month	1-6 months	More than 6 months	As at June 2015
	Rupees (000s)			
Swisstex Chemicals (Private) Limited	1,427	-	-	1,427

19.3 Movement in allowance for impairment of doubtful trade debts

	Note	2016	2015
		Rupees (000s)	
Opening balance		198,210	168,385
Charge for the year	27	34,825	29,825
Closing balance		233,035	198,210

20 LOANS AND ADVANCES

Considered Good			
Current portion being receivable within twelve months following the balance sheet date			
- Executives		15,122	9,029
- Other employees		861	261
	15	15,983	9,290
Advances to suppliers	20.1	711,358	337,387
Others	20.2	2,570	2,570
		745,894	358,537

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

20.1 Advances to suppliers includes Rs. 0.924 million(2015: Rs. Nil) with Win Star (Private) Limited which is a related party.

20.2 This represent amount of Rs. 2.57 million (2015: Rs. 2.57million) paid to Nazir Sindh High Court, Karachi in compliance with the Order of the Honourable Sindh High Court in respect of ground rent suit as mentioned in note 12.4.

		Note	2016	2015
			Rupees (000s)	
21	OTHER RECEIVABLES			
	Duty drawback and local taxes and levies		354,615	225,195
	Mark-up rate subsidy receivable		6,918	6,918
	Receivable against sale of property	12.2	33,409	33,409
	Fair value of forward exchange contracts		-	18,762
	Receivable against bank guarantee margin		36,142	6,594
	Others		44,625	40,521
			475,709	331,399
22	TAX REFUNDS DUE FROM GOVERNMENT			
	Sales tax		798,468	538,928
	Income tax		115,492	211,268
			913,960	750,196
23	CASH AND BANK BALANCES			
	Cash in hand		158,998	11,266
	Balances with banks in current accounts			
	- Local currency		86,845	105,192
	- Foreign currency		93,823	19,494
		23.1 & 23.2	180,668	124,686
			339,666	135,952
23.1	Bank balances include amounts held by related parties as under:			
	Habib Metropolitan Bank Limited - associated company		65,153	15,550
	Silk Bank Limited - associated company		-	2,936
			65,153	18,486

23.2 This includes an amount of Rs. 7.853 million (2015: Rs. 16.011 million) placed under Shariah Compliant arrangement.

		Note	2016	2015
			Rupees (000s)	
24	SALES			
	Local	24.1	12,397,822	12,266,853
	Export			
	Direct export		20,212,199	21,155,202
	Indirect export		443,211	693,290
			20,655,410	21,848,492
	Duty drawback		272,628	214,121
			33,325,860	34,329,466
	Brokerage and commission		(138,184)	(112,147)
			33,187,676	34,217,319

24.1 Sales are exclusive of sales tax amounting to Rs. 475.857 million (2015: Rs. 443.367 million).

		Note	2016	2015
			Rupees (000s)	
25	COST OF SALES			
	Opening stock of finished goods		9,148,067	8,873,680
	Cost of goods manufactured	25.1	27,283,518	27,572,739
	Purchase of finished goods		578,907	489,632
			37,010,492	36,936,051
	Closing stock of finished goods		(11,488,824)	(9,148,067)
			25,521,668	27,787,984
25.1	**Cost of goods manufactured**			
	Raw materials consumed	25.2	7,671,158	9,425,068
	Stores, spares parts and loose tools consumed		4,057,004	3,908,439
	Staff cost	27.1	5,155,417	4,645,142
	Fuel, power and water		2,529,862	2,005,092
	Insurance		133,709	137,082
	Repair and maintenance		782,227	775,533
	Depreciation	13.1.1	854,834	758,913
	Other manufacturing expenses		182,600	150,889
	Purchases and processing charges		6,114,128	5,789,916
	Cost of samples shown under distribution cost		(203,630)	(116,296)
			27,277,309	27,479,778
	Work-in-process			
	Opening		237,034	329,995
	Closing		(230,825)	(237,034)
			6,209	92,961
			27,283,518	27,572,739

