

**GULSHAN SPINNING
MILLS LIMITED**

ANNUAL REPORT 2015

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COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Muhammad Akhtar Mirza (Chairman)
 Mr. Sohail Maqsood (Chief Executive)
 Mr. Muhammad Ashraf Khan
 Mr. Abid Sattar
 Mr. Iftikhar Ali
 Mr. Hussain Ather
 Mr. Muhammad Maqbool Anjum

AUDIT COMMITTEE

Mr. Hussain Ather (Chairman)
 Mr. Muhammad Maqbool Anjum
 Mr. Muhammad Akhtar Mirza

HR & REMUNERATION COMMITTEE

Mr. Iftikhar Ali (Chairman)
 Mr. Abid Sattar
 Mr. Muhammad Akhtar Mirza

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid

COMPANY SECRETARY

Mr. Muhammad Saleem Raza

AUDITORS

M/s. Baker Tilly Mehmood Idress Qamar
 Chartered Accountants
 Lahore.

LEGAL ADVISOR

Akhtar Javed-Advocate

TAX CONSULTANT

M/s. Sharif & Company-Advocate

SHARE REGISTRAR OFFICE

M/s. Hameed Majeed Associates (Pvt) Ltd.
 Karachi Chamber
 Hasrat Mohani Road Karachi
 Ph. 32424826, 32412754, Fax. 32424835

REGISTERED OFFICE

2nd Floor, Finlay House,
 I.I. Chundrigar Road,
 Karachi.

REGIONAL OFFICE

2nd Floor, Garden Heights,
 8Aibak Block, New Garden Town,
 Lahore.

MILLS

Unit-I Tibba Sultanpur, Dist. Vehari
 Unit-II Jumber Khurd Tehsil Chunnian Dist. Kasur
 Unit-III Warburton Dist. Nankana Sahib

WEB PRESENCE

<http://www.gulshan.com.pk/corporate/gulshan.html>

CORPORATE VISION / MISSION STATEMENT

Vision

We aim at transforming GSML into a complete Textile unit to further explore international market of very high value products. Our emphasis would be on product and market diversification, value addition and cost effectiveness. We intend to fully equip the Company to acquire pioneering role in the economic development of the Country.

Mission

The Company should secure and provide a rewarding return on investment to its shareholders and investors, quality product to its customers, a secured and environment friendly place of work to its employees and parent itself as a reliable partner to all business associates.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of **Gulshan Spinning Mills Limited** (the "Company") will be held at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Wednesday 31st January, 2018 at 11:00 A.M.**, to transact the following business:

1. To confirm the minutes of the last Annual General Meeting of the Company.
2. To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2015 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the next financial year 2015-2016 and fix their remuneration. The retiring Auditors M/s Baker Tilly Mehmood Idriss Qamar, Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the company.
4. To transact any other business with the permission of the Chairman.

By Order of the Board

Muhammad Saleem Raza
Company Secretary

Karachi:
January 10, 2018

NOTES:

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **24th January, 2018 to 31st January, 2018 (both days inclusive)**.
- 2- A member entitled to attend and vote at the general meeting may appoint any other member as proxy in writing to attend the meeting and vote on his/her behalf. Duly completed form(s) of proxy must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
- 3- CDC Account Holders are requested to bring with them their CNIC along with participant I.D & their account number at the time of meeting in order to facilitate identification. In case of corporate entity, a certified BOD resolution/valid power of attorney with specimen signature of the nominee be produced at the time of meeting.
- 4- Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

گلشن سپننگ ملز لمیٹڈ اطلاع برائے سالانہ مجلس عاملہ

اطلاع دی جاتی ہے کہ گلشن سپننگ ملز لمیٹڈ کی سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ 31 جنوری 2018 (بروز بدھ) 11:00 بجے صبح ہتھام سینڈ فورسٹ ہاؤس آئی آئی چندر رگھو رڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

- 1- چیکتہ سالانہ مجلس عاملہ کا اجلاس کے منٹس پر مندرجہ آد کا جائزہ لیا جائیگا۔
- 2- کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دورانیہ مالی سال 30 جون 2015 بعد از انٹریٹرز اور آڈیٹرز کی رپورٹس کو وصول کیا جائے گا۔ (انکی نقول بورڈ ارکان کو ہاتھی جائیں گی) اور ان میں موجود سفارشات، مشاہدات اعتراضات پر جائزہ فوراً اور فیصلہ کے جائیں گے۔
- 3- اگلے مالی سال 2015-2016 کے لئے کمپنی کے اڈیٹرز کو مقرر کیا جائے گا اور ان کی معاونت کا تعین کیا جائے گا۔ برخواست شدہ اڈیٹرز میسرز باقر علی محمود اور لیس قمر، چارٹرڈ اکاؤنٹنٹس نے اپنی کمپنی کو دوبارہ مقرر ہونے کے لئے پیش کیا ہے۔ ان کی درخواست پر فیصلہ کیا جائیگا۔
- 4- چیئرمین کی اجازت سے مزید کاروبار پانپانے کے امور کو نبھایا جائے گا۔

10 جنوری 2018ء لاہور

جاری کیا گیا گیا بذریعہ آرڈر رازاں بورڈ آف ڈائریکٹرز
محمد سلیم رضا (کمپنی سیکریٹری)

اہم اطلاع۔

- 1- کمپنی کے شیئرز انسٹریکٹس بند کر دیئے جائیں گے اور 24 جنوری 2018ء تا 31 جنوری 2018ء تک (بچ کے دنوں پھل کے دنوں کے لئے بھی) کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔
- 2- وہ رکن جو سالانہ مجلس عاملہ کا اجلاس ہوتے دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پرہ کسی مقرر کر سکتا ہے جو اس کے بدلے اس کی جگہ دوت دے۔ جس کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کا اجلاس سے 48 گھنٹے قبل متعلقہ فارم پر کسی فارم پر کر کے جمع کروانا ہوگا۔
- 3- سی ڈی سی شیئرز ہولڈرز سے گزارش ہے کہ وہ سالانہ مجلس عاملہ ایٹنگ میں ہوتے وقت اپنے اصل شناختی کارڈز پاسپورٹ پیش کریں۔ تاکہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈز پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کا پوریت کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کا حقیقتاً قابل قبول معیار نامہ جس میں معیار دہندہ اور نمائندے کے مقرر کنندہ کے specimen متعلقہ ثابت ہوں پیش کیا جائے۔
- 4- ارکان سے گزارش ہے کہ وہ اپنے کسی بھی موقع پر پید کی تبدیلی کی صورت میں میسرز حمید مجید ایب ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیئیر، حسرت موہانی روڈ کراچی کے شیئرز رجسٹرار کو فوری طور پر آگاہ کریں۔

DIRECTOR'S REPORT TO SHAREHOLDERS

The Directors of your Company are pleased to place their report together with the Auditor's Report and audited Financial Statements of the Company for the year ended June 30, 2015 at the Annual General Meeting of Company.

Overview

The year under review has also been proved difficult period. Severe energy crises coupled with on-going financial impediments have obstructed the utilization of production capacities. The root cause for this underutilization had been non-availability of working capital facilities which were blocked by the banks/financial institutions unilaterally, and resultantly the Company could not efficiently purchase sufficient raw material to run the installed capacities at optimum level. This hindered the Company's plan to achieve the desired production targets which badly affected our sales turnover as well as profitability of the Company. In spite of the ongoing adverse eventualities the Management is making all possible efforts to keep the Mills of the Company operational.

The debt amortization profile, higher interest cost and associated liquidity problems have forced the Company to initiate restructuring of its debt obligations subject to reconciliation of financial obligations to ensure continued timely discharge of its commitments to its lenders. The Company has initiated the debt restructuring process with the help of the key lending financial institutions. In this regard leading law firm has been appointed as transaction lawyer and restructuring plan/terms are in process of finalization and majority of financial institutions have agreed in principle to the restructuring process. Once achieved it would improve the company's financial health and liquidity of the Company.

The Management is conscious of the issues that are affecting our operations and are committed to plans to turn Company into profitable entity by implementing the restructuring process for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers.

Operating & Financial Performance

Operating indicators	2015	2014
	(Rupees)	(Rupees)
Sales	24,761,805	991,069,459
Cost of goods sold	419,292,312	1,323,592,067
Financial cost	12,174,790	6,661,350
Pre tax Loss	(498,146,217)	(208,802,457)
Provision for taxation	(81,019,879)	(6,057,046)
Loss after taxation	(417,126,338)	(202,745,411)

Future Outlook

The Company's Management in order to offset the effect of increased power cost and Rupee devaluation is trying hard to utilize the production capacity to its optimum level.

The high cost of production resulting from higher cotton prices, rising energy costs, increasing prices of imported inputs due to depreciation of Pakistani rupee, double digit inflation, and prolonged power cuts are

DIRECTOR'S REPORT TO SHAREHOLDERS

posing serious threats to textile sector. On these fronts the situation is expected to remain volatile in the future.

This impediment is expected to be over in near future as the restructuring process is expected to be completed soon and this would result in better utilization of production capacities. Once the ongoing reconciliation & restructuring process is completed, we would be in better position to embark upon timely better priced procurement of the required raw materials.

Subsequent to the restructuring and other proposed measures mentioned above, the Management of your Company envisages for the continuing operations of the Company. With positive impact on finance costs, reduced costs, more effective management of resources and raw material procurement, the Company is expected to operate profitably, subject to impact, if any, of uncontrollable external circumstances including power crises and global market conditions.

Auditors' Observations

Auditors' Observation regarding going concern, the Management has approached the banks/financial institutions for speed up the process of negotiations and finalization of financial restructuring of its debts and is confident that outcome will be positive. It is worth noting that restructuring process is at advance stage and in this respect majority of the banks/financial institutions have agreed in principle to it. A Scheme of Arrangement by the Creditors is in process of finalization with the banks which is being drafted by the Transaction Lawyer and after its approval from Honourable Sindh High Court, a syndicated restructuring agreement is proposed to be executed between the Company and respective banks. According to restructuring terms all ongoing litigations by or against the Company will be withdrawn by the respective parties.

The Management is making utmost efforts to recover from the present financial crises and has made its best and maximum possible efforts to come out from the prevailing misfortunes. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations, effective utilizations of natural resources and raw materials. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.

Due to pending litigation in the High Court against the Company for recovery of amount, the Company has not provided accrued mark-up in these accounts. Consequently banks/financial institutions have not confirmed the amounts which are already disputed by the Company.

The Company is very hopeful that with reconciliation of amounts, release of security in post re-profiling scenario, the financial health of the Company will be improved which will enable the Company to purchase cost effective timely raw material, manage the resources properly, combat the pressures of local and global market and tackle with energy crises.

Value of investment in Gujranwala Energy Limited (GEL) under equity method has been determined based on the unaudited financial statements of GEL. GEL was unable to complete its audit due to non appointment of CEO by Energy Infrastructure Holding (Pvt) Ltd (EIHPL), which is 50% shareholder in GEL was required to nominate the CEO for GEL, however, the same was not nominated by EIHPL for several years despite reminders to EIHPL by GEL as a result of which GEL was unable to complete its audit.

Corporate Governance

Your Company has been complying with the rules & regulations of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

Board meetings and attendance

Four (4) meetings of the Board of Directors were held and attendance thereof by each director is as follows:

Name of Director	No of meeting attended
Mr. Tanveer Ahmed	4
Mr. Riaz Ahmed	4
Mr. Sohail Maqsood	4
Mr. Hussain Ather	4
Mr. Iftikhar Ali	4
Mr. Muhammad Shafiq (Resigned 01/01/2015)	0
Mr. Muhammad Maqsood –ul-haq (Appointed 01/01/2015)	2
Mr. Muhammad Yousaf	4

Leaves of absence were granted to the members who could not attend the meetings.

DIRECTOR'S REPORT TO SHAREHOLDERS

Earnings/(Loss) Per Share

The loss per share of the Company for the period ended June 30, 2015 was Rs. (18.77) as compared to the previous year of Rs. (9.12)

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2015.

Corporate Social Responsibility

Your company is responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

Web presence

Annual and periodical financial statements of the Company are also available on the Company website www.gulshan.com.pk for information of the shareholders and others.

Related Party Transactions

The transactions between the related parties were made at Arm's Length prices determined in accordance with the "comparable uncontrolled price method". The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of stock exchanges in Pakistan.

Trading in Company's Shares

During the year under review the trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children is as follows:

Name	Opening Balance as on 01.07.2014	Purchases	Sales	Closing Balance as on 30.06.2015
Mr. Maqsood -ul-Haq	NIL	500	NIL	500
Mrs. Naureen Tanveer	926,597	7,949	NIL	934,546

Statement on Value of Staff Retirement Benefit

As on June 30, 2015 deferred liability for gratuity is Rs. 23,299,607/-

Auditors

Messrs Baker Tilly Mehmood Idress Qamar, Chartered Accountants being eligible have offered themselves for re-appointment. The Audit Committee has also recommended their appointment as External Auditors of the Company for the next financial year 2015-2016.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2015 including the information under the code of corporate of governance is annexed.

Acknowledgement

Finally, the Board avail this opportunity to thank our valued customers and financial institutions whose faith and support over the years has fostered a mutually beneficial relationship which played a pivotal role in improving our products services and contributions to the economy.

The Board also wishes to place on record its appreciation for the employees members of management team for their efforts, commitment and hard work and to the shareholders for the trust and confidence reposed in it.

