

**GULSHAN SPINNING
MILLS LIMITED**

ANNUAL REPORT 2016

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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 Junaid Akhtar

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 16th July, 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, 2016 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the next financial year 2016-2017 and fix their remuneration. The retiring Auditors M/s Baker Tilly Mehmood Idress 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 Junaid Akhtar
Company Secretary

Lahore:
June 25, 2018

NOTES:

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **9th July, 2018 to 16th July, 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 کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ ۱۶ جولائی ۲۰۱۸ بروز پیر کو بوقت ۱۱:۰۰ بجے صبح بمقام سیکنڈ فلور فٹنلے ہاؤس آئی آئی چندریگر روڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

- 1- پچھلے سالانہ مجلس عاملہ کا اجلاس کے منٹس پر عملدرآمد کا جائزہ لیا جائیگا۔
- 2- کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دورانیہ مالی سال ۳۰ جون ۲۰۱۶ بمعدہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصولی اور ان میں موجود سفارشات/غور اور تسلیم کئے جائیں گے۔
- 3- اگلے مالی سال ۲۰۱۷-۲۰۱۶ کے لئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اور ان کی معاونت کا تعین کیا جائے گا۔ برخاست شدہ آڈیٹرز میسرز باقر ملی محمود، ادیس قمر، چارٹڈ اکاؤنٹنٹس نے اپنی کمپنی کو دوبارہ مقرر ہونے کے لئے پیش کیا ہے۔ ان کی درخواست پر فیصلہ کیا جائے گا۔
- 4- چیئرمین کی اجازت سے کسی بھی مزید کاروباری کوزیر غور لایا جائے گا۔

۲۵ جون ۲۰۱۸ء لاہور

جاری کیا گیا بذریعہ آرڈر از ان بورڈ آف ڈائریکٹرز

محمد جنید اختر (کمپنی سیکرٹری)

اہم اطلاع۔

- 1- کمپنی کے شیئرز ٹرانسفر بکس بند کر دیئے جائیں گے اور ۹ جولائی ۲۰۱۸ تا ۱۶ جولائی ۲۰۱۸ تک (بچ کے دونوں چھٹی کے دنوں کے لئے بھی) کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔
- 2- وہ رکن جو سالانہ مجلس عاملہ کا اجلاس ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پرو کسی مقرر کر سکتا ہے جو اس کے بدلے اس کی جگہ ووٹ دے۔ جس کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کا اجلاس سے 48 گھنٹے قبل متعلقہ پرو کسی فارم پُر کر کے جمع کروانا ہوگا۔
- 3- سی ڈی سی شیئرز ہولڈرز سے گزارش ہے کہ وہ سالانہ مجلس عاملہ/میٹنگ میں ووٹ دیتے وقت اپنے اصل شناختی کارڈ/ پاسپورٹ پیش کریں۔ تاکہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کاپورٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کا سرٹیفکیٹ/ قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے/ مختار کنندہ کے specimen دستخط ثبت ہوں پیش کیا جائے۔
- 4- ارکان سے گزارش ہے کہ وہ اپنے کسی بھی موقع پر پتہ کی تبدیلی کی صورت میں میسرز حمید مجید ایسویٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبر، حسرت موہانی روڈ کراچی کے شیئرز رجسٹر اوف کوفوری 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, 2016 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 raw material to run the mill.

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.

Operating & Financial Performance

Operating indicators	2016	2015
	(Rupees)	(Rupees)
Sales	85,577,040	24,761,805
Cost of goods sold	188,975,955	419,292,312
Financial cost	6,969,097	12,174,790
Pre tax Loss	(184,624,989)	(498,146,217)
Provision for taxation	1,422,998	(81,019,879)
Loss after taxation	(186,047,998)	(417,126,338)

Future Outlook

The restructuring process is expected to be completed soon and this will result in better utilization of production capacities. Once the ongoing reconciliation & restructuring process is completed, we would be in a better position to run the operations of the Company in a befitting manner.

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.

DIRECTOR'S REPORT TO SHAREHOLDERS

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	3
Mr. Sohail Maqsood	4
Mr. Hussain Ather	1
Mr. Iftikhar Ali	3
Mr. Muhammad Yousaf	4

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

Audit Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has established an Audit Committee. Four (4) meetings of the Audit Committee were held and attendance thereof by each member is as follows:

Name of Members	No of meeting attended
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HR & Remuneration Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has also established HR & Remuneration Committee. The names of its members are given in the Company information.

Internal Audit Function

The Board has implemented a sound and effective internal control system including operational, financial and compliance controls to carry on the business of the Company in a controlled environment in an efficient manner to address the Company's basic objectives.

Internal audit findings are reviewed by the Audit Committee, where necessary, action taken on the basis of recommendations contained in the internal audit reports.

DIRECTOR'S REPORT TO SHAREHOLDERS

Corporate Governance & Financial Reporting Framework

As required by the code of corporate governance, directors are pleased to report that:

- The financial statements prepared by the Management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound and has been effectively implemented and monitored.
- The Board is satisfied that there is no concern as regard to going concern under the Code and as duly explained in note 1.3 of Financial Statements.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- Key operating and financial data for the last six years is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2016 except for those disclosed in the financial statements.
- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report, except for those disclosed in the financial statements.

Earnings/(Loss) Per Share

The loss per share of the Company for the period ended June 30, 2016 was Rs. (8.37) as compared to the previous year of Rs. (18.77)

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2016.