Notes to the Consolidated Financial Statements

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		Note	2016	2015
			Rupees (000s)	
25.2	**Raw materials consumed**			
	Opening stock		2,076,097	2,926,027
	Purchases during the year		7,932,614	8,575,138
	Closing stock		(2,337,553)	(2,076,097)
			7,671,158	9,425,068
26	**DISTRIBUTION COST**			
	Staff cost	27.1	922,308	663,203
	Freight and shipment expenses		257,699	287,085
	Insurance		26,415	26,843
	Advertisement and publicity		954,054	832,109
	Participation in exhibitions		-	40,208
	Cost of samples transferred from cost of goods manufactured		203,630	116,296
	Rent, rates and taxes		602,839	429,251
	Depreciation	13.1.1	154,214	106,228
	Amortisation	14.1	507	41
	Export development surcharge		49,327	51,708
	Other expenses		114,637	91,826
			3,285,630	2,644,798
27	**ADMINISTRATIVE EXPENSES**			
	Staff cost	27.1	681,905	627,664
	Rent, rates and taxes		205,088	116,675
	Repairs and maintenance		71,714	68,861
	Vehicle up keep and maintenance		119,688	136,978
	Utilities		143,453	129,377
	Conveyance and traveling		206,165	163,146
	Printing and stationery		54,558	44,641
	I.T. expenses		51,857	38,409
	Postage and telecommunication		122,359	85,122
	Legal and consultancy fees		62,164	54,060
	Depreciation	13.1.1	116,310	103,565
	Amortisation	14.1	6,623	13,662
	Auditors' remuneration	27.2	4,294	4,089
	Donations	27.3	12,753	14,951
	Insurance		25,786	25,338
	Provision for doubtful trade debts	19.3	34,825	29,825
	Provision for slow moving/obsolete items	17.1	14,645	10,645
	Other expenses		162,109	123,110
			2,096,296	1,790,118

	Cost of sales		Distribution Cost		Administrative expense		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees (000s)							
27.1 Staff cost								
- Salaries, wages & benefits	**5,012,297**	4,509,153	**900,881**	645,994	**655,986**	602,821	**6,569,164**	5,757,968
Retirement benefits								
- Gratuity	**34,342**	31,717	**-**	-	**2,243**	1,814	**36,585**	33,531
- Contribution to provident fund	**69,848**	55,277	**20,561**	16,123	**21,410**	20,188	**111,819**	91,588
	104,190	86,994	**20,561**	16,123	**23,653**	22,002	**148,404**	125,119
- Staff compensated absences	**38,930**	48,995	**866**	1,086	**2,266**	2,841	**42,062**	52,922
	5,155,417	4,645,142	**922,308**	663,203	**681,905**	627,664	**6,759,630**	5,936,009

	2016	2015
	Rupees (000s)	
27.2 Auditor's remuneration		
Audit fee - statutory audit of the holding company	**1,500**	1,265
Review fee of half yearly accounts	**110**	110
Fee for consolidation of holding and subsidiaries	**200**	165
Review fee of statement of compliance with code of corporate governance	**55**	55
Other certification fee	**39**	32
Sindh sales tax on services at 6%	**112**	96
Audit fee - Foreign subsidiaries	**2,044**	2,021
Out of pocket expenses	**234**	345
	4,294	4,089

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

Name of Director	Interest in Donee	Name of Donee	2016	2015
			Rupees (000s)	
Zain Bashir and Ziad Bashir	Directors	LITE Development and Management Group	**175**	-
Mohomed Bashir	Trustee (up to February 2014)	Fellowship fund for Pakistan	**-**	1,980
Mohomed Bashir	Trustee	Habib University Foundation	**-**	6,000
			175	7,980