On behalf of the Board


SOHAIL MAQSOOD
CHIEF EXECUTIVE

Lahore
December 29, 2017

گلشن سپننگ ملز لمیٹڈ

شیڈولرز رزلٹوں کی ڈائریکٹرز کی رپورٹ

گلشن سپننگ ملز لمیٹڈ کی سالانہ رپورٹ کے ساتھ منسلک ہے یہ رپورٹ زبردستی کوئی مالی سال 30 جون 2015ء کو پیش کیا گیا ہے۔

مجموعی جائزہ۔

زیریں درجہ میں مذکور ہونے والی مشعلیں اس وقت ہوتی ہیں جو ان کے ساتھ ساتھ ان کے ذرائع کی عدم دستیابی نے پیداوار میں سلاخیوں کے استعمال میں رکاوٹ ڈالنے لگی۔

اس کے علاوہ ان کے ساتھ ساتھ ہونے والی مشعلیں اس وقت ہوتی ہیں جو ان کے ساتھ ساتھ ان کے ذرائع کی عدم دستیابی نے پیداوار میں سلاخیوں کے استعمال میں رکاوٹ ڈالنے لگی۔

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2014	2015	ہزار روپے میں
991,069,459	24,761,205	نقد
1,323,597,067	419,292,312	نقد کے علاوہ ہونے والے اثاثے (خرچا)
6,661,35	12,174,790	موجودگی
(208,802,457)	(498,146,217)	نقد کے علاوہ ہونے والے اثاثے
(6,057,046)	(81,019,979)	نقد
(202,745,411)	(417,126,338)	نقد کے علاوہ ہونے والے اثاثے

مستقبل کی تصویر کشی مندرجہ ذیل ہے۔

ان کے ساتھ ساتھ ہونے والی مشعلیں اس وقت ہوتی ہیں جو ان کے ساتھ ساتھ ان کے ذرائع کی عدم دستیابی نے پیداوار میں سلاخیوں کے استعمال میں رکاوٹ ڈالنے لگی۔

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تین مہینوں کے عرصے میں تقریباً 100 کروڑ روپے کی امید رکھتے ہیں کیونکہ باہمی قرضوں کے حصول کی منصوبہ بندی جلد از جلد اپنے تکمیل کے مراحل میں ہے۔ اور پھر قرضوں کے حصول کے لئے پیرا واری صلاحیتوں سے

کامیابی کے حصول کی نگرانی کی جائے گی۔

مطلوبہ قرضوں کے حصول کی نگرانی کے لئے کمپنی کی طرف سے طویل المدت اور اہم اقدامات کو مکمل کرنا جاری ہے۔ اور کمپنی پیرا واری آلات میں کمپنی اور مارجن میں اضافی پراپیٹی کو چھوڑ کر رکھے ہوئے ہے۔

مطلوبہ قرضوں کے حصول کے لئے کمپنی کی طرف سے طویل المدت اور اہم اقدامات کو مکمل کرنا جاری ہے۔ اور کمپنی پیرا واری آلات میں کمپنی اور مارجن میں اضافی پراپیٹی کو چھوڑ کر رکھے ہوئے ہے۔

مطلوبہ قرضوں کے حصول کے لئے کمپنی کی طرف سے طویل المدت اور اہم اقدامات کو مکمل کرنا جاری ہے۔ اور کمپنی پیرا واری آلات میں کمپنی اور مارجن میں اضافی پراپیٹی کو چھوڑ کر رکھے ہوئے ہے۔

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کارپوریٹ گورننس

آپ کی کمپنی بیکور نیو اور ایچ ایچ کمپنیز آف پاکستان کے قوانین پر بہر صورت عمل ہے اور اسکے مطابق اپنے داخلی مالی و دیگر معاملات کے کنٹرول کی پالیسی کو بہتر طریقے سے پہلے سے زیادہ سختی سے اور توازن کے ساتھ نافذ

کیا گیا ہے۔

بورڈ ممبران اور حاضر لوگ

نام ڈائریکٹر	مینگ میں حاضری
تومیر احمد (بیٹا) شہدہ مورچہ 6 جنوری 2015)	4
رشید احمد	4
آسین مقصود	4
انجمن	4
مقبولہ (اتق 01/01/2015)	2
محمد شعیب (مستغنی شہدہ مورچہ 01.01.2015)	0
آسین احمد	4
محمد یوسف	4

جو ارکان شامل ہونے سے قاصر تھے ان کی حاضری سے چھین منظور کی گئی۔

آؤت کمپنی

حکومت کی طرف سے جاری کردہ ضابطہ پرنٹل پیر اوٹے کمپنی کے بورڈ آف ڈائریکٹرز نے ایک آؤت کمپنی جو بورڈ کے 3 ڈائریکٹرز ارکان پر مشتمل ہے تشکیل دی اور ان آؤت کمپنی کے ارکان نے آؤت کمپنی کے اجلاس میں شرکت کی جن میں تفصیل درج ذیل ہے۔

رکن کا نام	مینگ میں شرکت کی تعداد
آسین احمد	4
آسین مقصود	4
محمد شعیب (مستغنی شہدہ مورچہ 01.01.2015)	0
مقبولہ (اتق 01/01/2015)	2

انسانی وسائل اور ان کے معاوضے کی کمپنی

حکومت کی طرف سے جاری کردہ ضابطہ پرنٹل پیر اوٹے جو کمپنی کے بورڈ آف ڈائریکٹرز نے ایب انسانی وسائل اور ان کے معاوضے کی کمپنی تشکیل دی اور ان ارکان کی تفصیل لف رپورٹ ہذا ہے۔

انٹرنل آؤت کا طریقہ کار (فرائض)

بورڈ آف ڈائریکٹرز نے مناسب اور موثر داخلی مالی کنٹرول سسٹم بنایا ہے اور اس پر عمل پیرا ہیں جس میں آپریشنز، فنانس اور کمپنی کے کاروباری معاملات سے متعلق حکمت عملی پر مناسب طریقے سے عملدرآمد بنایا جاسکتا ہے۔ کمپنی کے ذمہ داروں کے متنازعہ معاملے کو حل کیا جائے۔ انٹرنل آؤت کی سفارشات اور مشاہدات کو آؤت کمپنی نے نظر ثانی کی اور جہاں پر ضروری سمجھا انہوں نے وہی گئی سفارشات اور مشاہدات کی روشنی میں مناسب کارروائی کی۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے فریم ورک

کارپوریٹ گورننس کے ضابطے، ضابطہ ڈائریکٹرز کو بخوش اسلوبیہ مندرجہ ذیل امور سرانجام دینے ہوں گے۔

- 1- کمپنی انتظامیہ کی طرف سے جو مالی امور کا بیان پیش کیا جائے گا وہ کمپنی کے مالی امور کا اصل اور سچے پیرے کی عکاسی کرے اور کمپنی کے آپریشن کے نتائج کا حاصل منافع، نقصان، پیش فلو اور ایکویٹی میں تبدیلیاں کی صحیح ترمیمی ترمیمی اور کی کرے۔
- 2- کمپنی کے آؤت کمپنی کی مناسب تیاری اور کچھ بحال کرے۔
- 3- مناسب اور صحیح حکمت عملی کی تیاری اور اسکی روشنی میں مالی امور کے بیان اور مالی ترمیمہ جانے کی تیاری اور اس سلسلہ میں معتدل اور آئندہ ان فیصلے کئے جائیں۔
- 4- بین الاقوامی اکاؤنٹس سیکرٹری کے ذریعہ پانچ ماہ میں اکاؤنٹس کے مطابق مالی امور کا بیان تیار کیا جائے۔
- 5- اندرونی مالی کنٹرول سسٹم اور مشورہ بورڈ کا نفاذ کامن سب مانیٹرنگ سسٹم موجود ہو۔
- 6- بورڈ کے ڈائریکٹرز کو مالی امور کے بیان کے پیرا 1-3 میں کئے گئے ضابطے کے سلسلہ میں کسی قسم کی کوئی خلاف ورزی نہ ہو۔

- 7- کارپوریٹ گورننس کے سلسلہ میں بہترین طریقوں کو اختیار کیا جائے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔
- 8- ٹرشیز 6 سالوں کا آپریٹنگ اور مالی امور کا کلیدی ذیلیانف ہوا ہے۔
- 9- سیکورٹی، یوٹیو، محصولات اور دیگر چارجز کی مد میں کوئی اضافی یا غیر قانونی ادائیگیاں نہیں کی گئیں۔
- 10- حالیہ مالی سال کے اختتام پر جو بیننس شیٹ اور ڈائریکٹرز رپورٹ پیش کی گئی اسکے مطابق کمپنی کی مالی پوزیشن کے مواد میں کسی قسم کی کوئی کلیدی یا بنیادی تبدیلی نہیں کی گئی جو ایک کمپنی کی مالیاتی صورتحال کو متاثر کرنے والے ان کے جو مالی امور کے بیان میں اشکار کی گئیں۔

نفع / نقصان برعکس شہرت کی قیمت

برعکس شہرت کی حالیہ قیمت، کمپنی کا نقصان برائے اختتامی دورانیہ 30 جون 2015، فی شیئر (77:18) روپے ہے جو کہ پچھلے سال (12:9) روپے فی شیئر تھا۔

منافع

متنازعہ، ہالڈنگز، اور دیگر روٹھی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ 30 جون 2015 کے لئے کسی منافع کی۔ غماش نہیں کی ہے۔

ضابطہ اخلاق

کمپنی ہذا کے ڈائریکٹرز، ملازمین، فراڈ، ضابطہ اخلاق کے بارے میں تیار آگاہ اور متعارف کروایا گیا ہے۔

کارپوریٹ گورننس اور سماجی ذمہ داری

آپ کی کمپنی کارپوریٹ گورننس اور سماجی ذمہ داریوں کو مددگار بنانے کے لئے ایک جامع پالیسی کو اپنایا ہے اور اس پر عمل پیرا ہے۔

ویب / سماجی رابطہ کے ذرائع پر موجودگی

کمپنی کی سالانہ رپورٹ اور مالی امور کا بیان کمپنی کی ویب سائٹ www.gulshan.com.pk شیئرز ہولڈرز اور دیگر ان کی آگاہی کے لئے موجود ہے۔

متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین کو آزادانہ قیمت کے قانون کے مطابق کیا جاتا ہے جو کہ "کمپنیز ان کنٹرولڈ پرائس میٹھڈ" کے مطابق طے شدہ ہے۔ کمپنی ہذا کارپوریٹ گورننس کے بہترین طریقوں کو اختیار کرنے والے ہے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے۔

کمپنی کے شیئرز کی ٹریڈنگ

زیچانز سال میں چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی سیکرٹری، ڈائریکٹرز اور ان کی ازواج / خاندان اور بچوں کی طرف سے کمپنی کے شیئرز کا کاروبار کیا گیا جس کی تفصیل درج ذیل ہے۔

نام	اوپننگ ہیلڈنگ 01.07.2014	خریداری	فروخت	کلوزنگ ہیلڈنگ 30.06.2015
متصورہ اختر	کوئی نہیں	500	کوئی نہیں	500
نورین تنویر	926,597	7,949	-	934,546

عملہ کے ریٹائرمنٹ کے پیفٹ کی قیمت کا بیان۔

دورانیہ برائے مورخہ 30 جون 2015؛ غیر ڈائیلیٹی برائے رجب پٹی کی رقم 23,299,60 روپے مختص کی گئی ہے۔

آڈیٹرز

میسرز قمر علی محمود، اور نیس قمر، چارڈز اکاؤنٹنٹس نے اپنی کمپنی دوبارہ مقرر کرنے کی پیشکش کی ہے اور آڈٹ کمپنی نے بھی ان کو بطور کمپنی کی بیرونی آڈیٹرز برائے اگلے مالی سال 2015-2016 کی تعیناتی کی۔ غماش منظوری کی ہے۔

شیئرز ہولڈنگ کا بیورن

ضابطہ برائے کارپوریٹ گورننس کے مطابق 30 جون 2015 کا شیئرز ہولڈنگ کا بیورن لف رپورٹ ہوا ہے

تحقیقی اعترافات

آخر میں ہم اس موقع کو فائدہ مند بنانے کے لیے اس میں اپنے سسرز اور مالی ادارے، بینکاروں کا شکریہ ادا کرتے ہیں جو کہ انہوں نے کئی نئی ترقی اور نشوونما کے لئے مسلسل حمایت اور تعاون کیا اور ہم امید کرتے ہیں کہ اس جذبے سے کئی نیا اور بہتر کام سامنے آئے گا۔

ہم اپنے جاب سے رٹائر ہو کر، اور ریٹائر ہو کر، دیگر مینے اور کاموں کا بھی شکر ادا کرتے ہیں جنہوں نے اس تمام عرصہ میں سخت محنت اور لگن سے کام کیا اور ہم آمد و سال میں بھی اس لگن اور محنت کی امید رکھتے ہیں تاکہ ہماری کئی نئی چیزیں سامنے آ سکیں اور وہ نئے نئے کاموں کو جنم دے سکیں۔

آخر میں (یعنی باقی آخری لائن) انکشافیہ پروگراموں کی طرح اس دفعہ بھی پھر پتہ چلے گا اور رہنمائی کا شکریہ ادا کرتے ہیں جو ہماری کئی نئے کاموں کی زبردست منصوبہ بندی، بہتر رہنمائی اور مقاصد کا تعین کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے
 م. انصاری
 چیف ایگزیکٹو

29.12.2017ء

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the board of Director of Gulshan Spinning Mills Limited ("the Company") for the year ended June 30, 2015 to comply with the requirement of Listing Regulations No. 35 of the Pakistan Stock Exchange Limited (formerly Karachi and Lahore Stock Exchanges) 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, to highlight any non-compliance with the requirements 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 the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statements on internal control covers all risks and control or to form 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 of Directors for their review and approval of 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 and recording of proper jurisdiction for using such alternate prices mechanism. We are only required and have ensured compliance of this requirements to the extent of the approval of the related party transactions by the Board of Director 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.

Following instances of non-compliance with the Company with the requirements of the Code were observed which are not stated in the Statement of compliance:

- i. During the year, no of director of the Company has obtained certification under director training program as required by clause (xi) of the Code.
- ii. No mechanism for annual evaluation of the Board's own performance has been put in place as required by sub-clause (e) of the clause (iv) of the Code. Subsequent to the year end, the Board discussed and agree on the process of evaluation based on which it's evaluation would be completed in the ensuring year.
- iii. Although the Company has prepared a "Code on Conduct", however the Company has not taken appropriate steps to disseminate it throughout the company along with it supporting policies and procedures.
- vi. The Company has not filed secretarial Compliance Certificate with the registrar of the Companies as required by clause (xxii) of the Code.