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.

DIRECTOR'S REPORT TO SHAREHOLDERS

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 01.07.2015	Purchases	Sales	Closing Balance as on 30.06.2016
Mrs.Naureen Tanveer	934,546	0	1,500	933,046

Statement on Value of Staff Retirement Benefit

As on June 30, 2016 deferred liability for gratuity is Rs. 23,533,811/-

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 2016-2017.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2016 including the information under the code of corporate of governance is annexed.

Acknowledgement

We express thanks to our valued customers & financial institutions for their cooperation and support.

The Board also acknowledges the hardwork and continuous dedication of all the employees of the Company.

On behalf of the Board

Lahore
13.06.2018


SOHAIL MAQSOOD
CHIEF EXECUTIVE

گلشن سپننگ ملز لمیٹڈ

شیئرز ہولڈرز کو دی گئی ڈائریکٹرز کی رپورٹ

گلشن سپننگ ملز لمیٹڈ کی سالانہ جنرل میٹنگ کے موقع پر کمپنی کے ڈائریکٹرز کمپنی کے مالی بیانات کی رپورٹ پیش کر رہے ہیں جو کہ ایڈیٹرز کی رپورٹ کے ساتھ منسلک ہے یہ کہ رپورٹ زیر جائزہ مالی سال مورخہ ۳۰ جون ۲۰۱۶ پیش کا جا رہا ہے۔

مجموعی جائزہ۔

زیر جائزہ سال مجموعی طور پر کافی مشکل سال ثابت ہوا ہے۔ سنگین توانائی کے بحران کے ساتھ ساتھ مالی ذرائع کی عدم دستیابی نے پیداواری صلاحیتوں کے استعمال میں رکاوٹ والے رکھی۔

اسکے علاوہ ان نقصانات کا بنیادی سبب کام چلانے کے لئے سرمایہ کی عدم دستیابی سے پیدا ہونے والے مالی بحران کی وجہ سے بینکس اور دیگر مالی اداروں کی طرف سے بھی مالی امداد کو جو بھی یکطرفہ طور پر روک دیا گیا جس کے نتیجے میں کمپنی ہذا خام مال جس کی مدد سے موجود مشینز کو مناسب سطح کی حد تک چلا کر پیداوار کو بڑھایا جانا مناسب مقدار میں مناسب وقت پر نہ خرید سکی۔

ان حالات نے مطلوبہ پیداوار کے اہداف کو حاصل کرنے کے لئے کمپنی کی منصوبہ بندی کو روک دیا۔ نتیجتاً ہماری سیلز ٹرن اوور پر اور کمپنی کے منافع کی صلاحیت پر بری طرح اثر پڑا۔ جبکہ اس کے برعکس موجودہ بدترین حالات کے باوجود انتظامیہ کمپنی کی ملز کو چلانے کی ہر ممکن سر توڑ کوشش کر رہی ہے

قرضہ بڑھانے کی سخت شرائط بلند شرح سود، منسلکہ لیکویڈٹی کے مسائل نے کمپنی کو مجبور کیا کہ وہ اپنے فرض اور واجبات کی ادائیگیوں کے لئے مزید وقت حاصل کرے جو کہ گفت و شنید کے بعد اس شرط پر کہ وہ اپنے قرضہ جات وقت پر ادا کرے گی کمپنی کو مزید وقت مل جائے گا۔

کمپنی نے مارکیٹ میں کلیدی حیثیت رکھنے والی مالی اداروں/بینکس کے ساتھ مل کر قرض کے حصول کا عمل شروع کیا ہے۔

اس سلسلہ میں کمپنی نے معروف قانونی فرم کو بطور مالی امور کی وکیل مقرر کیا ہے اور شرائط و ضوابط اور منصوبہ بندی کی دستاویزی شکل میں تیاری اپنے آخری مراحل میں ہے اور بیشتر مالی اداروں نے ہمارے قرض کے حصول کی منصوبہ بندی کو سراہا/منظور کیا ہے۔ اگر ایک دفعہ ہم اپنی اس منصوبہ بندی کو پورا کرنے میں کامیاب ہو گئے تو اس سے کمپنی کو مالی حیثیت اور دیگر حساب کتاب میں بہتری آئیگی۔

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

کام کی نوعیت	۲۰۱۶	۲۰۱۵
سیلز	(۵۸,۵۵۷,۰۳۰)	۲۳,۷۶۱,۸۰۵
فروخت کئے گئے سامان پر اٹھنے والی لاگت (اخراجات)	(۱۸۸,۹۷۵,۹۵۵)	(۳۱۹,۲۹۲,۳۱۲)
مالیاتی لاگت	(۶,۹۶۹,۰۹۷)	(۱۲,۱۷۳,۷۹۰)
ٹیکس دینے سے پہلے کا نقصان	(۱۸۳,۶۲۳,۹۸۹)	(۳۹۸,۱۳۶,۲۱۷)
ٹیکس	(۱,۴۲۲,۹۹۸)	(۸۱,۰۱۹,۸۷۹)
ٹیکس دینے کے بعد کا نقصان	(۱۸۶,۰۴۷,۹۸۷)	(۳۱۷,۱۲۶,۳۳۸)