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

		Note	2016	2015
			Rupees (000s)	
28	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	9.2	71,671	42,069
	Workers' welfare fund		27,235	15,986
	GIDC paid in preceding years written off		-	105,251
	Loss on sale of property, plant and equipment		37,634	20,581
	Property, plant and equipment scrapped		1,014	1,510
			137,554	185,397
29	**OTHER INCOME**			
	Income from financial assets			
	Mark-up on loans and advances		1,371	1,116
	Gain on sale of short term investments		-	5,983
	Dividend income		-	406
	Net exchange gain on forward contracts		-	18,762
	Exchange gain on realization of export receivables - net		102,974	185,585
			104,345	211,852
	Income from non-financial assets			
	Gain on sale of property, plant and equipment		19,015	28,631
	Scrap sales		18,428	20,595
	Unclaimed liabilities written back		10,917	82,017
	Others		1,968	-
			50,328	131,243
			154,673	343,095
30	**FINANCE COST**			
	Mark-up/profit on long term financing	30.1 & 30.4	288,156	334,286
	Mark-up/profit on short term borrowings	30.2, 30.3 & 30.4	512,458	882,483
	Profit on murabaha		-	22,491
	Interest on workers' profit participation fund		3,358	7,429
	Bank charges		106,076	109,215
	Commission		5,795	4,545
			915,843	1,360,449

30.1 Includes mark-up on long term financing charged by related parties as under:

Habib Metropolitan Bank Limited - associated company	26,210	60,720

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

Habib Metropolitan Bank Limited - associated company	19,725	14,365
Silk Bank Limited - associated company	3,162	14,259
	22,887	28,624

30.3 It includes net exchange gain of Rs. 23 million (2015: Rs. 224 million) on short term borrowing in foreign currency.

30.4 This includes Rs. 57.68 million and Rs. 90.66 million (2015: Rs. 39.25 million and Rs. 130.2 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.

	Note	2016	2015
		Rupees (000s)	
31 PROVISION FOR TAXATION			
Current			
- for the year		234,356	234,155
- prior		3,157	(76,196)
		237,513	157,959
Deferred		(34,394)	19,440
	31.1	203,119	177,399

31.1 Reconciliation between accounting profit and tax expense

Net Profit for the year before taxation	1,385,358
Tax rate (%)	32%
Tax on accounting profit	443,315
Tax effect of	
Tax credits/ Rebates	(149,658)
Prior year	3,157
Final Tax Regime	(82,516)
Super tax	33,453
Inadmissible	1,566
Tax rate	(10,608)
Subsidiaries - exemption and utilization of tax losses	(12,766)
Provision in respect of unappropriated profits of subsidiary	5,391
Others	(33,367)
	(245,348)
Tax Expense	197,967

31.1.1 Comparative Provision for current taxation had been made on the basis of minimum tax on turnover under section 113, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001. Accordingly, reconciliation of tax expense with the accounting profit had not been prepared.

			Restated
32 EARNINGS PER SHARE - basic and diluted			
Profit for the year		1,182,239	614,269
Weighted average number of shares	32.1	267,132,058	263,342,407
Earnings per share (Rs.)	32.2	4.43	2.33

32.1 Weighted average number of shares issued during last year have been restated for the effect of Right shares issued during current year.

32.2 There is no dilutive effect on the earnings per share of the Holding company as the Holding company has no potential ordinary shares.

33 SEGMENT INFORMATION

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

a) Spinning : Production of different qualities of yarn using both natural and artificial fibers.

b) Weaving : Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.

c) Processing, Home, Textile and Apparel : Production of greig fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-ups and home textile products.
These subsidiaries are also in the textile business reselling products to the ultimate customers, imported from Parent Group.