Based on our review, except for the above transactions of non-compliance, nothing has come to our attention causes to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

BAKER TILLY MEHMOOD IDREES QAMAR

Chartered Accountants

Name of Engagement Partner: Bilal Ahmed Khan

Lahore

Date: December 29, 2017

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Gulshan Spinning Mills Limited** (the Company) as at June 30, 2015 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, except for the matter stated in paragraph (c) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes 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 a 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) as described in note 1.3 to the financial statements, the financial statements have been prepared on going concern basis. The Company has accumulated loss of Rs. 2,765.06 million as at June 30, 2015, shareholder's equity is negative by Rs. 2,177.81 million and as of that date the Company's current liabilities exceed its current assets by Rs. 5,020.53 million. The company is facing operational and financial problems. Further, various banks and financial institutions have filed recovery suits against the Company as detailed in note 29.1.1 to the financial statements and the ultimate outcome of these suits cannot presently be determined because these matters are pending before various courts. These events indicate a material uncertainty that may cause significant doubt on the Company's ability to continue as a going concern and therefore the going concern assumption used in the preparation of these financial statements is inappropriate.
- (b) mark-up / interest on long term finances, lease finances and short term borrowings to the extent aggregating Rs. 1,168.26 million, including balance of Rs. 330.44 million for the current year, has not been accrued in these financial statements, thereby reducing loss for the current year by Rs. 330.44 million and reducing shareholders' equity and current liabilities by Rs. 1,168.26 million as fully detailed in note 26.2 to the financial statements.
- (c) we have not received year end confirmation certificates from banks and financial institutions in respect of bank balances aggregating Rs. 13.29 million (note 17.2) and short-term borrowings aggregating Rs. 2,75.90 million (note 27.3) and long-term finances from banking companies aggregating Rs. 204.88 million (note 22 and 28). No confirmations have been received in respect of lease deposits (note 8), liabilities against assets subject to finance lease (note 23 and 28), payables against overdue letters of credit (note 25.1), and accrued mark up / interest (note 26 and 14). Further year end bank statements from various banks and financial institutions in respect of bank balances and short term borrowings were also not available.
- (d) value of investment in Gujranwala Energy Limited under equity method as at June 30, 2015 and June 30, 2014 was based on the un-audited financial statements (note 7.2).
- (e) in our opinion, except for the matters detailed in aforementioned paragraphs (a) to (d) proper books of account have been kept by the Company as required by the Companies Ordinance, 1984.
- (f) in our opinion:
 - (i) Except for the matters detailed in aforementioned paragraphs (a) to (d) 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 in agreement with the books of account and are further in accordance with 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 expenditures incurred during the year were in accordance with objects of the Company.
- (g) in our opinion, because of the significance of the matters discussed in paragraph (a) to (d) above, the financial statements do not present fairly the financial position of the Company as at June 30, 2015 and of its financial performance, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan and requirements of the Companies Ordinance, 1984.
- (h) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XXIII of 1980).

BAKER TILLY MEHMOOD IDREES QAMAR

Chartered Accountants

Name of Engagement Partner: Bilal Ahmed Khan

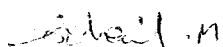
Lahore

Date: December 29, 2017

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,257,518,874	3,709,851,590
Long-term investments	7	95,352,143	92,044,601
Long-term deposits	8	8,476,563	8,666,608
		2,361,347,580	3,810,562,799
CURRENT ASSETS			
Stores, spare parts and loose tools	9	32,182,526	34,781,969
Stock-in-trade	10	310,880,051	625,036,858
Trade debtors	11	70,620,264	137,758,235
Loans and advances	12	81,150,391	32,194,115
Trade deposits and short-term prepayments	13	7,889,543	6,448,651
Accrued mark-up / interest	14	72,878,394	67,862,517
Short-term investments	15	-	9,014,190
Other receivables	16	15,101,999	15,288,764
Cash and bank balances	17	13,405,672	11,490,658
		604,108,840	939,875,957
		2,965,456,420	4,750,438,756
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	222,250,380	222,250,380
Reserves	19	272,000,000	272,000,000
Accumulated losses		(2,765,062,954)	(2,390,322,759)
		(2,270,812,574)	(1,896,072,379)
Surplus on revaluation of property, plant and equipment			
	20	997,238,443	1,963,790,345
Sub-ordinate loan			
	21	250,000,000	250,000,000
NON-CURRENT LIABILITIES			
Long-term financing	22	-	71,896,635
Liabilities against assets subject to finance lease	23	-	-
Deferred liabilities	24	364,370,612	884,906,999
		364,370,612	956,803,634
CURRENT LIABILITIES			
Trade and other payables	25	660,957,435	588,896,543
Accrued mark-up / interest	26	13,031,243	2,518,511
Short-term borrowings	27	2,735,000,374	2,738,951,309
Current portion of non-current liabilities	28	204,878,250	133,989,673
Provision for taxation		10,792,637	11,561,120
		3,624,659,939	3,475,917,156
CONTINGENCIES AND COMMITMENTS			
	29	-	-
TOTAL EQUITY AND LIABILITIES		2,965,456,420	4,750,438,756

The annexed notes from 1 to 47 form an integral part of these financial statements.



SOHAIL MAQSOOD
Chief Executive

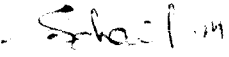


M. AKHTAR MIRZA
Director

GULSHAN SPINNING MILLS LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	30	24,761,805	991,069,459
Cost of sales	31	(419,292,312)	(1,323,592,067)
Gross loss		(394,530,507)	(332,522,608)
Distribution cost	32	(5,675,245)	(9,876,668)
Administrative expenses	33	(54,049,499)	(55,036,159)
Other expenses	34	(31,978,400)	(600,946)
		(91,703,144)	(65,513,773)
Loss from operations		(486,233,651)	(398,036,381)
Other income	35	9,422,856	197,665,900
Finance cost	36	(12,174,790)	(6,661,350)
		(488,985,585)	(207,031,831)
Share of loss from joint venture		(146,442)	(1,770,626)
Share of loss on short-term investment		(9,014,190)	-
Loss before taxation		(498,146,217)	(208,802,457)
Taxation	37	81,019,879	6,057,046
Loss after taxation		(417,126,338)	(202,745,411)
Loss per share - basic and diluted	38	(18.77)	(9.12)

The annexed notes from 1 to 47 form an integral part of these financial statements.

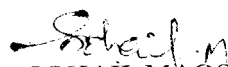

 SOHAIL MAQSOOD
 Chief Executive


 M. AKHTAR MIRZA
 Director

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Loss after taxation	(417,126,338)	(202,745,411)
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss		
Gain on re-measurement of staff retirement benefit - gratuity	-	6,012,886
Deferred tax relating to gain on re-measurement of staff retirement benefit - gratuity	-	(1,843,551)
	-	4,169,335
Total comprehensive loss for the year	(417,126,338)	(198,576,076)

The annexed notes from 1 to 47 form an integral part of these financial statements.


SOHAIL MAQSOOD
Chief Executive


M. AKHTAR MIRZA
Director

GULSHAN SPINNING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(498,146,217)	(208,802,457)
Adjustments for non-cash charges and other items:			
Depreciation		92,802,497	96,182,593
NRV loss on stock-in-trade		314,156,807	-
Provision for staff retirement benefits - gratuity		5,182,455	14,027,548
Finance cost		12,174,785	6,661,350
Loss on re-measurement of investment at fair value through profit or loss		9,014,190	600,946
Share of loss from joint venture		146,442	1,770,626
Interest income		(8,479,232)	(16,684,229)
Provision for doubtful debts		30,100,700	-
Gain on disposal of property, plant and equipment		(1,027,074)	(3,286,450)
Net exchange (gain) / loss		-	(23,651)
Gain on discontinuation of equity method on investment in an Associated Company		-	(179,671,570)
Cash flows before working capital changes		(44,074,647)	(287,225,294)
Net changes in working capital	39	61,487,203	390,666,003
Cash generated from operations		17,412,556	103,440,709
Interest received		9,370	5,133,006
Finance cost paid		(1,662,053)	(4,142,839)
Staff retirement benefits - gratuity paid		(9,797,429)	(28,878,662)
Income tax paid		(768,483)	(1,863,865)
Net cash from operating activities		5,193,961	73,688,348
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment against purchase of property, plant and equipment		-	(3,293,453)
Proceeds from sale of property, plant and equipment		1,490,000	2,331,664
Receipts against long-term deposits		190,045	-
Proceeds from sale of rights		-	3,500,000
Net cash generated from / (used in) investing activities		1,680,045	2,538,211
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from chief executive repaid		-	(504,862)
Long-term financing from related party		(323,950)	-
Long-term financing - net		(3,950,935)	71,896,635
Repayment of liabilities against assets subject to finance lease		(684,108)	(1,226,420)
Dividend paid		-	(3,389)
Repayment of short-term borrowings - net		-	(152,388,913)
Net cash used in financing activities		(4,958,993)	(82,226,949)
Net increase / (decrease) in cash and cash equivalents during the year		1,915,013	(6,000,390)
Cash and cash equivalents at the beginning of year		11,490,659	17,491,049
Cash and cash equivalents at the end of year	17	13,405,672	11,490,659

The annexed notes from 1 to 47 form an integral part of these financial statements.


SOHAIL MAQSOOD
Chief Executive


M. AKHTAR MIRZA
Director

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Reserves		Accumulated loss	Total	
	Share premium	General Reserve			
	Rupees				
Balance as at July 01, 2013	222,250,380	66,000,000	206,000,000	(2,245,164,142)	(1,750,913,762)
Surplus on revaluation of property, plant and equipment, realized during the year on account of incremental depreciation - net of tax	-	-	-	51,176,382	51,176,382
Effect of item directly credited in equity by an associated company	-	-	-	2,241,077	2,241,077
Total comprehensive loss for the year	-	-	-	(198,576,076)	(198,576,076)
Balance as at June 30, 2014	222,250,380	66,000,000	206,000,000	(2,390,322,759)	(1,896,072,379)
Surplus on revaluation of property, plant and equipment, realized during the year on account of incremental depreciation - net of tax	-	-	-	42,386,143	42,386,143
Total comprehensive loss for the year	-	-	-	(417,126,338)	(417,126,338)
Balance as at June 30, 2015	222,250,380	66,000,000	206,000,000	(2,765,062,954)	(2,270,812,574)

The annexed notes from 1 to 47 form an integral part of these financial statements.


SOHAIL MAQSOOD
Chief Executive


M. AKHTAR MIRZA
Director

GULSHAN SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1 LEGAL STATUS AND OPERATIONS

- 1.1** Gulshan Spinning Mills Limited ("the Company") was incorporated on June 13, 1979 as a public limited company in Pakistan under the Companies Ordinance, 1984. The shares of the Company are listed on stock exchanges at Karachi and Lahore (now Pakistan Stock Exchange Limited). The registered office of the Company is situated at 2nd Floor, Finlay House, E. I. Chundrigar Road, Karachi in the province of Sindh, Pakistan. Its main business is manufacturing and sale of yarn. The manufacturing units of the Company are located at District Kasur in the Province of Punjab.
- 1.2** The Board of Directors of the Company in its meeting held on April 05, 2011 approved the scheme of merger by amalgamation of the Company and Gulistan Spinning Mills Limited with and into Paramount Spinning Mills Limited along-with the approval of share swap ratio in relation thereto. The Company on orders of the Honourable High Court of Sindh called Extra Ordinary General Meeting on August 01, 2011 in which the said scheme was approved by shareholders of the Company. No Objection Certificates from its creditors and lenders are pending for the said matter to the date of these financial statements.

1.3 Going concern assumption

The Company has accumulated losses of Rs. 2.765 billion as at June 30, 2015 and as at that date its current liabilities exceed its current assets by Rs. 3.020 billion. This is mainly due to under utilization of capacity because of insufficiency of working capital lines. All the working capital lines and other finances have been blocked by respective banks and financial institutions due to litigations with these lenders as detailed in note 29.1.1 to the financial statements. These conditions along with other adverse key financial ratios and the pending litigations with the banking companies and financial institutions render the Company unable to operate its manufacturing facilities in normal manners. This indicates existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements, however, have been prepared under the going concern assumption due to following reasons:

(i) Restructuring/ rescheduling of existing debt/ loan facilities availed by the Company

The Company along with its restructuring agent (a leading bank) and a few other lending banks, had proposed an indicative term sheet to its lending financial institutions on June 28, 2013 in order to restructure the outstanding debt obligations of the Company. The proposed term sheet is still in the process of finalization. Once finalized, it will be signed by all parties and legal documentation will be executed to restructure outstanding debts of the Company. Salient features of this indicative term sheet are as follows:

- the existing facilities will be restructured and consolidated into a long-term finance facility and aggregate principal outstanding will be repaid over 9 years. The sponsors will inject equity amounting Rs. 400 million within one year of the effective date of debt restructuring through sale power generation units and/or the farm houses. Balance of the outstanding facility amount will be repaid in instalments over a period of 9 years in arrears on quarterly basis as per the agreed repayment schedule;
- total accrued and outstanding mark-up due/payable till June 30, 2015 by the Company to its existing lenders will be repaid starting immediately after the expiry of 9 years time period of principal repayment on quarterly basis over a 2 years period (accrued mark-up period); and

- mark-up rate shall be 5.00% per annum (referred as beginning tenor mark-up) for the first 2 years of repayment tenor, however, a mark-up of 0.5% per annum shall be paid by the Company during the first two years of the beginning tenor mark-up period; whereas the remaining differential mark-up amount i.e. 4.5% shall be accumulated and paid thereafter quarterly, starting immediately after the accrued mark-up period. For the remaining 7 years of the restructured facility, mark-up shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.
- (ii) the management has made arrangements whereby third party cotton is being processed against processing fee for utilization of unutilized capacity.
- (iii) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses. Such steps include, but not limited to, right sizing of the man power, resource conservation, close monitoring of other fixed cost et cetra.

The indicative term sheet as referred above, has not been agreed upon to date, by majority of the lending financial institutions. Despite this, the management optimistically anticipates that in future all lending institutions would agree the proposed term. hence, this proposed restructuring along with the above-mentioned steps will not only bring the Company out of the existing financial crisis, but also contribute significantly towards the profitability of the Company in the foreseeable future. Therefore, these financial statements do not include any adjustment that might result, should the Company not being able to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued/recoverable amounts, certain financial assets which are carried at fair values and staff retirement benefit which has been recognised at present value as determined by the management.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions

Effective from accounting period beginning on or after July 01, 2014

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets

Effective from accounting period beginning on or after January 01, 2014

IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting

Effective from accounting period beginning on or after January 01, 2014

The amendment allows the continuation of hedge accounting (under IAS 39 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

IFRIC 21 - Levies

Effective from accounting period beginning on or after January 01, 2014

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization **Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset.