مستقبل کی تصویر کشی / منصوبہ بندی

حصول قرض میں کامیابی کے بعد کمپنی کی انتظامیہ اپنی تمام تر توجہ پیداواری سرگرمیوں پر کر دیگی۔ اگر ایک دفعہ قرضوں کے حصول کی گفت و شنید کا مرحلہ کامیابی سے مکمل ہو گیا تو ہم ایسی حالت میں ہوں گے ہم کمپنی کے معاملات میں بہتری لاسکیں۔

آڈیٹرز کی طرف سے اٹھائے گئے اعتراضات

آڈیٹرز نے اس معاملے میں تشویش کا اظہار کیا ہے کہ کمپنی نے ابھی تک بینک ہائے ودیگر مالی اداروں کے سایہ قرضوں کے حصول کے سلسلہ میں گفت و شنید اور قرض کے حصول کی نئی منصوبہ بندی سابقہ ادائیگیوں کے لئے مزید وقت کے حصول کے لئے تیز ترین اقدامات نہیں اٹھائے۔

اس سلسلے میں یہ امر قابل توجہ ہے کہ قرضوں کے حصول کی نئی منصوبہ بندی اپنے تکمیلی مراحل پر ہے جس کے تمام خاص خاص امور پر سے پیشتر بینک ہائے/مالی ادارے ہمارے ساتھ متفق ہیں۔

بینک ہائے/قرض دہندگان کی طرف سے پیش کردہ ایک سکیم آخری مراحل میں ہے اور جس کا ڈرافٹ ہمارے مالی امور کے قانونی ماہرین بنا رہے ہیں اور سندھ ہائی کورٹ کی منظور کے بعد ایک معاہدہ مابین فریقین برائے حصول قرضہ کمپنی اور متعلقہ بینک ہائے کے درمیان طے پا جائے گا۔

اور اس معاہدہ کی شرائط و ضوابط کے مطابق کمپنی اور اسکی مخالف اداروں کے درمیان جاری تمام قانونی کارروائیاں ختم ہو جائیں گی اور فریقین ہر طرح کی قانونی کارروائی سے دستبردار ہو جائیں گے۔

انتظامیہ ہر ممکن کوشش کر رہی ہے کہ وہ کمپنی کو حالیہ مالی مسائل اور بدترین بحران سے نکال لے۔ بینک انتظامیہ نے اپنی بیشتر افرادی قوت کو استعمال کیا ہے تاکہ وسائل کے تحفظ قدرتی وسائل اور خام مال کے موثر استعمال کے لئے کئے گئے ہر ممکن اقدامات کی کامیابی کو یقینی بنایا جائے۔

ہائیکورٹ میں جو کمپنی کے خلاف واجب الادا ادائیگیوں کے حصول کے لئے قانونی کارروائی چل رہی ہے اس سلسلہ میں کمپنی نے سود پر اضافی سود کی ادائیگی کے تقاضے کو رد کر دیا ہے جس کے نتیجے میں بینک/مالی اداروں نے کمپنی کے ذمہ واجب الادا پیسوں کو کنفرم نہیں کیا ہے جو کہ پیسے پہلے سے کمپنی ہڈانے متنازعہ قرار دیئے ہوئے ہیں۔

کمپنی کو یہ امید واثق ہے کہ ان متنازعہ رقم کے سلسلہ میں اگر مفاہمت ہوگی تو ہمارے حق میں طے شدہ قرضوں کی اگلی اقساط جاری ہو جائیں گی اور سابقہ قسطوں کے لئے مزید وقت مل جائے گا۔ جس کے نتیجے میں کمپنی ہڈا کی مالی صلاحیت میں اضافہ ہوگا اور کمپنی قبل از وقت موثر سرمایہ کاری کرتے ہوئے مناسب قیمت پر خام مال خرید سکے گی اور اپنے مالی ذرائع کو بہتر طور پر چلا سکے گی اور مقامی اور عالمی مارکیٹ کے پریشرو برداشت کر سکے گی اور ملکی توانائی کے بحران سے لڑ سکے گی۔

کارپوریٹ گورننس

آپ کی کمپنی سیکورٹیز اور ایچ بی سی کی کونسل آف پاکستان کے قوانین پر بہر صورت عمل پیرا ہے اور اسکے مطابق اپنے داخلی مالی ودیگر معاملات کے کنٹرول کی پالیسیز کو بہتر طریقے سے پہلے سے زیادہ سختی سے اور توازن کے ساتھ نافذ کئے ہوئے ہیں۔

بورڈ میٹنگز اور حاضر لوگ

بورڈ آف ڈائریکٹرز کی چار دفعہ میٹنگ منعقد کی گئی اور ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے۔

نام ڈائریکٹر	میٹنگ میں حاضری
تنویر احمد	4
ریاض احمد	3
سہیل مقصود	4
حسین اطہر	1
افتخار علی	3
محمد یوسف	4

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

آڈٹ کمپنی

حکومت کی طرف سے جاری کردہ ضابطہ پر عمل پیرا ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمپنی جو بورڈ کے 3 ڈائریکٹرز/ارکان پر مشتمل ہے تشکیل دی اور ان آڈٹ کمپنی کے ارکان نے آڈٹ کمپنی کے اجلاس میں شرکت کی جن کی تفصیل درج ذیل ہے۔