33.1 Segment profitability

	Spinning		Weaving		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC) -UAE		GTM (Europe) Limited - UK		GTM USA Corp.		Elimination of Inter Segment Transactions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees (000s)															
Sales	6,713,590	8,749,956	11,350,959	10,752,391	30,860,992	29,516,848	813,141	788,737	761,047	267,449	536,314	265,584	(17,848,367)	(16,121,646)	33,187,676	34,217,319
Cost of sales	6,494,297	8,270,026	11,048,028	10,510,646	24,076,951	24,142,134	632,045	620,869	676,130	196,725	439,020	181,790	(17,844,803)	(16,134,206)	25,521,668	27,787,984
Gross profit	219,293	479,930	302,931	241,745	6,784,041	5,372,714	181,096	167,868	84,917	70,724	97,294	83,794	(3,564)	12,560	7,666,008	6,429,335
Distribution cost and administrative expenses	226,781	212,079	16,839	14,145	4,832,632	3,908,247	149,250	138,957	76,764	79,581	79,660	81,907	-	-	5,381,926	4,434,916
Profit/loss before tax and before charging the following	(7,488)	267,851	286,092	227,600	1,951,409	1,464,467	31,846	28,911	8,153	(8,857)	17,634	1,887	(3,564)	12,560	2,284,082	1,994,419
Other operating expenses															137,554	116,311
Other income															(154,673)	(235,555)
Finance cost															915,843	1,177,345
															898,724	1,058,101
Profit before taxation															1,385,358	936,318
Taxation															203,119	256,448
Profit after taxation															1,182,239	679,870

33.2 Segment assets and liabilities

	Spinning		Weaving		Gul Ahmed International Limited (FZC) -UAE		GTM (Europe) Limited - UK		GTM (Europe) Limited - UK		GTM USA Corp.		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees (000s)															
Assets	6,217,673	4,654,991	1,323,364	1,395,281	23,997,451	17,736,460	742,049	491,704	405,694	223,870	72,301	42,160	630,775	1,156,614	33,389,307	25,701,080
Elimination of intragroup balances															(566,540)	(350,658)
															32,822,767	25,350,422
Liabilities	2,314,802	1,900,111	694,563	739,085	6,775,396	4,857,504	446,388	225,662	387,175	204,780	56,357	43,643	13,666,263	10,277,175	24,340,944	18,247,960
Elimination of intragroup balances															(499,188)	(279,897)
															23,841,756	17,968,063

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

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

33.5 Information about major customers:

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 7,158 million (2015: Rs. 10,027 million).

33.6 Information by geographical area

	Revenue		Non - current assets	
	2016	2015	2016	2015
	Rupees (000s)			
Pakistan	12,702,849	12,847,996	12,241,277	9,156,597
Germany	4,384,073	5,567,692	-	-
United Kingdom	2,240,373	1,769,699	7,756	5,300
China	552,880	1,657,174	-	-
United States	3,002,934	2,969,100	4,247	4,418
Netherlands	1,790,750	2,082,832	-	-
France	1,638,947	2,011,317	-	-
United Arab Emirates	871,096	169,988	17,772	8,286
Spain	1,517,638	791,583	-	-
Italy	1,433,697	633,051	-	-
Sweden	740,890	607,244	-	-
Other countries	2,311,549	3,109,643	-	-
Total	33,187,676	34,217,319	12,271,052	9,174,601

	Note	2016	2015
		Rupees (000s)	
34 CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	339,666	135,952
Short term borrowings	11	(12,866,493)	(8,838,174)
		(12,526,827)	(8,702,222)

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016				2015			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	Rupees (000s)							
Managerial remuneration	9,020	6,765	689,816	705,601	8,200	6,150	504,361	518,711
House rent allowance	3,608	2,706	275,194	281,508	3,280	2,460	201,745	207,485
Other allowances	1,085	739	151,923	153,747	1,003	677	90,054	91,734
Contribution to provident fund	751	564	45,216	46,531	683	513	33,723	34,919
	14,464	10,774	1,162,149	1,187,387	13,166	9,800	829,883	852,849
Number of persons	1	1	548	550	1	1	413	415

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

35.1 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.

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

35.3 Aggregate amount charged in the accounts for the year for meeting fee to four Non Executive Directors and the Chairman was Rs. 1.9 million (2015: five Non Executive Directors and Chairman Rs. 2.2 million).

35.4 Executive means an employee other than the Chief Executive and Executive Directors, whose basic salary exceeds five hundred thousand rupees in a financial year for the Holding Company and Senior Executive Staff of the Subsidiaries.