IAS 27 (Revised 2011) - Separate Financial Statements **Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures **Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

IFRS 10 - Consolidated Financial Statements **Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.**

IFRS 11 - Joint Arrangements **Effective from accounting period beginning on or after January 01, 2015**

IFRS 12 - Disclosure of Interests in Other Entities - IFRS 11 - Joint Arrangements **Effective from accounting period beginning on or after January 01, 2015**

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral accounts
- IFRS 15 Revenue from Contracts with Customers

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows;

- (i) Estimate of useful lives, residual values of property, plant and equipment and recoverable values to account for impairment loss (note 5.1 and 5.17);
- (ii) Net realisable values of stores, spares and loose tools and stock-in-trade (notes 5.5 and 5.6);
- (iii) Provision for doubtful trade debtors (note 5.7);
- (iv) Provision for staff retirement benefit (note 5.11); and
- (v) Provision for taxation (note 5.13).

5 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless stated otherwise.

5.1 Property, plant and equipment - owned

Property, plant and equipment except for freehold land, factory and residential buildings, plant and machinery, electric installations, gas power generators and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount whereas factory and residential buildings, plant and machinery, electric installation and gas power generators are stated at revalued amounts less accumulated depreciation and impairment loss, if any.

Capital work-in-progress is stated at cost less impairment, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate assets, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation on assets is charged to income applying the reducing balance method at the rates stated in note 6.1 after taking into account residual values, if any. Depreciation on additions is charged from the month in which the assets become available for use, while on disposals depreciation is charged upto the month of deletion.

The depreciation method and useful lives of items of property, plant and equipment are reviewed at each reporting date and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future years.

Gains or losses on disposal or retirement of operating fixed assets are determined as the difference between the sale proceeds and carrying amount of assets and are included in the profit and loss account.

Surplus arising on revaluation of property, plant and equipment is credited to surplus on revaluation account. Valuations are performed frequently enough to ensure that the fair values of the of the revalued assets do not differ materially from their carrying amounts. The surplus on revaluation shall be held on the Balance sheet till realization in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of the asset.

5.2 Accounting for leases and assets subject to finance lease

Finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rates stated in note 6.1 applying reducing balance method

to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to income currently.

5.3 Investments

Investment in an associated company

Investments in associated companies are accounted for by using equity basis of accounting, under which the investments in associated companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the associated companies after the date of acquisition. The Company's share of profit or loss of the associated companies is recognised in the Company's profit or loss. Distributions received from the associated companies reduce the carrying amounts of investments.

Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associated companies arising from changes in the associated companies' equity that have not been recognised in the associated companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

Where Company's share of losses of associated companies equals or exceeds its interest in the associates, the Company discontinues recognising its share of further losses except to the extent that Company has incurred legal or constructive obligation or has made payment on behalf of the Associates. If the associates subsequently report profits, the Company resumes recognising its share of those profit only after its share of the profit equals the share of losses not recognised.

Investment held to maturity

Investment with fixed maturity that the management has the positive intent and ability to hold till maturity, are classified as 'held to maturity' and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Investment in joint venture

Joint venture are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint control entity is accounted for by using the equity method and is recognized initially at cost. The financial statements include the Company's shares of the income and the expenses and equity movements of equity accounted investees, after adjustment to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interests reduced to nil and the recognition of further losses is discontinued except of the extent that the Company as an obligation or made payments on behalf of the investee.

At fair value through profit and loss

Investments which are acquired principally for the purpose of selling in the near term exhibiting short-term profit taking are classified as investments are fair value through profit or loss. All transaction costs are recognised directly in profit and loss account. These are stated at fair value with any resulting gains or losses recognised directly in the profit and loss account.

5.4 Long-term deposits

These are stated at cost which represents the fair value of consideration given.

5.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost less provision for obsolescence. Items in transit are stated at cost comprising invoice value plus other charges thereon accumulated up to the reporting date.

5.6 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realisable value (NRV) except waste, which is valued at NRV. (Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale). Cost of raw materials, packing materials and components represent invoice values plus other charges paid thereon.

Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads.

Goods in transit are valued at cost comprising of invoice value plus other charges accumulated up to the reporting date.

5.7 Trade debtors and other receivables

Trade debtors are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

5.8 Short-term investment

Investments which are acquired principally for the purpose of selling in the near term exhibiting short-term profit taking are classified as investments at fair value through profit or loss. All transaction cost are recognised directly in profit and loss account. These are stated at fair value with any resulting gains or losses recognised directly in the profit and loss account.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks.

5.10 Interest / mark-up bearing loans and borrowings

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

5.11 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme covering all of its permanent employees who have completed minimum qualification period for entitlement to gratuity. Provision is made on the basis of actuarial valuation. The recent actuarial valuation was carried-out on June 30, 2014 using the "Projected Unit Credit Method".

The amount arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in the profit and loss account.

5.12 Trade and other payables

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

5.13 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current year's taxation is based on taxable income for the year at current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

Deferred

Deferred tax is recognized using the balance sheet method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date.

5.14 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, 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.

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and only disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

5.15 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes deposits, trade debtors, loans and advances, accrued mark-up / interest, short-term investments, other receivables, cash and bank balances, long-term finances, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up / interest and short-term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value: amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

5.17 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account and in case revalued assets are tested for impairment, then impairment loss up to the extent of revaluation surplus shall be recognised in revaluation surplus and remaining loss, if any shall be recognized in profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

5.18 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupee, using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognized in the profit and loss account

5.19 Revenue recognition

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

- Local sales are recognised on dispatch of goods to customers and export sales are recognised on bill of lading date.
- Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.
- Dividend income from the investments is recognised, when the Company's right to receive dividend has been established.
- Gain or loss on sale of investments is accounted for, when the commitment (trade date) for sale is made.

5.20 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

5.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

5.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

5.23 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

5.24 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance, 1984 (comparable uncontrolled price method) with the exception of loan taken from related parties which is interest / mark-up free.

	Note	2015 Rupees	2014 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	6.1	<u>2,257,518,874</u>	<u>3,709,851,590</u>

6.1 Property, plant and equipment

	OWNED										LEASED			Total
	Freehold Land	Factory buildings	Residential buildings	Plant & machinery	Electric installation	Gas power generator	Mills equipment	Office equipment	Furniture & fixtures	Vehicles	Plant & machinery	Vehicles		
Cost														
Balance as at July 01, 2013	324,384,000	717,049,866	137,432,425	2,122,224,957	159,198,939	271,222,362	105,988,068	18,529,402	22,015,174	26,957,563	221,173,227	22,038,165	4,147,325,148	
Addition during the year	-	-	-	444,450	2,318,003	-	498,000	33,000	-	-	-	-	3,293,453	
Disposal	-	-	-	-	-	-	-	-	-	(1,500,000)	-	(1,851,500)	(6,351,500)	
Balance as at June 30, 2014	324,384,000	717,049,866	137,432,425	2,122,686,407	161,516,942	271,222,362	105,586,068	18,556,402	22,015,174	25,457,563	221,173,227	20,186,665	4,147,267,101	
Balance as at July 01, 2014	324,384,000	717,049,866	137,432,425	2,122,686,407	161,516,942	271,222,362	105,586,068	18,556,402	22,015,174	25,457,563	221,173,227	20,186,665	4,147,267,101	
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposal	-	-	-	-	-	-	-	-	-	(560,000)	-	(1,669,000)	(2,229,000)	
Transfer / adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2015	324,384,000	717,049,866	137,432,425	2,122,686,407	161,516,942	271,222,362	105,586,068	18,556,402	22,015,174	24,897,563	221,173,227	19,517,665	4,145,038,101	
Depreciation														
Balance as at July 01, 2013	-	17,927,746	15,119,459	150,934,230	4,173,216	10,848,895	72,751,973	13,228,550	15,006,961	24,121,833	5,529,331	13,897,930	343,539,204	
Charge for the year	-	17,478,053	3,057,824	49,292,828	3,922,497	10,414,939	3,268,850	531,848	700,821	538,447	5,391,097	1,585,389	96,182,593	
Depreciation on disposal	-	-	-	-	-	-	-	-	-	(1,179,981)	-	(1,126,305)	(2,306,286)	
Balance as at June 30, 2014	-	35,405,799	18,177,283	200,227,058	8,095,713	21,263,834	76,019,923	13,760,398	15,707,782	23,480,279	10,920,428	14,357,014	437,415,511	
Balance as at July 01, 2014	-	35,405,799	18,177,283	200,227,058	8,095,713	21,263,834	76,019,923	13,760,398	15,707,782	23,480,279	10,920,428	14,357,014	437,415,511	
Charge for the year	-	17,041,102	2,981,379	48,061,484	3,833,531	9,998,341	2,956,615	479,600	639,739	395,457	5,256,320	1,165,930	92,802,497	
Depreciation on disposal	-	-	-	-	-	-	-	-	-	(490,844)	-	(1,275,233)	(1,766,074)	
Transfer / adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rate of depreciation	-	2.5%	2.5%	2.5%	2.5%	4	10%	10%	10%	20	2.5%	20%	-	
Balance as at June 30, 2015	-	52,446,901	21,158,662	248,288,542	11,931,244	31,262,175	78,976,538	14,239,998	16,338,521	23,384,895	16,176,748	14,247,711	528,451,934	
Written down value as at June 30, 2014	324,384,000	681,644,067	119,255,142	1,922,459,349	153,421,229	249,958,528	29,566,145	4,796,004	6,307,392	19,772,284	210,252,799	5,829,651	3,709,851,590	
Written down value as at June 30, 2015	324,384,000	664,602,965	116,273,763	1,874,397,865	149,585,698	239,960,187	26,609,531	4,316,404	5,676,633	1,512,668	204,996,479	4,269,954	3,616,586,167	
before impairment loss	-	66,490,297	58,136,882	937,198,933	74,792,849	119,983,993	-	-	-	-	102,498,240	-	1,359,067,293	
Impairment loss during the year (note 20.1.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Written down value as at June 30, 2015	324,384,000	598,142,669	58,136,882	937,198,933	74,792,849	119,980,093	26,609,531	4,316,404	5,676,633	1,512,668	102,498,240	4,269,954	2,257,518,874	

	Note	2015 Rupees	2014 Rupees
6.2 Depreciation charge has been allocated as follows;			
Cost of goods manufactured	31.1	90,048,793	92,826,088
Distribution cost	32	1,631,577	2,123,836
Administrative expenses	33	1,122,127	1,232,669
		<u>92,802,497</u>	<u>96,182,593</u>

6.3 Detail of vehicle disposed of during the year is as follows;

PARTICULARS OF ASSET	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	SALE PROCEEDS	LEASE DEPOSIT	GAIN	MODE OF DISPOSAL	PARTICULARS OF BUYER
Vehicles								
Suzuki Cultus	560,000	490,841	69,159	390,000	-	320,841	Negotiation	Hans Yaqoob Ex-Employee
Honda Civic	1,669,000	1,275,233	393,767	1,100,000	83,450	622,783	Negotiation	Gul Nawaz Ex-Employee
June 30, 2015	<u>2,229,000</u>	<u>1,766,074</u>	<u>462,926</u>	<u>1,490,000</u>	<u>83,450</u>	<u>943,624</u>		

6.4 Leased assets include plant and machinery at net book value of Rs. 102.498 million (2014: Rs. 210.252 million) and vehicles at net book value of Rs. 4.269 million (2014: Rs. 5.829 million), which have not been transferred to owned assets due to non-availability of relevant documents. Lease liability in respect of these assets has been fully repaid but due to litigations with financial institutions as detailed in note 29.1.1, lessors have not issued relevant supporting documents for transfer of the ownership of these assets.

6.5 The Company has revalued its freehold land, factory buildings, residential buildings, owned and leased plant and machinery, electric installation and gas and power generator on June 30, 2012. Had the property, plant and equipment been recognised under the cost model, the carrying amount of each revalued class of property, plant and equipment would have been as follows;

	Note	2015 Rupees	2014 Rupees
Owned			
Freehold land		14,878,943	14,878,743
Factory buildings		93,175,468	95,564,582
Residential buildings		63,257,201	64,879,181
Plant and machinery		580,275,600	595,154,461
Electric installations		50,546,851	51,842,923
Gas power generators		67,890,118	70,718,873
Leased			
Plant and machinery		71,245,575	73,072,385
		<u>941,269,756</u>	<u>966,111,148</u>

6.6 **Capital work-in-progress**
Advance for land
Less: impairment allowance

	-	989,505
	-	(989,505)
	-	-

7 LONG-TERM INVESTMENTS

Long-term investments in;

- in associated companies
- in joint venture
- Defence Saving Certificates

7.1	-	-
7.2	55,220,535	55,366,977
7.3	40,131,608	36,677,624
	<u>95,352,143</u>	<u>92,044,601</u>

7.1 Investment in an associate - Gulistan Textile Mills Limited

Previously, Gulistan Textile Mills Limited (GTM) was an associated company based on the equity investment by GTM of more than 20% in paid-up capital of the Company. However, GTM, during the financial year 2014 has disposed off major portion of its investment in the Company's paid-up capital due to which GTM is no more an associate of the Company. The Company has reclassified its investment in GTM as 'Investment at fair value through profit or loss' (note 15). This has resulted in gain of Rs. 179.672 million which has been recognised in profit and loss account as per provision of IAS 28 'investment in associate'.

7.2 Investments in a Joint venture -

under equity method

Gujranwala Energy Limited

7,500,000 (2014: 7,500,000) ordinary shares
of Rs.10 each - cost

Accumulated share of post acquisition loss

Share of loss for the year

Note	2015 Rupees	2014 Rupees
7.2.1	75,000,000	75,000,000
	(19,633,023)	(17,862,397)
	(146,442)	(1,770,626)
	(19,779,465)	(19,633,023)
	55,220,535	55,366,977

7.2.1 This represent 50% interest in Gujranwala Energy Limited (GEL) a joint venture between the Company and Energy Infrastructure Holdings Limited for setting up 200 MW power project at Sungo-Wali, Tehsil Wazirabad, District Gujranwala. Un-audited financial statements for the year ended June 30, 2014 of GEL have been used by the management to determine the value of its investments in joint venture under the equity method. Further, the audited financial statements for the years ended June 30, 2013, 2012 and 2011 of GEL were also not available and value of this investment of that years are based on un-audited financial statements. Following disclosures are also based on the above mentioned un-audited financial statements.