رکن کا نام	میٹنگ میں شرکت کی تعداد
سہیل مقصود	4
حسین اطہر	4

انسانی وسائل اور ان کے معاوضے کی کمپنی

حکومت کی طرف سے جاری کردہ ضابطہ پر عمل پیرا ہوتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے ایک انسانی وسائل اور ان کے معاوضے کی کمیٹی تشکیل دی اور ان ارکان کی تفصیل لف رپورٹ ہذا ہے۔

انٹرنل آڈٹ کا طریقہ کار (فرائض)

بورڈ آف ڈائریکٹرز نے مناسب اور موثر داخلی مالی کنٹرول سسٹم بنایا ہے اور اس پر سختی سے عمل پیرا ہیں جس میں، آپریشنل، فنانشل اور کمپنی کے کاروباری معاملات سے متعلق حکمت عملی پر مناسب طریقے سے عملدرآمد بنایا جاسکے تاکہ کمپنی کے بنیادی اصول کے مقاصد کو حاصل کیا جاسکے۔ انٹرنل آڈٹ کی سفارشات اور مشاہدات کو آڈٹ کمپنی نے نظر ثانی کی اور جہاں پر ضروری سمجھا انہوں نے دی گئی سفارشات اور مشاہدات کی روشنی میں مناسب کارروائی کی۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے فریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹرز کو بخوش اسلوبی 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 چہرے کی عکاسی کرے اور کمپنی کے آپریشن کے نتائج/ما حاصل/منافع/نقصان، کیش فلو اور ایکوٹی میں تبدیلیاں کی صحیح ترجمانی/آئینہ داری کرے
- 2- کمپنی کے اکاؤنٹ بکس کی مناسب تیاری اور دیکھ بھال کرے۔
- 3- مناسب اکاؤنٹنگ حکمت عملی کی تیاری اور اسکی روشنی میں مالی امور کے بیان اور مالی تخمینہ جات کی تیاری اور اس سلسلہ میں معقول اور دانشمندانہ فیصلے کئے جائیں۔
- 4- بین الاقوامی اکاؤنٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں کے مطابق مالی امور کا بیان تیار کیا جائے۔
- 5- اندرونی مالی نظم و ضبط کا کنٹرول کا سسٹم موثر اور مستحکم ہو اسکا نفاذ کا مناسب مانیٹرنگ سسٹم موجود ہو۔
- 6- بورڈ کے ڈائریکٹرز کو مالی امور کے بیان کے پیرامبر 3-1 میں دیئے گئے ضابطہ 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 ٹاک آپکنج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔
- 8- گزشتہ 6 سالوں کا آپریٹنگ اور مالی امور کا کلیدی ڈیٹا لف ہذا ہے۔
- 9- ٹیکسز، ڈیویڈنڈ، محصولات اور دیگر چارجز کی مد میں کوئی اضافی یا غیر قانونی ادائیگیاں نہیں کی گئیں۔
- 10- حالیہ مالی سال کے اختتام پر جو بیلنس 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 کرے سوائے ان کے جو مالی امور کے بیان میں اشکار کی گئیں۔

نفع/نقصان بمطابق شیئرز کی قیمت

بمطابق شیئرز کی حالیہ قیمت، کمپنی کا نقصان برائے اختتامی دورانیہ 30 جون 2016، فی شیئر (۸۰۳۷) روپے ہے جو کہ پچھلے سال (۱۸۰۷۷) روپے فی شیئر تھا

منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ 30 جون 2016 کے لئے کسی منافع کی سفارش نہیں کی ہے۔

ضابطہ اخلاق

کمپنی ہذا کے ہر ڈائریکٹرز، ملازم کو مجوزہ ضابطہ اخلاق کے بارے میں تیار، آگاہ اور متعارف کروایا گیا ہے۔

کارپوریٹ سوسائٹی ذمہ داری

آپ کی کمپنی کارپوریٹ سوسائٹی ذمہ داریاں جو کہ سماج، شہری، دفاع، ملازمین کی بہبود اور ماحول دوستی پر مبنی ہے کو پوری طرح سے تسلیم کرتی ہے اور اس پر عمل پیرا ہے۔

ویب/سماجی رابطہ کے ذرائع پر موجودگی

کمپنی کی سالانہ اور متواتر 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 آرمز لگتے قیمت کے قانون کے مطابق کیا جاتا ہے جو کہ کمپنیز ان کٹرولڈ پرائس میٹھڈ " کے مطابق طے شدہ ہے۔ کمپنی ہذا کارپوریٹ گورننس کے بہترین طریقوں کو اختیار کئے ہوئے ہے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے۔

کمپنی کے شیئرز کی ٹریڈنگ

زیر جائزہ 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	بیلنس	خریداری	فروخت	کلوزنگ بیلنس
	01.07.2015				30.06.2016
نورین تنویر	934,546			1,500	933,046

عملہ کے ریٹائرمنٹ کے بینفٹ کی قیمت کا بیان۔

دورانہ برائے مورخہ 30 جون 2016 ڈیفنڈڈ لائبلٹی برائے گریجویٹ کی رقم 23,533,811 روپے مختص کی گئی ہے۔

آڈیٹرز

میسرز باقر علی محمود، ادریس قر، چارٹرڈ 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 2016-2017 کی تعیناتی کی سفارش/منظوری کی ہے۔

شیئرز ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق 30 جون 2016 شیئرز ہولڈنگ کا پیٹرن لف رپورٹ ہذا ہے