36 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	2016	2015
		Rupees (000s)	
Associated companies and other related parties	Purchase of goods	37,173	48,931
	Sale of goods	1,160	3,124
	Rent paid	71,558	9,900
	Fees paid	1,500	1,500
	Commission/Discount	847	5,532
	Donation paid	175	7,980
	Bills discounted	4,590,010	3,174,522
	Commission/Bank charges paid	31,693	34,051
	Mark-up/interest charged	49,097	89,344
	Holding Group's contribution to provident fund	113,463	91,588
	Dividend paid	24,388	147
	Right shares subscribed	36,961	-

Relationship with the Group	Nature of Outstanding Balances		
Associated companies and others related parties	Borrowings from Banks	622,639	1,149,965
	Trade and other payables - Creditors	10,746	11,793
	Payable to employee's provident fund	14,270	2,158
	Bank guarantee	637,583	587,583
	Accrued mark-up	2,528	23,116
	Loans to key management personnel & executive	35,618	20,725
	Trade debts	2,587	1,427
	Prepaid Rent	35,197	-
	Deposit with banks	65,153	18,486

There are no transactions with directors of the Group 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 34 respectively.

Related parties status of outstanding receivables and payable as at June 30, 2016 are also included in respective notes to the consolidated financial statements.

37 CAPACITY AND PRODUCTION

		2016			2015		
		Rupees (000s)					
	Unit	Capacity	Production	Working	Capacity	Production	Working
Spinning	Kgs. (20 Counts converted)	48,237	32,440	3 shifts	46,970	33,929	3 shifts
Weaving	Sq. meters (50 Picks converted)	159,205	111,940	3 shifts	159,205	103,461	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.t

38 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Group as at June 30, 2016 are as follows:

	2016						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	Rupees (000s)						
Financial assets							
Loans and receivables							
Loans and advances	10,878	15,886	26,764	5,105	5,934	11,039	37,803
Long term deposits	-	-	-	-	158,136	158,136	158,136
Trade debts	-	-	-	2,786,782	-	2,786,782	2,786,782
Other receivables	-	-	-	80,767	-	80,767	80,767
Cash and bank balances	-	-	-	339,666	-	339,666	339,666
	10,878	15,886	26,764	3,212,320	164,070	3,376,390	3,403,154
Financial liabilities							
Long term financing	487,400	4,630,604	5,118,004	-	-	-	5,118,004
Staff retirement benefits	-	-	-	-	41,346	41,346	41,346
Short term borrowings	12,866,493	-	12,866,493	-	-	-	12,866,493
Trade and other payables	75,029	-	75,029	4,874,822	-	4,874,822	4,949,851
Accrued mark-up / profit	-	-	-	114,368	-	114,368	114,368
	13,428,922	4,630,604	18,059,526	4,989,190	41,346	5,030,536	23,090,062
Off balance sheet items							
Guarantees	-	-	-	799,437	-	799,437	799,437
Bills discounted	-	-	-	2,266,673	-	2,266,673	2,266,673
Commitments	-	-	-	3,419,160	2,664,978	6,084,138	6,084,138
	-	-	-	6,485,270	2,664,978	9,150,248	9,150,248

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

Financial assets and liabilities of the Group as at June 30, 2015 were as follows:

	2015						
	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
Financial assets	Rupees (000s)						
Loans and receivables							
Loans and advances	6,588	6,969	13,557	2,702	5,890	8,592	22,149
Long term deposits	-	-	-	-	93,572	93,572	93,572
Trade debts	-	-	-	2,152,073	-	2,152,073	2,152,073
Other receivables	-	-	-	99,286	-	99,286	99,286
Cash and bank balances	-	-	-	135,952	-	135,952	135,952
	6,588	6,969	13,557	2,390,013	99,462	2,489,475	2,503,032
Financial liabilities							
Long term financing	714,008	2,407,732	3,121,740	-	-	-	3,121,740
Staff retirement benefits	-	-	-	-	48,833	48,833	48,833
Short term borrowings	8,838,174	-	8,838,174	-	-	-	8,838,174
Trade and other payables	49,498	-	49,498	4,995,942	-	4,995,942	5,045,440
Accrued mark-up/profit	-	-	-	206,481	-	206,481	206,481
	9,601,680	2,407,732	12,009,412	5,202,423	48,833	5,251,256	17,260,668
Off balance sheet items							
Guarantees	-	-	-	752,945	-	752,945	752,945
Bills discounted	-	-	-	1,858,208	-	1,858,208	1,858,208
Commitments	-	-	-	3,742,586	2,425,873	6,168,459	6,168,459
	-	-	-	6,353,739	2,425,873	8,779,612	8,779,612

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

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

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

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

39.1 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:

	2016	2015
	Equivalent USD 000s	
Trade debts	18,520	10,126
Cash and bank balances	896	192
Borrowings from financial institutions	(8,527)	(9,549)
Trade and other payables	(1,589)	(20,582)
Net exposure	9,300	(19,813)

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

Foreign currency commitments outstanding at year end are as follows:

	2016	2015
	000s	
USD	7,420	19,276
EURO	7,191	1,510
JPY	912,410	324,013
CHF	1,993	6,035
GBP	-	13

The following significant exchange rates were applied during the year:

Rupee per USD

Average rate	104.80	101.35
Reporting date rate (Buying/selling)	104.90 / 104.70	101.45 / 101.25

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2016 would have increased/ decreased the profit before tax by Rs. 48.685 million (2015: Rs.100.501 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, 2015.

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. 26 million (2015: Rs. 14 million) which are subject to interest/mark-up rate risk. Financial liabilities include balances of Rs.18,060 million (2015: Rs. 12,009 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, 2016, if interest/mark-up rates on long term financing would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs 10.75 million (2015: Rs 5.38 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2016, 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. 128.665 million (2015: Rs. 88.382 million) lower/higher, mainly as a result of higher/lower interest/mark-up expense on floating rate borrowings.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in interest rate at the balance sheet would not effect profit and loss account 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.

39.2 Credit risk

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

Exposure to credit risk

Group's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2016	2015
		Rupees (000s)	
Loans and advances	15	37,803	22,149
Long term deposit		158,136	93,572
Trade debts	19	2,786,782	2,152,073
Other receivables		80,767	99,286
Bank balances	23	180,668	124,686
		3,244,156	2,491,766

The Group manages credit risk as follows:

Loans and advances

These loans are due from employees and are secured against vehicles, properties, outstanding balance of provident fund and retirement dues of the relevant employees. In addition, the Group obtains guarantees by two employees against each disbursement on account of loans and these are up to the extent of loans outstanding as at the date of default. The guarantor will pay the outstanding amount if the counter party will not meet their obligation, however no such instances has occured.

The Group actively makes recovery of these loans and the Group does not expect these employees will fail to meet their obligations hence no impairment allowance is made.

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 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 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. 19.3.

Aging of trade debts is as follows:

	Note	2016	2015
		Rupees (000s)	
1 to 6 months		2,621,915	2,064,983
6 months to 1 year		158,242	71,558
1 year to 3 years		6,625	15,532
	19	2,786,782	2,152,073

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

Other receivables

The Group believes that no impairment allowance is necessary in respect of receivables that are past due. The Group actively monitors and pursues for the recovery and the Group expects that the recovery will be made soon and can be assessed by reference to Note no. 21.

Bank balances

The Group limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating.

The bank balances along with credit ratings are tabulated below:

	Note	2016	2015
		Rupees (000s)	
AAA		44,724	27,625
AA+		70,251	19,820
AA		18,693	24,789
A+		554	47,633
A		45,830	896
A-		205	3,105
AA-		411	818
	23	180,668	124,686

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

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

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.

39.3 Liquidity risk

Liquidity risk represents 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 Note no 38.