7.2.2 Arrangements for commercial operations date including the availability of finance and import of engines is not finalised. Due to failure of National Bank of Pakistan (the arranger) to arrange requisite finance within cut-out date i.e. June 15, 2009. GEL proposed amendments in Implementation Act and Power Purchase Agreement and sought extension in financial close date in prevailing force majeure. Neither such amendments was addressed nor the date of financial close extended. Consequently on these grounds GEL filed a suit in the High Court of Sindh at Karachi for redressal of its grievances. The matter is pending adjudication before the Honourable Court which had granted stay against encashment of guarantees. The sponsors are hopeful that their bona fide grievances would be addressed and they would take up the project.

7.2.3 GEL in order to achieve the financial close, has mandated National Bank of Pakistan (NBP) to arrange Rs.14,135 million. The aforesaid mandate was executed on April 14, 2008. However, due to deteriorating law and order situation, circular debt issue, etc., the financial close could not be achieved within the envisaged time period. GEL, as a result thereof, approached Private Power & Infrastructure Board (PIIB) with the request to make certain amendments in the power purchase agreement to facilitate the financial close but PIIB did not respond positively towards the GEL's request and as a consequence thereof GEL has filed a petition in the Honourable High Court of Sindh to protect itself from the repercussions of not achieving the financial close with in stipulated time period including encashment of performance guarantee amounting to US \$ 1,000,000 extended to PIIB.

The Honourable High Court has ordered the plaintiff (GEL) to keep alive guarantee and has restricted PPIB from en-cashing the guarantee till the adjudication of application filed by the GEL. The stay order is still in filed and the case is pending for adjudication. Accordingly, no related adjustment has been made in the financial statements of GEL.

7.2.4 With reference to (note 7.2.2) and (note 7.2.3) GEL has also extended commitment bank guarantee amounting to € 3,000,000 in favour of Wartsila, Finland (supplier of engines). During the financial year ended June 30, 2010, GEL could not raise the requisite funds and deposit initial mobilization advance with Wartsila and accordingly, Wartsila approached the concerned bank for encashment of guarantee. However, GEL filed a petition in Honourable High Court of Sindh to protect encashment of such guarantee. The Honourable High Court has restricted Wartsila from en-cashing the guarantee till the adjudication of the application filed by GEL. The stay order is still in filed and the case is pending for adjudication. Accordingly, no related adjustment has been made in the financial statements of GEL.

7.2.5 The Joint Venture Partners of GEL (i.e. the Company and Energy Infrastructure Holdings Limited) are responsible to the extent of 50% each in respect of the liabilities and obligations of GEL, including any obligation under the guarantees mentioned under note 7.2.3 and 7.2.4 above.

7.3 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 21 million (2014: Rs. 21 million). These certificates are maturing on various dates by March 5, 2020. These carried mark-up at the effective rate of 18% per annum. Accrued mark-up aggregating Rs. 19.131 million (2014: Rs. 15.678 million) is included in the carrying value. These are under lien with a bank against guarantee amounting Rs. 19.504 million (2014: Rs. 19.504 million).

	Note	2015 Rupees	2014 Rupees
8 LONG-TERM DEPOSITS			
Utilities		8,231,998	8,231,998
Lease deposits		3,744,785	3,744,785
Others		244,565	434,610
		<u>12,221,348</u>	<u>12,411,393</u>
Less: transferred to current assets			
- deposits pertaining to over due portion of lease liabilities		3,744,785	3,674,960
- deposits pertaining to lease liabilities to be paid-off within next twelve months		-	69,825
		<u>3,744,785</u>	<u>3,744,785</u>
		<u>8,476,563</u>	<u>8,666,608</u>
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		48,891,829	51,491,272
Spare parts		9,209,617	9,209,617
Loose tools		2,853,755	2,853,755
Packing material		7,424,003	7,424,003
		<u>68,379,204</u>	<u>70,978,647</u>
Less: provision for obsolete inventory		(36,196,678)	(36,196,678)
		<u>32,182,526</u>	<u>34,781,969</u>

	Note	2015 Rupees	2014 Rupees
10 STOCK-IN-TRADE			
Raw materials		232,211,210	468,862,729
Work-in-process		-	3,860,871
Finished goods		73,645,149	147,289,566
Waste		5,023,692	5,023,692
		<u>310,880,051</u>	<u>625,036,858</u>

10.1 Raw materials include items costing Rs. 468.862 million (2014: Rs. 361.997 million) stated at their replacement cost aggregating Rs. 232.211 million (2014: Rs. 274.298 million). The amount charged to the profit and loss account for the year in respect of raw materials written down to their replacement cost is Rs. 232.211 million (2014: Rs. 87.699 million).

10.2 Finished goods include items costing Rs. 147.289 million (2014: Rs. 170.801 million) stated at their net realisable values aggregating Rs. 73.645 million (2014: Rs. 144.365 million). The amount charged to the profit and loss account for the year in respect of stocks written down to their net realisable values was Rs. 73.645 million (2014: Rs. 26.436 million).

10.3 All of the current assets of the Company are under banks' charge as security of short-term borrowings as disclosed in note 27 to these financial statements. The Company filed a global suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before banking courts and high courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in (note 29.1.1).

	Note	2015 Rupees	2014 Rupees
11 TRADE DEBTORS			
Unsecured			
Local - considered good	11.1	70,620,264	137,758,235
Local - considered doubtful		248,950,721	218,850,021
		<u>319,570,985</u>	<u>356,608,256</u>
Provision for doubtful debts		248,950,721	218,850,021
		<u>70,620,264</u>	<u>137,758,235</u>
11.1 These include following amounts which pertain to related parties;			
Gulshan Weaving Mills Limited		15,022,576	15,022,576
Paramount Spinning Mills Limited		2,659,428	-
Gulistan Spinning Mills Limited		5,910,478	5,910,478
		<u>23,592,482</u>	<u>20,933,054</u>

12 LOANS AND ADVANCES - unsecured and considered good			
Advances to/against;			
Employees/non-executive staff		4,011,372	471,169
Suppliers		31,800,176	31,702,946
Others		45,338,843	20,000
		<u>81,150,391</u>	<u>32,194,115</u>

	Note	2015 Rupees	2014 Rupees
13 DEPOSITS AND PREPAYMENTS			
Current portion of lease deposits	8	3,661,335	3,744,785
Margins against letter of credit and bank guarantees		2,229,030	2,229,030
Prepayments		1,999,178	474,836
		<u>7,889,543</u>	<u>6,448,651</u>
14 ACCRUED MARK-UP/INTEREST			
Mark-up / interest accrued on;			
Term deposit receipts		1,837,286	1,837,286
Over due receivable balances of associated companies		71,041,108	66,025,231
		<u>72,878,394</u>	<u>67,862,517</u>
15 SHORT-TERM INVESTMENT			
- at fair value through profit or loss	7.1		
Gulistan Textile Mills Limited			
600,946 (2014: 600,946) ordinary shares of Rs.10 each			
Equity held 3.17% (2014: 3.17%)		-	9,014,190
		<u>-</u>	<u>9,014,190</u>
The market value of investment in Gulistan Textile Mills Limited (GTML) as at the year end is not available as trading in shares of the investee company has been suspended on the stock exchanges for the time being. The management has charged impairment on the said investment due to operational and financial difficulties and aforementioned reason.			
	Note	2015 Rupees	2014 Rupees
16 OTHER RECEIVABLES - unsecured and considered good			
Sales tax		13,410,929	13,597,694
Rebate receivable		1,691,070	1,691,070
		<u>15,101,999</u>	<u>15,288,764</u>
17 CASH AND BANK BALANCES			
Cash-in-hand		109,073	117,664
Balances with banks in;			
- current accounts		4,441,819	2,518,213
- deposit accounts		96,371	96,371
- term deposit receipts	17.1	8,758,409	8,758,409
		<u>13,296,599</u>	<u>11,372,993</u>
		<u>13,405,672</u>	<u>11,490,658</u>

17.1 Term deposit receipts aggregating Rs. 5.617 million (2014: Rs. 5.617 million) are under banks' charge against guarantees aggregating Rs. 55.069 million. (2014: Rs. 55.069 million).

17.2 Majority of the Company's bank accounts operations have been blocked by the respective banks due to on-going litigations with these banks as detailed in note 29.1.1 to these financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended June 30, 2015 from various banks having balances aggregating to Rs.3.09 million (2014: Rs. 2.141 million) were not available to ensure balances held with these banks. Further, year end balance confirmation of banks having balances aggregating to Rs.13.29 million (2014: Rs. 10.22 million) have also not been received due to litigation.

18 SHARE CAPITAL

2015 Numbers	2014 Numbers		2015 Rupees	2014 Rupees
<u>25,000,000</u>	<u>25,000,000</u>	Authorized capital	<u>250,000,000</u>	<u>250,000,000</u>
		Ordinary shares of Rs. 10 each		
<u>9,300,000</u>	<u>9,300,000</u>	Issued, subscribed and paid-up capital	<u>93,000,000</u>	<u>93,000,000</u>
		Ordinary shares of Rs. 10 each		
		issued as fully paid in cash		
<u>12,925,038</u>	<u>12,925,038</u>	Ordinary shares of Rs. 10 each	<u>129,250,380</u>	<u>129,250,380</u>
		issued as fully paid bonus shares		
<u>22,225,038</u>	<u>22,225,038</u>		<u>222,250,380</u>	<u>222,250,380</u>

	Note	2015 Number	2014 Number
18.1 Ordinary shares held by the related parties at the year end;			
Gulistan Spinning Mills Limited		<u>10,302</u>	<u>10,302</u>
	Note	2015 Rupees	2014 Rupees
19 RESERVES			
Capital reserve			
Share premium	19.1	66,000,000	66,000,000
Revenue reserve			
General reserve		206,000,000	206,000,000
		<u>272,000,000</u>	<u>272,000,000</u>
19.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued.			
	Note	2015 Rupees	2014 Rupees
20 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus arisen on revaluation of:			
Company's property, plant and equipment	20.1	<u>997,238,443</u>	<u>1,963,790,345</u>
		<u>997,238,443</u>	<u>1,963,790,345</u>
20.1 Surplus on revaluation of Company's assets			
Balance at the beginning of the year		2,695,263,965	2,759,309,696
Transfer to unappropriated profit in respect of:			
- incremental depreciation		(62,332,563)	(64,045,731)
- impairment charge during the year		(1,359,067,293)	
Surplus on revaluation at the end of the year - gross		<u>1,273,864,109</u>	<u>2,695,263,965</u>
Related deferred tax liabilities on:			
Revaluation at the beginning of the year		731,473,620	492,263,704
Effect of changes of rates enacted		-	252,079,265
Incremental depreciation on revalued assets		(19,946,420)	(12,869,349)
Impairment loss on revalued assets	20.1.2	(434,901,534)	-
		<u>276,625,666</u>	<u>731,473,620</u>
Surplus on revaluation at the end of the year - net of tax		<u>997,238,443</u>	<u>1,963,790,345</u>

20.1.1 The Company had revalued its freehold land on the basis of market value on February 3, 2009. Freehold land was revalued by an independent valuer - M/s Consultancy Support and Services, Karachi and resulted in revaluation surplus of Rs 227.54 million.

Further, The Company had revalued its freehold land, factory building, residential buildings, leased and owned plant and machinery, electric installations and gas power generator as on June 30, 2012. The revaluation exercise was carried out by an independent valuer - Maricon Consultants (Pvt.) Limited, Engineers, authorized valuers of the Pakistan Banking Association and the Leasing Association of Pakistan, Beaumont Road, Karachi. Freehold land has been revalued on the basis of current market value whereas buildings, plant and machinery, electrical installations and gas power generators have been revalued on the basis of depreciated replacement values. The net appraisal surplus arisen on this revaluation aggregating Rs. 2,597,577 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

20.1.2 The Management has reviewed the carrying amounts of the property, plant and equipment of the Company at the reporting date and has identified circumstances indicating occurrence of impairment loss, which include but not limited to, physical damage, wear and tear, high idle capacity due to financial and operational difficulties, plans to dispose assets before previous expected date [see note 13 (i)] and evidence that economic performance of items of property, plant and equipment is lesser than expected.

	Note	2015 Rupees	2014 Rupees
21 SUB-ORDINATE LOAN - unsecured			
Sub-ordinate loan		250,000,000	250,000,000
This is an interest-free loan obtained from Director of the Company in previous years. This loan is sub-ordinated to the finances provided by secured creditors and does not carry mark-up. The loan shall not be repaid without obtaining consent from the secured creditors subject to availability of resources and approval of management of the Company.			
22 LONG-TERM FINANCING			
From banking companies - secured			
Faysal Bank Limited - term finance II	22.1	-	-
Standard Chartered Bank - Term finance III	22.2	-	-
Bank Alfalah Limited - UTF-EOP	22.3	-	-
From an associated company - unsecured			
Gulistan Fibres Limited	22.6	-	71,896,635
		-	71,896,635
22.1 Faysal Bank Limited - term finance II			
Balance at beginning of the year		35,714,286	35,714,286
Less: payment made during the year		-	-
		35,714,286	35,714,286
Less: current portion:			
- over due instalments		28,571,428	14,285,714
- instalments due within next twelve months		7,142,858	14,285,714
- instalments due after June 30, 2016/2015		-	7,142,858
		35,714,286	35,714,286
		-	-

The Company, during the financial year ended June 30, 2012, had entered into an agreement with Faysal Bank Limited amounting Rs. 50 million to convert its short-term debt into long-term finance. This finance facility carried mark-up at the rate of 3 months KIBOR + 2.50% per annum. Originally, the principal amount under this finance agreement was repayable in 7 equal half yearly instalments ending on August 6, 2015, however, due to factors stated in note 22.3 below, the whole amount has been grouped in current liabilities. This term finance is secured by way of 1st pari passu equitable mortgage and hypothecation charge over fixed assets of the Company upto Rs.100 million.