تحسینی اعترافات

آخر میں ہم اس موقع کا فائدہ اٹھاتے ہوئے چاہیں گے کہ اپنے کسٹمرز، اور مالی ادارے/بینکرز کا شکریہ ادا کریں جو کہ انہوں نے کمپنی کی ترقی اور نشوونما کے لئے مسلسل حمایت اور تعاون کیا اور ہم امید کرتے ہیں کہ اس جذبے سے بھی تعاون اور حمایت جاری رہے گی۔

ہم اپنے جذبے سے سرشار ٹیم اور ایگزیکٹوز/ڈائریکٹرز، دیگر عملے اور کارکنوں کا بھی شکریہ ادا کرتے ہیں جنہوں نے اس تمام عرصہ میں سخت محنت اور لگن سے کام کیا اور ہم آمدہ سال میں بھی اس لگن اور محنت کی امید رکھتے ہیں تاکہ ہماری کمپنی پہلے سے بھی زیادہ بہتر نتائج حاصل کرے۔

آخر میں (لیکن بالکل آخری نہیں) انتظامیہ اپنے ہر دفعہ کی طرح اس دفعہ بھی بھرپور تعاون اور رہنمائی کا شکریہ ادا کرتے ہیں جو ہماری کمپنی کے لئے مستقبل کی زبردست منصوبہ بندی، بہتر رہنمائی اور مقاصد کا تعین کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

سہیل مقصود چیف ایگزیکٹو

مورخہ

18-06-13

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year Ended

June30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board of Directors includes:

Category	Names
Independent Director	Mr. Hussain Athar
Executive Directors	Mr. Tanveer Ahmed and Riaz Ahmed
Non-Executive Directors	Mr. Sohail Maqsood, Mr. Maqsood ul Haq, Mr. Iftikhar Ali, Mr. Hussain Athar, and Mr. Muhammad Yousaf

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancies occurring in the Board during the period under review.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and term and conditions of employment of the chief executive officer and executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises of three board members of whom two are non-executive directors and chairman of the committee is a non-executive director.
17. The board has set up an effective internal audit function who are considered suitably qualified and experience for the purpose and are conversant with the policies and procedures of the Company.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors' have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange..
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
22. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore:
June 13, 18


(Sohail Maqsood)
Chief Executive

**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, 2016** 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 price 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 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 (v) of the Code. Subsequent to the year end, the Board of Directors discussed and agree on the process of evaluation based on which it's evaluation would be completed in the ensuring year.
- iii. The Company has not prepared, circulated and filed quarterly unaudited financial statements and half yearly financial statements subject to a limited scope review as required by clauses (xviii and xix) 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, 2016.

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants
Name of Engagement Partner: Bilal Ahmed Khan

Lahore
June 13, 18

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Gulshan Spinning Mills Limited ("the Company") as at June 30, 2016 and the related profit and loss account, statement of other 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. 2,805.06 million as at June 30, 2016, shareholder's equity is negative by Rs. 2,310.81 million and as of that date the Company's current liabilities exceed its current assets by Rs. 3,069.89 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 28.1.1 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 Company may not be able to realize its assets and discharge its liabilities in the normal course of business. In our opinion, 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. 1,423.38 million, including balance of Rs. 327.61 million for the current year, has not been accrued in these financial statements, thereby reducing loss for the current year by Rs. 327.61 million and reducing shareholders' equity and current liabilities by Rs.1,168.26 million as fully detailed in note 25.2 to these financial statements.
- (c) we have not received year end confirmation certificates from banks and financial institutions in respect of bank balances aggregating Rs. 18.87 million (note 16.2) and short-term borrowings aggregating Rs. 2,739.9 million (note 26.4) and long-term finances from banking companies aggregating Rs. 133.31 million (note 21 and 27). No confirmations have been received in respect of lease deposits (note 8), liabilities against assets subject to finance lease (note 22 and 27), payables against overdue letters of credit (note 24.1), and accrued mark-up / interest (note 25 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, 2016 and June 30, 2015 was based on the un-audited financial statements (note 7.1).
- (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 are 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, 2016 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 (XVIII of 1980).

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants
Name of Engagement Partner: Bilal Ahmed Khan