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, 2016, the Group has Rs. 15,842 million (2015: Rs. 15,842 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 2,975 million (2015: Rs. 7,004 million) and also has Rs. 339.666 million (2015: Rs. 135.952 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

39.4 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, 2016 and 2015 were as follows:

	2016	2015
	Rupees (000s)	
Total borrowings	17,984,497	11,959,914
Cash and bank	(339,666)	(135,952)
Net debt	17,644,831	11,823,962
Total equity	8,981,011	7,382,359
Total equity and debt	26,625,842	19,206,321
Gearing ratio (%)	66	62

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.

40 FAIR VALUES

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

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

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 Inputs are unobservable, inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

As at 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 of the fair value hierarchy.

41 PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2016	2015
		Un-audited	Audited
Size of the fund - Total assets (Rs. (000s)		851,930	730,476
Cost of investments made (Rs. (000s)		721,812	618,699
Percentage of investments made		84.73%	84.70%
Fair value of investments (Rs. (000s)	41.1	777,547	682,703

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

	2016		2015	
	Rupees (000s)	Percentage	Rupees (000s)	Percentage
	Un-audited		Audited	
Shares in listed companies	78,014	10.03%	77,530	11.37%
Government securities	437,017	57.05%	413,663	60.64%
Debt securities	130,650	16.80%	85,698	12.56%
Mutual funds	63,509	8.17%	74,083	10.88%
Balance in saving accounts	68,357	8.79%	31,729	4.55%
	777,547	100.84%	682,703	100%

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

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2016

42 EVENT AFTER BALANCE SHEET DATE

The Board of Directors of Gul Ahmed Textile Mills Limited in its meeting held on October 1, 2016 has declared dividend of Rs.1 per share i.e 10% of paid up capital. The Gul Ahmed Holdings (Private) Limited has relinquished its right to dividend.

Through the Finance Act, 2015, income tax has been levied at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital unless the company distributes cash dividend equal to at least 40% of its after tax profits or 50% of paid up capital, which ever is lower, within six months of the end of the said tax year. Since the Board of Directors has paid/ recommended interim and final cash dividend for the year ended June 30, 2016, which exceeds the above stated limits, hence there will be no tax liability.

43 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 15,313 (2015: 13,422) and average number of employees during the year were 12,724 (2015: 12,937).

44 DATE OF AUTHORIZATION

These Consolidated Financial Statements were authorized for issue on October 01, 2016 by the Board of Directors of the Holding Company.

45 GENERAL

45.1 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except that deferred tax asset of Rs. 3.194 million pertaining to an indirect subsidiary, which was due to oversight offset against deferred tax liability of the Holding Company in the preceding periods, have been presented as a deferred tax asset.

45.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

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- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

Definitions and Glossary of Terms

Definitions

Profitability Ratios
Profitability Ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Liquidity Ratios
Liquidity ratios determine the Company's ability to meet its short-term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

Turnover Ratios
Turnover ratios evaluate the operational efficiency of the Company to convert inventory and debtors into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

Investment/Market Ratios
Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the company's ability to generate profits.

Capital Structure Ratios
Capital Structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.

Glossary of terms

AGM	Annual General Meeting
BCI	Better Cotton Initiative
BCP	Business Continuity Planning
BOD	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNIC	Computerised National Identity Card
CPEC	China Pakistan Economic Corridor
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
EBITDA	Earnings Before Interest, Tax, Depreciation, and Amortisation
EOBI	Employees Old Age Benefit Institution
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ETP	Effluent Water Treatment Plant
FDI	Foreign Direct Investments
FY	Fiscal Year
FZC	Free Zone Company
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GST	General Sales Tax
HSE	Health Safety and Environment
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICAP	Institute of Chartered Accountants Pakistan
ICMAP	Institute of Chartered Management Accountants Pakistan
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
IT	Information Technology
KIBOR	Karachi Inter Bank Offer Rate
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
LSM	Large Scale Manufacturing
MMBTU	Million British Thermal Units
MW	Mega Watts
NBFI	Non-Banking Financial Institution
NEQS	National Environmental Quality Standard
PAT	Profit after tax
PBT	Profit before tax
PESTEL	Political, Economical, Social, Technical, Environmental, Legal
PICG	Pakistan Institute of Corporate Governance
PKR	Pak Rupee
R&D	Research & Development
ROE	Return On Equity
SECP	Securities and Exchange Commission of Pakistan
SWOT	Strength, Weakness, Opportunity, Threat
USD	United States Dollar
WWF	Workers' Welfare Fund
YoY	Year on Year