	Note	2015 Rupees	2014 Rupees
22.2 Standard Chartered Bank - Term finance III			
Balance at beginning of the year		75,000,000	75,000,000
Less: payment made during the year		-	-
		<u>75,000,000</u>	<u>75,000,000</u>
Less: current portion:			
- over due instalments		56,250,000	37,500,000
- instalments due within next twelve months		18,750,000	18,750,000
- instalments due after June 30, 2016/2015		-	18,750,000
		<u>75,000,000</u>	<u>75,000,000</u>
		-	-

The Company had availed a term finance amounting Rs.75 million from Standard Chartered Bank (Pakistan) Limited for balance sheet re-profiling by terming out short-term borrowings. This finance carried mark-up at the rate of 3 months KIBOR + 0.75% payable on quarterly basis. Originally, this term finance was repayable in 16 equal quarterly instalments ending on May 31, 2015, however, due to factors stated in (note 22.5) below, the whole amount has been grouped in current liabilities. This term finance is secured against 1st pari passu charge over plant and machinery, ranking charge over present and future current and fixed assets of the Company.

	Note	2015 Rupees	2014 Rupees
22.3 Bank Alfalah Limited - LTF-EOP			
Balance at beginning of the year		3,672,477	3,672,477
Less: overdue instalments		3,672,477	3,672,477
		<u>-</u>	<u>-</u>

The Company, being eligible for LTF - EOP promulgated by State Bank of Pakistan (SBP), applied to National bank of Pakistan, United Bank Limited and Bank Alfalah Limited for restructuring for their existing loans and after approval, the banks had transferred their liabilities to this new loan account. This re-financed facility enabled the banks to obtain funds from SBP under the scheme at the specified rates and passed on the benefits to the Company by way of rebated purchase price. Year-end balance represents payable to Bank Alfalah Ltd. and was repayable in 2 quarterly instalments ended on September 30, 2012. This finance carries mark-up at the rate of 7% per annum. This loan is secured by way of 1st pari passu charge over fixed assets of the Company.

22.4 The Company filed a global suit in the Honorable Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for rendition of accounts and damages and lending banks have also filed suits before different High Courts for recovery of their long-term and short-term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 29.1.1. Due to these litigations, year-end confirmations from all lending banks have not been received.

- 22.5 Due to the abovementioned litigations, the Company's financial arrangements with these banking companies are disputed and these liabilities have become payable on demand, so instalments due after the year ending June 30, 2015 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statement Presentation'.

	Note	2015 Rupees	2014 Rupees
22.6 Gulistan Fibres Limited			
Balance at beginning of the year		71,896,635	91,000,000
Less: payments during the year		(323,950)	(19,103,365)
		71,572,685	71,896,635
Less: amount due within next twelve months		(71,572,685)	-
		-	71,896,635

This loan has been created in accordance with the settlement agreement and agreement to sell (debt property swap arrangement) dated December 30, 2013 executed between Silk Bank Limited (the lender), Paramount Spinning Mills Limited (an associated company), Gulistan Spinning Mills Limited (an associated company), Gulistan Fibres Limited (an associated company) and the Company. As per these agreements, short-term borrowings and outstanding bills payable aggregating Rs. 91.00 million of the Company have been adjusted by the lender against mortgaged property of the Gulistan Fibres Limited, under the arrangement. Accordingly, the Company has booked this loan as payable to Gulistan Fibres Limited by adjusting its short-term borrowings (note 27) and bills payable (note 25.1).

This loan is unsecured and repayable within period of two years from the date of creation i.e. April 18, 2014. This loan carries mark-up at the half percent above the borrowing cost of the lending company and effective rate charged during the year is 12.66% (2014: 12.66%) per annum.

	Note	2015 Rupees	2014 Rupees
23 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured			
Balance at beginning of the year		19,602,910	20,829,330
Less: Payments/adjustments made during the year		(684,108)	1,226,420
		18,918,802	19,602,910
Less: current portion:			
- over due instalments		18,918,802	19,296,757
- instalments due within next twelve months		-	306,153
		18,918,802	19,602,910
Balance at end of the year		-	-

- 23.1 The Company had acquired plant and machinery and vehicles under finance lease arrangements from leasing companies, modarabas and banks. These liabilities, during the year, were subject to finance cost at the rates ranging from 7.00% to 18.15% (2014: 7.00% to 14.51%) per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. The lease finance facilities are secured against title of the leased assets in the name of lessors.

- 23.2 The Company filed a suit in the Honorable Lahore High Court against all banks/financial institutions/lessors under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for rendition of accounts and damages. Further, various lessors have also filed suits before the banking court and the Honorable High Court of Sindh for recovery of lease finance through attachment and sale of charged properties as fully disclosed in note 29.1.1. Due to these litigations, year-end confirmations from all lessors have not been received.

23.3 Due to the facts explained in notes 23.2 above, the entire amounts of the lease finances have become payable on demand, therefore, the amount of future finance cost is not ascertainable as at June 30, 2015 and June 30, 2014. The disclosures of future minimum lease payments is prepared according to existing repayment schedules and provided only to comply with the disclosure requirement of IAS - 17 'Leases'. According to the existing repayment schedules, the future minimum lease payments under these lease finance agreements are due as follows:

	2015			2014		
	Minimum lease payments	Finance charges for future periods	Present value of minimum lease payments	Minimum lease payments	Finance charges for future periods	Present value of minimum lease payments
	Rupees			Rupees		
Payable within one year	19,871,629	952,827	18,918,802	20,249,584	952,827	19,296,757
Payable after one year but not later than five years	-	-	-	317,982	11,829	306,153
Minimum lease payments	19,871,629	952,827	18,918,802	20,567,566	964,656	19,602,910

	Note	2015 Rupees	2014 Rupees
24 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	24.1	23,299,607	27,914,581
Deferred taxation	24.2	341,071,005	856,992,418
		<u>364,370,612</u>	<u>884,906,999</u>

24.1 Staff retirement benefits - gratuity

The Company's obligation, as per the assumptions given in the latest actuarial valuation disclosed in annual report of the Company for the year ended June 30, 2014, in respect of defined benefit gratuity plan, is as follows:

	Note	2015 Rupees	2014 Rupees
24.1.1 Movement in the net liability recognized in the balance sheet			
Net liability at beginning of the year		27,914,581	48,778,581
Charge to profit and loss account		5,182,455	14,027,548
Remeasurement recognised		-	(6,012,886)
Benefits paid during the year		(9,797,429)	(28,878,662)
Closing net liability		<u>23,299,607</u>	<u>27,914,581</u>
24.1.2 Movement in present value of defined benefit obligation			
Balance at beginning of the year		27,914,581	48,778,581
Current service cost		4,384,087	10,421,927
Interest cost		798,368	3,605,621
Remeasurements - gains		-	(6,012,886)
Benefits paid		(9,797,429)	(28,878,662)
Balance at end of the year		<u>23,299,607</u>	<u>27,914,581</u>
24.1.3 Expense recognized in the profit and loss account			
Current service cost		4,384,087	10,421,927
Interest cost		798,368	3,605,621
		<u>5,182,455</u>	<u>14,027,548</u>

	Note	2015 Rupees	2014 Rupees
24.1.4 Expense is allocated as follows;			
Cost of sales		2,103,870	5,694,625
Administrative expenses		2,986,950	8,084,891
Distribution expense		91,635	248,032
		<u>5,182,455</u>	<u>14,027,548</u>
24.1.5 Re-measurement recognised in other comprehensive income			
Actuarial gain / (loss) on obligation		-	6,012,886
24.1.6 Actuarial assumptions used			
Discount rate		13.25%	13.25%
Expected rate of growth p.a. in future salaries		12.25%	12.25%
Average expected remaining working life time of employees		6 years SLIC	6 years SLIC
Mortality rates (for death in service)		2001-2005	2001-2005
24.1.7			
The calculation of defined benefit obligation is sensitive to assumptions set-out above by changing an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. The management has used the same assumptions as given in the actuarial report pertaining to year ended June 30, 2014, including the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period), however, the management of the Company has not hired an actuary to carry out evaluation of its defined benefit obligation for this reporting year. Therefore, sensitivity analysis for the assumptions and expected maturity analysis of undiscounted retirement benefit plan, has not been provided.			
24.1.8			
The methods and types of assumptions, used in preparing the sensitivity analysis did not change compared to the previous period.			

	Note	2015 Rupees	2014 Rupees
24.2 Deferred taxation			
The net liability for deferred taxation comprises timing differences relating to;			
Taxable temporary differences (deferred tax liabilities)			
Accelerated tax depreciation - owned assets		296,445,060	194,396,996
Surplus on revaluation property, plant and equipment		617,936,285	731,473,620
Assets subject to finance lease		66,965,259	18,181,112
Deductible temporary differences (deferred tax assets)			
Staff retirement benefits - gratuity		(7,455,874)	(8,558,611)
Provisions and allowances		(191,864,174)	(78,500,699)
Liabilities against assets subject to finance lease		(6,054,017)	-
Impairment loss on property, plant and equipment		(434,901,534)	-
		<u>341,071,005</u>	<u>856,992,418</u>

Deferred Tax asset in respect of the unused tax losses amounting Rs. 2,224.796 million (2014: Rs.1998.807 million) has not been recognised in these financial statements, being prudent. The management of the Company is of view that recognition of deferred tax asset will be reassessed as at June 30, 2018.

	Note	2015 Rupees	2014 Rupees
25 TRADE AND OTHER PAYABLES			
Creditors		41,835,591	48,376,131
Advances from related parties		89,905,735	
Bills payable / letters of credit payable	25.1	455,469,519	453,591,819
Security deposit	25.2	22,500,000	22,500,000
Accrued expenses		49,196,190	63,152,457
Income tax payable		1,013,297	239,032
Unclaimed dividend		1,037,103	1,037,104
		<u>660,957,435</u>	<u>588,896,543</u>

25.1 This represents overdue bills payable / letters of credit payable to various financial institutions / banks in respect of letters of credit (LCs) issued by the financial institutions in favour of various local and imported raw material suppliers. The Company is in litigation with banks and financial institutions as detailed in note 30.1.1, so current status and balance confirmation of these bills payable could not be ascertained due to non-availability of relevant documents. Further, no provision of any further commission / interest / mark-up or penalty in respect of overdue LCs has been made in these financial statements. Amount of the un-provided commission / interest / mark-up or penalty is impracticable to determine as at the reporting date.

25.2 This represents balance of security deposit amounting Rs. 60 million (2014: 60 million) received against supply of yarn up to June 30, 2014 as per agreed schedule. In case of default, mark-up at the rate of 12.00% is charged. Mark-up aggregating Rs. 2.7 million (2014: 0.673 million) has been charged during the year.

	Note	2015 Rupees	2014 Rupees
26 ACCRUED MARK-UP/INTEREST			
Mark-up / interest accrued on:			
Long-term finances	26.1 & 26.2	9,658,092	1,845,360
Liabilities against assets subject to finance lease	26.2	-	-
Short-term borrowings	26.2	-	-
Security deposit		3,373,151	673,151
		<u>13,031,243</u>	<u>2,518,511</u>

26.1 This represents mark-up payable to Gulistan Fibres Limited, "an associated company" on long-term loan as disclosed in note 22.6.

26.2 During the year ended June 30, 2015, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 11.892 million, Rs. 1.224 million and Rs. 317.324 million respectively (2014: Rs. 12.464 million, Rs. 1.289 million and Rs. 331.325 million respectively) due to pending litigations with the financial institutions. Further, as detailed in note 1.3, the management is in the process of finalisation of restructuring of its debts and as per indicative restructuring term sheet, total accrued and outstanding mark-up due / payable till June 30, 2015 will be repaid on quarterly basis over a period of 2 years immediately after the completion of repayment term. Un-provided mark-up / interest upto the balance sheet date aggregated Rs. 1,168.256 million (2014: Rs. 837.816 million). This non-provisioning is in contravention with the requirements of IAS 23 - Borrowing Costs. The exact amount of un-provided mark-up / interest could not be ascertained because of non-availability of relevant information and documents due to on-going litigations with banks and financial institutions as disclosed fully in note 29.1.1.

- 26.3 Confirmations in respect of mark-up / interest accrued on long-term finances, lease finances and short-term finances have not been received due to pending litigations with the financial institutions / lenders as disclosed fully in note 29.1.1.

	Note	2015 Rupees	2014 Rupees
27 SHORT-TERM BORROWINGS			
Short-term finances - secured	27.1 & 27.3	1,879,288,871	1,879,288,871
Running finances - secured	27.2 & 27.3	854,985,812	854,985,815
Temporary bank overdraft - unsecured	27.4	725,691	4,676,623
		<u>2,735,000,374</u>	<u>2,738,951,309</u>

27.1 This represents aggregate amount of the short-term finances obtained from various banks/financial institutions against expired facilities. These finances, are secured by way of ranking / hypothecation / floating charge over present and future current assets, pari passu charge over present and future fixed assets, charge over raw cotton and cotton yarn, lien on export letters of credit / sales contracts / documents, trust receipts and personal guarantees of sponsor directors.

27.2 The abovementioned balances are against expired running finance facilities and have not been renewed by the respective banks / financial institutions. These banks and financial institutions have filed suits before different civil courts, banking courts and high courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The Company had also filed a global suit in the Honorable Lahore High Court for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs as more fully detailed in note 29.1.1.

27.3 A debt-convertible swap agreement dated December 30, 2013 along with agreement to sell, was executed between Silk Bank Limited (the lender), Paramount Spinning Mills Limited, Gulistan Spinning Mills Limited, Gulistan Fibres Limited (all three being associated companies) and the Company. According to the said agreements, short-term borrowing and outstanding bills payable aggregating Rs. 91.00 million of the Company have been adjusted by the lender against mortgage property of the Gulshan Fibres Limited. Accordingly, the Company booked liability payable to Gulistan Fibres Limited (note 22.6) by adjusting short-term borrowing and bills payable (note 25.1)

27.4 Year-end balance confirmations aggregating Rs. 2,735 million (2014: Rs. 2,314.9 million) from the lending banks / financial institutions have not been received due to above-mentioned litigations with them. Further, due to these litigations, bank statements for current financial year from all banks / financial institutions were also not available to ensure year-end balances of these finance facilities.

27.5 These have arisen due to issuance of cheques in excess of balance at bank accounts.

	Note	2015 Rupees	2014 Rupees
28 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long-term finances:			
Faysal Bank Limited - term finance II		35,714,286	35,714,286
Standard Chartered Bank - Term finance III		75,000,000	75,000,000
Bank Alfalah Limited - LTF-EOP		3,672,477	3,672,477
Gulistan Fibres Limited	22.6	71,572,685	-
Liabilities against assets subject to finance lease		18,918,802	19,602,910
		<u>204,878,250</u>	<u>133,989,673</u>

29 CONTINGENCIES AND COMMITMENTS**29.1 Contingencies****29.1.1 Liabilities towards banks and financial institutions disclosed in note 22, 23, 26 and 27**

- (a) Various banks and financial institutions have filed recovery suits before civil courts. The Honourable Lahore High Court, The Honourable High Court of Sindh and The Banking Court Karachi, for recovery of their long-term, short-term and lease liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 3,947.582 million (2014: Rs. 3,770.43 million).