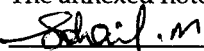
Lahore
June 13, 18

GULSHAN SPINNING MILLS LIMITED

GULSHAN SPINNING MILLS LIMITED BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees Restated	2014 Rupees Restated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	2,203,633,647	2,257,518,874	3,709,851,590
Long-term investments	7	119,284,405	95,352,143	92,044,601
Long-term deposits	8	8,476,563	8,476,563	8,666,608
		2,331,394,615	2,361,347,580	3,810,562,799
CURRENT ASSETS				
Stores, spare parts and loose tools	9	21,002,703	32,182,526	34,781,969
Stock-in-trade	10	189,358,169	310,880,051	625,036,858
Trade debtors	11	46,510,111	70,620,264	137,758,235
Loans and advances	12	86,771,970	81,150,391	32,194,115
Trade deposits and short-term prepayments	13	6,410,483	7,889,543	6,448,651
Accrued mark-up / interest	14	58,729,962	72,878,394	67,862,517
Short-term investment		-	-	9,014,190
Other receivables	15	7,486,189	120,194,117	120,380,882
Cash and bank balances	16	18,981,703	13,405,672	11,490,658
		435,251,290	709,200,957	1,044,968,074
TOTAL ASSETS		2,766,645,905	3,070,548,538	4,855,530,874
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	17	222,250,380	222,250,380	222,250,380
Reserves	18	272,000,000	272,000,000	272,000,000
Accumulated losses		(2,805,061,306)	(2,659,970,836)	(2,285,230,641)
		(2,310,810,926)	(2,165,720,456)	(1,790,980,261)
Surplus on revaluation of property, plant equipment	19	956,280,926	997,238,443	1,963,790,345
Sub-ordinated loan	20	250,000,000	250,000,000	250,000,000
NON-CURRENT LIABILITIES				
Long-term financing	21	-	-	71,896,635
Liabilities against assets subject to finance lease	22	-	-	-
Deferred liabilities	23	366,027,814	364,370,612	884,906,999
		366,027,814	364,370,612	956,803,634
CURRENT LIABILITIES				
Trade and other payables	24	602,186,929	660,957,435	588,896,543
Accrued mark-up / interest	25	18,899,265	13,031,243	2,518,511
Short-term borrowings	26	2,739,963,695	2,735,000,374	2,738,951,309
Current portion of non-current liabilities	27	133,305,565	204,878,250	133,989,673
Provision for taxation		10,792,637	10,792,637	11,561,120
		3,505,148,091	3,624,659,939	3,475,917,156
CONTINGENCIES AND COMMITMENTS	28	-	-	-
TOTAL EQUITY AND LIABILITIES		2,766,645,905	3,070,548,538	4,855,530,874

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


CHIEF EXECUTIVE

Sohail Maqsood


DIRECTOR

Akhtar Mirza

GULSHAN SPINNING MILLS LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees Restated
Sales - net	29	85,557,040	24,761,805
Cost of sales	30	(188,975,955)	(419,292,312)
Gross loss		(103,418,915)	(394,530,507)
Distribution cost	31	(3,662,886)	(5,675,245)
Administrative expenses	32	(36,229,077)	(54,049,499)
Other expenses	33	-	(31,978,400)
		(39,891,963)	(91,703,144)
Loss from operations		(143,310,879)	(486,233,651)
Other income	34	20,875,522	9,422,856
Finance cost	35	(6,969,097)	(12,174,790)
		(129,404,454)	(488,985,585)
Share of loss from joint venture		(55,220,535)	(146,442)
Share of loss on short-term investment		-	(9,014,190)
Loss before taxation		(184,624,989)	(498,146,217)
Taxation	36	(1,422,998)	81,019,879
Loss after taxation		(186,047,987)	(417,126,338)
Loss per share - basic and diluted	37	(8.37)	(18.77)

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


 CHIEF EXECUTIVE

Sohail Maqsood

 DIRECTOR

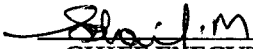
Akhtar Mirza

GULSHAN SPINNING MILLS LIMITED

GULSHAN SPINNING MILLS LIMITED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees Restated
Loss after taxation	(186,047,987)	(417,126,338)
Other comprehensive income / (loss)	-	-
Total comprehensive loss for the year	<u>(186,047,987)</u>	<u>(417,126,338)</u>

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



CHIEF EXECUTIVE
Sohail Maqsood

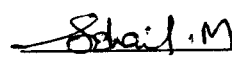


DIRECTOR
Akhtar Mirza

GULSHAN SPINNING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(184,624,989)	(498,146,217)
Adjustments for non-cash charges and other items:			
Depreciation		53,885,226	92,802,497
NRV loss on stock-in-trade		46,216,588	314,156,807
Provision for obsolete Stores		5,250,676	
Provision for staff retirement benefits - gratuity		5,700,701	5,182,455
Finance cost		6,969,097	12,174,785
Loss on re-measurement of investment at fair value through profit or loss		-	9,014,190
Share of loss from joint venture		55,220,535	146,442
Interest income		(9,181,438)	(8,479,232)
Provision for doubtful debts		(11,694,084)	30,100,700
Gain on disposal of property, plant and equipment		-	(1,027,074)
Cash flows before working capital changes		(32,257,687)	(44,074,647)
Net changes in working capital	38	166,833,581	61,487,203
Cash generated from operations		134,575,894	17,412,556
Interest received		18,128,112	9,370
Finance cost paid		(1,101,075)	(1,662,053)
Staff retirement benefits - gratuity paid		(5,466,497)	(9,797,429)
Income tax paid		-	(768,483)
Net cash from operating activities		146,136,434	5,193,961
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	1,490,000
Receipts against long-term deposits		-	190,045
Investment on order of court		(73,951,040)	-
Net cash (used in) / generated from investing activities		(73,951,040)	1,680,045
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing from related party		(71,572,685)	(323,950)
Long-term financing - net		4,963,321	(3,950,935)
Repayment of liabilities against assets subject to finance lease		-	(684,108)
Net cash used in financing activities		(66,609,364)	(4,958,993)
Net decrease in cash and cash equivalents during the year		5,576,030	1,915,013
Cash and cash equivalents at the beginning of year		13,405,672	11,490,659
Cash and cash equivalents at the end of year	16	18,981,703	13,405,672