Form of Proxy

I/We _____

of _____

being a member of Gul Ahmed Textile Mills Limited and holder of _____

Ordinary Shares hereby appoint _____

of _____

or failing him/her _____

of _____ another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 64th ANNUAL GENERAL MEETING of the Company to be held on October 31, 2016 or at any adjournment thereof.

1) Witness _____
Name _____
Address _____
CNIC No. _____

Signed by me this _____ day of _____ 2016

Signed _____

Affix Revenue
Stamp Rs. 5.00

2) Witness _____
Name _____
Address _____
CNIC No. _____

Folio No./CDC Account No. _____

Notes:

1. A member entitled to vote at the meeting may appoint a proxy. Proxies in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.

2. Proxies granted by shareholders who have deposited their shares into Central Depository Company of Pakistan Limited must be accompanied with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owners. Representatives of corporate members should bring the usual documents required for such purpose.

3. A proxy must be a member of the Company.

4. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

5. If the member is a corporate entity its common seal should be affixed to the proxy.

6. In case of CDC Account Holders, attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

پراکسی فارم

میں/ہم _____

کے _____

بحیثیت گل احمد ٹیکسٹائل ملز کا/ کے ایک ممبر اور _____ ہولڈر کے _____

عام شیئرز، _____ کمپنی کے ایک دوسرے ممبر کو 31 اکتوبر، 2016 کو منعقد ہونے والے یا ملتوی ہونے والے کمپنی کے چونسٹھویں سالانہ اجلاس عام میں

میری/ہماری _____ غیر موجودگی میں بطور میرا/ ہمارا پراکسی مقرر کرتا ہوں/کرتے ہیں۔

1) گواہ _____

نام _____

پتہ _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

اس پر میری طرف سے _____ دن کے _____ 2016

کو دستخط کیے گئے _____

5 روپے کی ریوینیو مہر
چسپاں کریں۔

2) گواہ _____

نام _____

پتہ _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____

نوٹس:

1۔ ممبر جو ووٹ ڈالنے کا حق دار ہے، وہ پراکسی مقرر کرسکتا ہے۔ پراکسیز کے مؤثر ہونے کے لیے ضروری ہے کہ وہ اجلاس شروع ہونے سے 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹر شدہ دفتر پر موصول ہو جائیں۔

2۔ شیئر ہولڈرز، جو اپنے شیئرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں جمع کروا چکے ہیں، ان کی طرف سے عنایت کردہ پراکسیز کے ساتھ بینیفیشل اونرز کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیوں کا ہونا ضروری ہے۔ کارپوریٹ ممبران کے نمائندے اس مقصد کے لیے درکار عمومی دستاویزات اپنے ہمراہ لائیں۔

3۔ پراکسی کو کمپنی کا ایک ممبر ہونا لازمی ہے۔

4۔ اگر کوئی ممبر ایک سے زائد پراکسی مقرر کرتا ہے اور کمپنی میں ایک سے زائد پراکسی کے دستاویزات جمع کرواتا ہے۔ ان دستاویزات کو غلط سمجھا جائے گا۔

5۔ اگر کوئی ممبر کارپوریٹ ادارہ ہے تو اس کی کامن سیل (Common Seal) پراکسی فارم پر لگی ہونی چاہئے۔

6۔ سی ڈی سی اکاؤنٹ ہولڈرز کی صورت میں، پراکسی فارم کے ساتھ بینیفیشل اونرز کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی فراہم کریں۔