The management is strongly contesting the above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. Since, all the cases are pending before various courts, therefore, the ultimate outcome these cases can not be established to the date of these financial statements.

- (b) The Company filed a global suit in the Honourable Lahore High Court (LHC) against all banks / financial institutions under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance) for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The LHC vide its interim order dated October 25, 2012 ordered not to disturb the present position of current assets and fixed assets of the Company and no coercive action shall be taken against the Company. The LHC through its order dated September 11, 2013 dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned order. The Divisional Bench passed an order, dated November 27, 2013, that respondent banks will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013 will remain suspended meanwhile.

However, the Company along with its restructuring agent (a leading bank) and a few other lending banks, had proposed an indicative term sheet to its lending financial institutions on June 28, 2013 in order to restructure the outstanding debt obligations of the Company. The proposed term sheet is still in the process of finalization. Once finalized, it will be signed by all parties and legal documentation will be executed to restructure outstanding debts of the Company. The management expects that entire process will be completed in due course of time and these recovery suits will be settled accordingly.

- 29.1.2** The Company has not provided for Rs. 12.519 million (2014: Rs. 12.519 million) in respect of infrastructure cess levied by the Government of Sindh. The case was decided against the Company by a single judge of the Honourable High Court of Sindh. The decision was challenged before a bench of the same high court and stay for collection of cess was allowed.

The Honourable High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006 was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Honourable Supreme Court of Pakistan against the above-mentioned judgement of the Honourable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them.

As at June 30, 2015, the Company has provided bank guarantees aggregating Rs. 19,504 million (2014: Rs. 19,504 million) in favour of the Excise and Taxation Department.

- 29.1.3 Being the joint venture partner in Gujranwala Electric Limited to the extent of 50%, the Company is responsible for the said share in respect of liabilities and obligations of GEL, including any obligation under the circumstances mentioned under note 7.2.
- 29.1.4 Counter guarantees of Rs. 78,363 million (2014: Rs. 78,363 million) were given by the Company to various banks / financial institutions as at June 30, 2015 in respect of guarantees issued in favour of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited.
- 29.1.5 Askari Bank Limited has filed a suit COS No. 37/2012 for recovery of Rs. 295,797 million on account of two facilities i.e. cash finance facility and running finance facility provided to the Company. The PIA filed by the Company was dismissed and the Honourable Lahore High Court decreed in favour of the plaintiff bank to the extent of Rs. 295,797 million together with the cost of funds. The Company has filed appeal against the impugned judgment, which is pending for adjudication before the division bench of the Honourable Lahore High Court.
- 29.1.6 Meezan Bank Limited has filed a suit COS No. 9/2013 for recovery of Rs. 46,492 million on account of murabaha finance facilities provided to the Company. The PIA filed by the Company was dismissed and the Honourable Banking Court No. 11, Karachi decreed the suit vide its judgment dated December 20, 2016 in favour of the plaintiff bank to the extent of Rs. 46,492 million together with the cost of funds. The Company has filed appeal before the Honourable High Court of Sindh against the impugned judgment and the same is pending for adjudication before the Honourable High Court of Sindh.
- 29.1.7 The Company, being 50% co-venturer in Gujranwala Energy Limited (the joint venture, GEL), is responsible for the performance and purchase guarantee extended by GEL to the extent of USD 1 million and € 3 million respectively. The Honourable High Court of Sindh has granted stay against encashment of both guarantees to GEL, as the matters are still subjudice to the date of these financial statements. Therefore, no adjustment to effect the same is made in these financial statements.
- 29.1.8 The Honourable Supreme Court of Pakistan, vide judgment dated August 22, 2014 has already declared the Gas Infrastructure Development Cess Act, 2011 ultra-vires to the Constitution and also directed that the entire amount so far recovered from the consumers be refunded. In order to nullify the legal effect of the above judgment of the Supreme Court of Pakistan, the Federal Government promulgated the Gas Infrastructure Development Cess Ordinance, 2014, whereby not only the cess was imposed afresh but all the judgments passed earlier were declared to have no legal effect against the previous recovery of the arrears of Gas Infrastructure Development Cess from the year 2011. This Gas Infrastructure Development Cess Ordinance, 2014 was also challenged before different high courts of Pakistan and in the meanwhile the Gas Infrastructure Development Cess Act, 2015 was imposed to the same effect as that of Gas Infrastructure Development Cess Ordinance, 2014. Yet again the Gas Infrastructure Development Cess Act, 2015 was challenged before the Honourable Lahore High Court as well as before the Honourable High Court of Sindh. The Honourable High Court of Sindh vide its judgment dated October 26, 2016, decreed the suits in favour of the consumer, whereby

the Gas Infrastructure Development Cess Act, 2015, was held to be ultra vires and unconstitutional and further directed Sui Southern Gas Company Limited as well as Sui Northern Gas Pipelines Limited to refund the amounts received under the head of Gas Infrastructure Development Cess from 2011 till date. The matter is still subjudice before the divisional bench of the Honourable High Court of Sindh and we are hopeful that the judgment dated October 26, 2016, passed in favour of the consumers shall be upheld and the Gas Infrastructure Development Cess Act, 2015 shall again be declared ultra vires to the Constitution. The Company has not passed on gas infrastructure development cess to its consumers and has not paid amount of cess when stay order(s) were in field.

29.2 Commitments

There is no capital commitment as at June 30, 2015 and June 30, 2014.

	Note	2015 Rupees	2014 Rupees
30 SALES - net			
Local sales			
- Sale	30.1	2,685,922	668,378,973
- Processing income		22,075,883	342,499,597
		24,761,805	1,010,878,570
Less: sales tax		-	(19,809,111)
		24,761,805	991,069,459

30.1 Local sales include waste sales and cotton sales of Rs. 22,300 (2014: Rs 28.136 million) and Rs. Nil (2014: Rs.0.855 million) respectively.

	Note	2015 Rupees	2014 Rupees
31 COST OF SALES			
Stocks at beginning of the year (finished goods and waste)		152,313,258	200,457,886
Cost of goods manufactured	31.1	345,647,895	1,254,087,279
Yarn purchased		-	21,360,160
		345,647,895	1,275,447,439
		497,961,153	1,475,905,325
Stocks at the end of the year (finished goods and waste)		(78,668,841)	(152,313,258)
		419,292,312	1,323,592,067

	Note	2015 Rupees	2014 Rupees
31.1 Cost of goods manufactured			
Raw materials consumed	31.2	236,651,519	666,724,535
Processing charges		-	-
Stores consumed		2,859,613	25,259,336
Packing materials consumed		-	14,283,330
Salaries and other benefits		4,439,181	149,058,356
Gratuity		2,103,870	9,913,255
Fuel and power		2,382,940	278,013,762
Repair and maintenance		186,115	5,278,019
Communication		39,747	267,763
Travelling and conveyance		613,957	4,375,271
Insurance		2,137,190	3,796,426
Depreciation	6.2	90,048,793	92,826,088
Yarn doubling charges		-	267,495
Other manufacturing expenses		324,099	811,756
		<u>341,787,024</u>	<u>1,250,875,392</u>
Work-in-process adjustment:			
Balance at beginning of the year		3,860,871	7,072,758
Balance at end of the year		-	(3,860,871)
		<u>3,860,871.00</u>	<u>3,211,887</u>
		<u>345,647,895</u>	<u>1,254,087,279</u>
		2015	2014
	Note	Rupees	Rupees
31.2 Raw materials consumed			
Stocks at beginning of the year		468,862,729	596,949,351
Purchases - net		-	538,637,913
		<u>468,862,729</u>	<u>1,135,587,264</u>
Stocks at end of the year		(232,211,210)	(468,862,729)
		<u>236,651,519</u>	<u>666,724,535</u>
32 DISTRIBUTION COST			
Salaries and other benefits		2,424,000	2,424,000
Gratuity		91,635	269,590
Depreciation	6.2	1,631,577	2,123,836
Freight and handling - local		-	508,027
Commission;			
- local		528,000	4,551,215
- export		1,000,033	-
		<u>1,528,033</u>	<u>4,551,215</u>
		<u>5,675,245</u>	<u>9,876,668</u>

	Note	2015 Rupees	2014 Rupees
33 ADMINISTRATIVE EXPENSES			
Directors' meeting fee		120,000	15,000
Salaries and other benefits		19,586,903	22,833,628
Gratuity		2,986,950	3,844,703
Rent, rates and taxes		3,010,901	3,392,199
Gas and electricity		1,071,450	391,709
Fee and subscriptions		3,224,622	3,692,941
Travelling and conveyance		4,198,017	5,143,012
Printing and stationery		283,944	389,647
Auditor's remuneration	33.1	1,080,000	1,145,000
Repair and maintenance		4,861,915	207,191
Entertainment		423,766	1,050,087
Insurance		-	484,871
Communication		715,870	541,125
Legal and professional charges		9,773,000	8,756,300
Computer expenses		100,355	420,695
Advertisement		76,650	78,700
Depreciation	6.2	1,122,127	1,232,669
Other administrative expenses		1,413,029	1,416,682
		54,049,499	55,036,159
33.1 Auditor's remuneration			
Audit fee		825,000	825,000
Half yearly review		200,000	200,000
Review report on Code of Corporate Governance		55,000	55,000
Other services		-	50,000
Certification		-	15,000
		1,080,000	1,145,000
34 OTHER EXPENSES			
Loss on re-measurement of investment at fair value through profit or loss		-	600,946
Debit Balances written off		30,100,700	-
Exchange loss - net		1,877,700	-
		31,978,400	600,946
35 OTHER INCOME			
Income from financial assets			
Interest on;			
- term-deposit receipts		8,563	830,035
- deposit accounts		808	679,446
- Defence Saving Certificates		3,453,984	3,824,877
- over due receivable balances of associated companies		5,015,877	11,349,871
Gain on discontinuation of equity method on investment in an associated company			179,671,570
		8,479,232	196,355,799
Income from non-financial assets			
Gain on sale of property, plant and equipment		943,624	1,286,450
Exchange gain - net		-	23,651
		943,624	1,310,101
		9,422,856	197,665,900

	Note	2015 Rupees	2014 Rupees
36 FINANCE COST			
Mark-up / interest on;			
- long-term finance		9,080,040	1,845,000
- lease finances		-	197,000
- security deposits		2,700,000	673,000
- short-term borrowings		-	1,675,000
		<u>11,780,040</u>	<u>4,391,000</u>
Bank charges		394,745	2,269,000
		<u>12,174,785</u>	<u>6,661,000</u>

During the year ended June 30, 2015, the Company has not provided mark-up / interest on its long-term borrowings, lease finances and short-term borrowings respectively aggregating Rs. 11.892 million (2014: Rs. 12.464 million), Rs. 1.224 million (2014: Rs. 1.289 million), Rs. 317.324 million (2014: Rs. 331.325 million) due to pending litigations with the financial institutions as detailed in note 26.

	Note	2015 Rupees	2014 Rupees
37 TAXATION			
Current	37.1	-	-
Deferred		81,019,879	6,057,000
		<u>81,019,879</u>	<u>6,057,000</u>

37.1 No provision for minimum tax due under section 113 of the Income Tax Ordinance, 2001 is incorporated, as the Company has suffered gross loss before depreciation and other inadmissible expenses. Further, no provision for alternative corporate tax under section 113C of Income Tax Ordinance, 2001 is incorporated, as the Company has suffered accounting loss.

	Note	2015 Rupees	2014 Rupees
38 LOSS PER SHARE			
Net loss for the year		(417,126,338)	(202,745,000)
		<u>(417,126,338)</u>	<u>(202,745,000)</u>
		----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year		22,225,038	22,225,000
		<u>22,225,038</u>	<u>22,225,000</u>
Basic loss per share		(18.77)	(9.12)
		<u>(18.77)</u>	<u>(9.12)</u>

38.1 Diluted earnings / loss per share

A diluted earnings / loss per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2015 and June 30, 2014 which would have any effect on the loss per share if the option to convert is exercised.

	Note	2015 Rupees	2014 Rupees
39 NET CHANGES IN WORKING CAPITAL			
Decrease / (increase) in current assets:			
Stores, spares and loose tools		2,599,443	6,192,000
Stock-in-trade		-	179,443
Trade debtors		67,137,971	159,000
Loans and advances		(48,956,276)	1,103,000
Trade deposits and short-term prepayments		(1,440,892)	313,000
Other receivables		186,765	4,905,000
		<u>19,527,011</u>	<u>350,958</u>
Increase in trade and other payables		72,060,892	39,707,000
		<u>91,587,903</u>	<u>390,666,000</u>

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULARS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2015	2014	2015	2014	2015	2014
	-----Rupees-----					
Managerial remuneration and other benefits	-	-	2,424,000	2,424,000	4,903,431	14,637,156
Gratuity	-	-	91,635	269,590	553,958	1,219,763
	-	-	2,515,635	2,693,590	5,457,389	15,856,919
No. of persons	1	1	1	1	4	10

40.1 Chief executive, directors and executives are also provided with free use of Company maintained vehicles in accordance with the Company's policy.

40.2 Meeting fees of Rs. 120,000 (2014: Rs 15,000) were also paid to a director during the year.

	2015 Number	2014 Number
41 CAPACITY AND PRODUCTION		
Numbers of spindles installed	44,784	44,784
Average number of spindles worked	13,495	26,649
Numbers of rotors installed	1,440	1,440
Average numbers of rotors worked	244	533
Number of shifts worked per day	3	3
Total number of days worked	106	147
Installed capacity after conversion into 20's count	Kg. 18,140,662	18,140,662
Actual production after conversion into 20's count - note 41.1	Kg. 4,600,071	7,279,250

41.1 Financial institutions and banks have curtailed and blocked the short-term limits, froze the funds in current accounts to clear mark-up and other dues and attempted to realize their securities. These factors created liquidity crises due to which the Company could not run its operations at normal capacity.

42 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments;

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

42.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company.