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


CHIEF EXECUTIVE
Sohail Maqsood

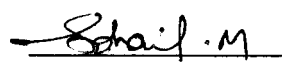
DIRECTOR
Akhtar Mirza


GULSHAN SPINNING MILLS LIMITED

GULSHAN SPINNING MILLS LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

Share capital	Reserves		Accumulated loss	Total	
	Share premium	General reserve			
Rupees					
Balance as at July 01, 2014 as previously reported	222,250,380	66,000,000	206,000,000	(2,390,322,759)	(1,896,072,379)
Correction of error	-	-	-	105,092,118	105,092,118
Balance as at July 01, 2014 - restated	222,250,380	66,000,000	206,000,000	(2,285,230,641)	(1,790,980,261)
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 - restated	222,250,380	66,000,000	206,000,000	(2,659,970,836)	(2,165,720,456)
Surplus on revaluation of property, plant and equipment, realized during the year on account of incremental depreciation - net of tax	-	-	-	40,957,517	40,957,517
Total comprehensive loss for the year	-	-	-	(186,047,987)	(186,047,987)
Balance as at June 30, 2016	222,250,380	66,000,000	206,000,000	(2,805,061,306)	(2,310,810,926)

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


CHIEF EXECUTIVE
Sohail Maqsood


DIRECTOR
Akhtar Mirza

**GULSHAN SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016****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, I. 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. The Company filed an application for withdrawal of merger petition. The Honourable High Court of Sindh vide order dated December 21, 2017, dismissed the merger petition as withdrawn on the application filed by the Company.

1.3 Going concern assumption

The Company has accumulated losses of Rs. 2,805.06 million as at June 30, 2016, and as at that date its current liabilities exceed its current assets by Rs. 3,069.89 million. 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 28.1.1 to these 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. 400.00 million within one year of the effective date of debt restructuring through sale of 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, 2016 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 cetera.

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 terms, 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 benefits 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, 2016

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. 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.

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

IFRS 13 - Fair Value Measurement. Effective from accounting period beginning on or after January 01, 2015.

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.

Amendments to IAS 16 and IAS 41 - Measurement of bearer plants. Effective from accounting period beginning on or after January 01, 2016.

IAS 27 (Revised 2011) - Separate Financial Statements. Effective from accounting period beginning on or after January 01, 2016. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.

IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures. Effective date is deferred indefinitely. Earlier adoption is encouraged.

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 date is deferred indefinitely. Earlier adoption is encouraged.

IFRS 11 - Joint Arrangements. Effective from accounting period beginning on or after January 01, 2016.

Amendments to IAS 1 - Presentation of Financial Statements' - Disclosure initiative. Effective from accounting period beginning on or after January 01, 2016.

Amendments to IAS 7 - Statement of Cash Flows - Amendments as a result of disclosure initiative. Effective from accounting period beginning on or after January 01, 2016.

Amendments to IAS 12 - Income Taxes - Recognition of deferred tax assets for unrealised losses. Effective from accounting period beginning on or after January 01, 2017.

Amendments to IFRS 2 - Share-based Payment - Clarification on the classification and measurement of share-based payment transactions. Effective from accounting period beginning on or after January 01, 2018.

IFRS 9 - Financial Instruments.

Effective from accounting period beginning on or after July 01, 2018.

IFRS 15 - Revenue from Contracts with Customers.

Effective from accounting period beginning on or after July 01, 2018.

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 14 Regulatory Deferral accounts
- IFRS 16 Leases

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 5.16);
- (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 benefits - gratuity (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 has 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 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.

5.17 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.

5.18 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	2016 Rupees	2015 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	6.1	<u>2,203,633,647</u>	<u>2,257,518,874</u>

6.1 PROPERTY, PLANT AND EQUIPMENT

	Owned										Leased		Total	
	Freehold Land	Factory buildings	Residential buildings	Plant and machinery	Electric installation	Gas power generator	Mills equipment	Office equipment	Furniture & fixtures	Vehicles	Plant & machinery	Vehicles		
Cost														
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)	
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	18,517,665	4,145,038,101	
Balance as at July 01, 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	18,517,665	4,145,038,101	
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer / adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2016	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	18,517,665	4,145,038,101	
Depreciation														
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	-	17,941,102	2,981,379	48,061,484	3,835,531	9,998,341	2,956,615	479,600	630,739	395,457	5,256,320	1,165,930	92,802,497	
Depreciation on disposal	-	-	-	-	-	-	-	-	-	(490,841)	-	(1,275,233)	(1,766,074)	
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	
Balance as at July 01, 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	
Charge for the year	-	14,953,567	1,453,422	23,429,973	1,869,821	4,799,204	2,660,953	431,640	567,665	302,534	2,562,456	853,991	53,885,226	
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	
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, 2016	-	67,400,468	22,612,084	271,718,515	13,801,065	36,061,379	81,637,491	14,671,638	16,906,186	23,687,429	18,739,204	15,101,702	582,337,161	
Impairment														
Balance as at July 01, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charge for the year	-	66,460,297	58,136,882	937,198,933	74,792,849	119,980,093	-	-	-	102,498,240	-	-	1,359,067,293	
Balance as at June 30, 2015	-	66,460,297	58,136,882	937,198,933	74,792,849	119,980,093	-	-	-	102,498,240	-	-	1,359,067,293	
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2016	-	66,460,297	58,136,882	937,198,933	74,792,849	119,980,093	-	-	-	102,498,240	-	-	1,359,067,293	
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	5,676,653	1,512,668	102,498,240	4,269,954	2,257,518,874	
Written down value as at June 30, 2016	324,384,000	583,189,101	56,683,459	913,768,959	72,923,028	115,180,890	23,948,577	3,884,764	5,108,988	1,210,134	99,935,783	3,415,963	2,203,633,647	

	Note	2016 Rupees	2015 Rupees
6.2 Depreciation charge has been allocated as follows;			
Cost of goods manufactured	30.1	51,729,396	90,048,793
Distribution cost	31	1,156,525	1,631,577
Administrative expenses	32	999,305	1,122,127
		53,885,226	92,802,497

6.3 Leased assets include plant and machinery at net book value of Rs. 99.935 million (2015: Rs. 102.498 million) and vehicles at net book value of Rs. 3.415 million (2015: Rs. 4.269 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 28.1.1, lessors have not issued relevant supporting documents for transfer of the ownership of these assets.