Credit risk mainly arises from deposits and margins, trade debtors, accrued mark-up / interest, short-term investments, and balances with banks. The carrying amounts of financial assets that represent the Company's maximum credit exposure as at the reporting date are as follows;

	Note	2015 Rupees	2014 Rupees
Deposits and margins		14,450,378	14,640,423
Trade debtors		70,620,264	137,758,235
Accrued mark-up / interest		72,878,394	67,862,517
Short-term investment		-	9,014,190
Bank balances		13,405,672	11,372,993
		171,354,708	240,648,358

Ageing of trade debtors at the reporting date is as follows:

Not past due			6,988,854
Past due 1-90 days			38,869,918
Past due 91-180 days			21,005,228
Past due 181-365 days		3,463,983	46,248,495
More than one year		67,156,281	24,645,740
		70,620,264	137,758,235

Based on past experience and keeping in view subsequent realisations, provision for doubtful debts aggregating Rs. 248.95 million (2014: Rs.218.85 million) has been kept as at the reporting date in respect of doubtful trade debtors and for other debtors, there are reasonable grounds to believe that the amounts will be realised in short course of time.

The credit risk on deposits maintained with banks is limited as such banks enjoy reasonably high credit rating. Accordingly, the management does not expect any counter party to fail in meeting their obligations.

42.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company is facing difficulty in maintaining sufficient level of liquidity due to financial problems as all the banks and financial institutions have blocked / ceased their finance facilities and filed suits for recovery of these finances.

	June 30, 2015			June 30, 2014		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees			Rupees		
Long-term finances	185,959,448	185,959,448	-	186,283,398	114,386,763	71,896,635
Liabilities against assets	-	-	-	-	-	-
subject to finance lease	18,918,802	18,918,802	-	19,602,910	19,602,910	-
Trade and other payables	660,957,435	660,957,435	-	588,657,511	588,657,511	-
Accrued mark-up / interest	13,031,243	13,031,243	-	2,518,511	2,518,511	-
Short-term borrowings	2,735,000,374	2,735,000,374	-	2,734,274,686	2,734,274,686	-
	3,613,867,302	3,613,867,302	-	3,531,337,016	3,459,440,381	71,896,635

In order to manage liquidity risk, the management alongwith its restructuring agent (a leading bank) and a few other banks are negotiating with banks / financial institutions for restructuring of principal and mark-up / interest and rescheduling of repayment terms as detailed in note 1.3 to the financial statements and the management envisages that sufficient financial resources will be available to manage the liquidity risk in future.

	2015	2014
	Rupees	Rupees
Fixed rate instruments		
Financial assets	40,131,608	45,532,404
Financial liabilities	<u>3,672,477</u>	<u>3,672,477</u>
Variable rate instruments		
Financial assets	32,350,891	37,055,587
Financial liabilities	<u>2,952,909,867</u>	<u>2,936,488,517</u>

The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

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 or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

Cash flow sensitivity analysis for variable rate instruments is not presented as the Company is not providing for mark-up / interest due to litigation with banks and financial institutions.

42.4 Fair value of financial instruments

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

As at June 30, 2015 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except Defence Savings Certificates that are stated at amortized cost.

42.5 Capital risk management

The Company's prime objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no changes in the Company's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt financing which the Company could not comply as at the reporting date.

43 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the family of the directors and key management personnel are interested. The Company, in the normal course of business, carries out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 40. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Nature of Transaction	Note	2015 Rupees	2014 Rupees
Purchase of yarn		-	4,437,600
Purchase of store items		-	11,100
Purchase of cotton		-	10,811,895
Sale of yarn		-	6,240,000
Sale of store items		2,685,922	1,548,490
Processing income		-	73,564,797
Doubling / dyeing charges		-	854,839
Interest charged		9,080,040	1,845,360
Interest earned		2,744,323	11,349,871
Amount advanced to Joint Venture for right shares		-	2,400,000
Amount received against sale of right of joint venture		-	3,500,000
Long-term loan created		-	91,000,000
Long-term loan adjusted		323,950	19,103,365
Adjustment of trade debtors with loan from Chief Executive		-	74,495,138
Loan from Chief Executive repaid		-	504,862
Received advances from;			

44 SEGMENT INFORMATION

These financial statements have been prepared on the basis of a single reportable segment.

- (a) Yarn sale represents 11% (2014: 63.19%) of the total sales of the Company.
- (b) All of the Company's sales relate to customers in Pakistan.
- (c) All non-current assets of the Company at June 30, 2015 and June 30, 2014 are located in Pakistan.
- (d) The Company has earned revenues from one (2014: three) customers aggregating Rs. 15 million (2014: 585.772 million) during the year ended June 30, 2015, which constituted 61% (2014: 59.11%) of the total revenues.

45 NUMBER OF EMPLOYEES

Number of employees as at June 30,

	2015Number.....	2014
- Permanent	28	235
- Contractual	-	8
Average number of employees during the year		
- Permanent	28	1073
- Contractual	-	58

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on December 29, 2017 by the Board of Directors of the Company.

47 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation where ever considered necessary, the effect of which is not material.


SOHAIL MAQSOOD
Chief Executive


M. AKHTAR MIRZA
Director

**KEY OPERATING & FINANCIAL DATA
FOR THE LAST SIX YEARS**

	2015	2014	2013	2012	2011	2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
OPERATING RESULTS						
Total number of spindle installed	44,784	44,784	44,784	44,784	44,784	44,784
Average number of spindles worked	13,495	26,649	26,712	31,126	40,373	43,396
Total number of rotors installed	1,440	1,440	1,440	1,440	1,440	1,440
Average number of rotors worked	244	533	542	1,428	1,428	1,428
Installed capacity after conversion into 20's	18,140,662	18,140,662	18,140,662	18,140,662	18,140,662	18,140,662
Actual production after conversion into 20's	4,600,071	7,279,250	8,319,365	11,373,290	15,161,179	17,402,720
Sales	24,761,805	991,069,459	1,319,221,190	3,191,016,654	5,100,805,673	3,757,221,328
Gross (loss)/ profit	(394,530,507)	(332,522,608)	(92,542,439)	(1,445,806,268)	904,810,286	770,535,473
Operating (loss)/ profit	(476,810,795)	(200,370,481)	(162,107,240)	(1,865,893,143)	715,663,615	612,702,162
Financial Expenses	12,174,790	6,661,350	40,996,208	434,203,221	470,141,557	459,220,193
(Loss)/Profit before tax	(498,146,217)	(208,802,457)	(230,335,384)	(2,560,205,624)	250,978,761	161,522,955
(Loss)/Profit for the year after taxation	(417,126,338)	(202,745,411)	(259,615,871)	(2,574,930,351)	179,272,423	128,567,407
Unappropriated profit carried forward	(2,765,062,954)	(2,390,322,759)	(2,287,756,179)	(2,085,160,651)	515,232,911	362,780,303
FINANCIAL POSITION						
Paid up capital	222,250,380	222,250,380	222,250,380	222,250,380	222,250,380	185,208,650
Share holder's equity	(2,270,812,574)	(1,896,072,379)	(1,793,505,799)	(1,590,910,271)	1,009,483,291	844,377,261
Long term loans	114,386,763	114,386,763	114,386,763	128,672,477	1,601,476	86,141,504
Obligation under finance lease	18,918,802	19,602,910	20,829,330	22,269,377	48,447,544	83,111,389
Deferred Liabilities	364,370,612	884,906,999	641,911,523	633,596,425	113,152,369	88,411,838
Current Liabilities	3,624,659,939	3,475,917,156	3,672,089,048	3,677,172,472	3,129,395,551	2,968,813,483
Fixed Assets	2,257,518,874	3,709,851,590	3,803,785,944	3,895,756,389	1,340,933,945	1,385,935,928
Long term investment	95,352,143	92,044,601	91,490,350	102,027,608	261,743,042	225,069,210
Long term deposits	8,476,563	8,666,608	8,666,608	8,650,608	10,496,976	13,266,818
Current Assets	604,108,840	939,875,957	1,305,970,374	1,533,059,561	3,235,720,552	2,905,886,858

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2015**

	SHARES
A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
Gulistan Spinning Mills Limited	10,302
Peridot Products (Pvt.) Limited	2,065,470
B) NIT & ICP	
IDBP (ICP UNIT)	106
National Bank of Pakistan Trustee Department	550
CDC - Trustee National Investment (Unit) Trust	1,203,474
C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	
<u>DIRECTORS</u>	
Mr. Tanveer Ahmed	2,077,979
Mr. Riaz Ahmed	1,110
Mr. Maqsood ul Haq	500
Mr. Muhammad Yousuf	500
Mr. Sohail Maqsood	650
Mr. Iftikhar Ali	500
Mr. Hussain Ather	570
<u>SPOUSE</u>	934,546
Mrs. Naureen Tanveer	
D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
<u>BANKS</u>	
National Bank of Pakistan	313,865
NIB Bank Limited	19,496
Islamic Investment Bank Limited	9,345
Al-Faysal Investment Bank Limited	50
<u>INSURANCE</u>	
State Life Insurance Corporation of Pakistan	263,326
E) Other Companies	7,684,729
F) Joint Stock Companies	75,761
General Public (Local)	7,562,209
	22,225,038
G) SHAREHOLDERS HOLDING 05% OR MORE	
Mr. Tanveer Ahmed	2,077,979
Mr. Abdul Shakoor	2,098,071
OPAL (SMC-PRIVATE) LIMITED	2,200,000
BLESSED CORPORATION (PVT.) LTD.	1,925,000
Gulistan Textile Mills Limited	2,112,655
Peridot Products (Pvt.) Limited	2,065,470
National Bank of Pakistan Trustee Department	1,203,474
H) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	8,449

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2015**

Particulars	No. of Shares Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	10	3,016,355	13.57
Associated Companies, Undertakings and Related Parties	2	2,075,772	9.34
NIT & ICP	3	1,204,130	5.42
Banks, Development Finance Institutions, Non- Banking Financial Institutions	5	342,756	1.54
Insurance Companies	1	263,326	1.18
Joint Stock Companies	7	75,761	0.34
General Public (Local)	3,481	7,562,209	34.03
Other Companies	10	7,684,729	34.58
	3,519	22,225,038	100.00

Form of Proxy

Gulshan Spinning Mills Limited

I/We _____ being member of **Gulshan Spinning Mills Limited** holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CRC participant I.D. No. _____ Account No _____ hereby appoint Mr. _____ who is also member of **Gulshan Spinning Mills Limited** vide Folio No. _____ or CDC participant I.D. No. _____ Account No. _____ or failing him/her of Mr. _____ of _____ who is also member of **Gulshan Spinning Mills Limited** vide Folio No. _____ or CDC participant I.D. No. _____ Account No. _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 31st January 2018 at 11:00 a.m. and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2018

Signed by the said _____

Witness 1:-

Name:- _____

Address:- _____

CNIC:- _____

Witness 2:-

Name:- _____

Address:- _____

CNIC:- _____

Notes:

1. The Proxy in order to be valid must be duly stamped, signed and witnessed and be deposited with the Company not later than 48 hours before the time of holding of Meeting.
2. The proxy must be a member of the Company.
3. Signature should agree with the specimen signature, registered with the Company.
4. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Card/Passport in original to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or passport.
5. Representative of corporate members should bring the usual documents required for such purpose.

Appropriate Revenue Stamp

فارم برائے پروکسی ممبر

﴿ گلشن سپننگ ملز لمیٹڈ ﴾

میں گلشن سپننگ ملز لمیٹڈ کے _____ عدد عام شیئرز کا مالک / رکھتا ہوں جو کہ شیئرز رجسٹر کے فوئیو نمبر _____ پر درج ہے اور یا سی آرسی کے امیدوار شناختی کارڈ نمبر _____ اکاؤنٹ نمبر _____ کے مطابق درج ہے۔ میں مسی _____ جو کہ بھی بذریعہ نمبر _____ یا سی ڈی سی امیدوار شناختی کارڈ نمبر _____ گلشن سپننگ ملز لمیٹڈ کا رکن / شیئرز ہولڈر ہے، کو میں اپنا پروکسی / شراکت کنندہ / نمائندہ مقرر کرتا ہوں یا اسکے ناکام ہو جانے / پیش ہونے میں ناکام ہونے کے بعد دوسرے شخص مسی _____ جو کہ بھی بذریعہ فوئیو نمبر _____ سی ڈی سی امیدوار شناختی کارڈ نمبر _____ اکاؤنٹ نمبر _____ گلشن سپننگ ملز لمیٹڈ کا رکن / شیئرز ہولڈر ہے کو اپنا پروکسی / شراکت کنندہ / نمائندہ میں مقرر کروں گا جو میری جگہ سالانہ کمپنی کو مجلس عاملہ جو کہ 31 جنوری 2018 کو بوقت 11:00 بجے یا کسی دیگر وقت و جگہ پر منعقد ہوگی پیش / شرکت کرے گا اور میری جگہ بیان اور ووٹ دے گا۔

دستخط و ممبر پر کسی ممبر

میں آج کے دن _____ مورخہ _____ 2018 کو اپنے بیان کی تصدیق کرتا ہوں اور اپنے دستخط کرتا ہوں۔

گواہ نمبر 2

گواہ نمبر 1

نام _____	نام _____
پتہ _____	پتہ _____
شناختی کارڈ نمبر _____	شناختی کارڈ نمبر _____

نوٹ۔

- 1- پروکسی فارم پر شیئرز ہولڈر اور گواہوں کی مہر، دستخط ثبت ہونگے اور فارم سالانہ مجلس عاملہ / میٹنگ کے انعقاد کے 48 گھنٹوں سے پہلے پہلے پیش کرنا ہوگا۔
- 2- پروکسی کنندہ کمپنی کا شیئرز ہولڈر / رکن ہوگا۔
- 3- پروکسی کنندہ کے دستخط کمپنی میں رجسٹرڈ شدہ دستخط سے مشابہ ہونگے۔
- 4- سی ڈی سی شیئرز ہولڈر ووٹ دینے کے مستحق ہونگے اور وہ سالانہ مجلس عاملہ / میٹنگ میں ووٹ دیتے وقت اپنے اصل شناختی کارڈ / پاسپورٹ پیش کریں گے تاکہ ان کی شناخت ہو سکے۔ بصورت دیگر وہ اپنے شناختی کارڈ / پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔
- 5- کارپوریٹ ممبرز کے نمائندے اپنے متعلقہ کاغذات پیش کریں گے۔

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