6.4 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	2016 Rupees	2015 Rupees
Owned			
Freehold land		14,878,943	14,878,943
Factory buildings		90,846,081	93,175,468
Residential buildings		61,675,771	63,257,201
Plant and machinery		565,768,710	580,275,600
Electric installations		49,283,179	50,546,851
Gas power generators		65,174,513	67,890,118
Leased			
Plant and machinery		69,464,436	71,245,575
		917,091,633	941,269,756

7 LONG-TERM INVESTMENTS

Long-term investments in;

- Joint venture	7.1	-	55,220,535
- Defence Saving Certificates	7.2	45,333,365	40,131,608
- Investment on order of court	7.3	73,951,040	-
		119,284,405	95,352,143

7.1 Investments in a Joint venture - under equity method

Gujranwala Energy Limited

7,500,000 (2015: 7,500,000) ordinary shares of Rs.10 each - cost

Accumulated share of post acquisition loss
Share of loss for the year

7.1.1	75,000,000	75,000,000
	(19,779,465)	(19,633,023)
	(55,220,535)	(146,442)
	(75,000,000)	(19,779,465)
	-	55,220,535

- 7.1.1** 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, 2016 , 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, 2015, 2014, 2013, 2012 and 2011 of GEL were also not available and values 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.
- 7.1.2** 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 and Infrastructure Board (PPIB) with the request to make certain amendments in the power purchase agreement to facilitate the financial close but PPIB 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 U.S. \$ 1,000,000 extended to PPIB.
- 7.1.3** 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 Honourable High Court of Sindh at Karachi for redressal of its grievances. 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.
- 7.1.4** With reference to (note 7.1.2) and (note 7.1.3) Gujranwala Energy Ltd. 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.
- 7.1.5** 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 7.1.3 and 7.1.4 above.
- 7.1.6** The Honorable High Court of Sindh via its order dated July 22, 2015 dismissed the stay order previously granted in favour of GEL against encashment of guarantees. The management of the Company has made necessary adjustments to these financial statements in light of the above-mentioned court decision by booking its share of loss.
- 7.2** This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 21 million (2015: Rs. 21 million). These certificates are maturing on various dates by March 5, 2020.

These carried mark-up at the effective rate of 12.15% per annum (2015: 12.15% per annum). Accrued mark-up aggregating Rs. 24.333 million (2015: Rs. 19.131 million) is included in the carrying value. These are under lien with a bank against guarantee amounting Rs. 19.504 million (2015: Rs. 19.504 million).

7.3 The Honorable High Court of Sindh via its order against suite no. B-64 of 2012 dated July 04, 2015 allowed a plaintiff bank the sale of charged goods, cotton bales and stocks through public auction at the best market rate available. The Court assigned Official Assignee to sell the charged goods through the public auction conducted August 28, 2015 in accordance with the law/rules and ordered the sales proceeds to be invested in some government profitable scheme upon realization. The Official Assignee via its report dated December 15, 2015 informed the Court of the sale of charged stock and investment of sale proceeds in some government profitable scheme.

	Note	2016 Rupees	2015 Rupees
8 LONG-TERM DEPOSITS			
Utilities		8,231,998	8,231,998
Lease deposits		3,661,335	3,661,335
Others		244,565	244,565
		12,137,898	12,137,898
Less: transferred to current assets			
- deposits pertaining to over due portion of lease liabilities		(3,661,335)	(3,661,335)
		8,476,563	8,476,563
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		45,946,268	48,891,829
Spare parts		7,914,197	9,209,617
Loose tools		2,648,630	2,853,755
Packing material		5,940,962	7,424,003
		62,450,057	68,379,204
Less: provision for obsolete inventory		(41,447,354)	(36,196,678)
		21,002,703	32,182,526
10 STOCK-IN-TRADE			
Raw materials	10.1	117,679,437	232,211,210
Finished goods	10.2	66,655,040	73,645,149
Waste		5,023,692	5,023,692
		189,358,169	310,880,051

10.1 Raw materials include items costing Rs. 156.905 million (2015: Rs. 468.862 million) stated at their replacement cost aggregating Rs. 117.679 million (2015: Rs. 232.211 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. 39.226 million (2015: Rs. 232.211 million).

10.2 Finished goods include items costing Rs. 73.645 million (2015: Rs. 147.289 million) stated at their net realisable values aggregating Rs. 66.655 million (2015: Rs. 73.645 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. 6.990 million (2015: Rs. 73.645 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 26 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

GULSHAN SPINNING MILLS LIMITED

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 28.1.1.

	Note	2016 Rupees	2015 Rupees
11 TRADE DEBTORS - unsecured			
Local - considered good	11.1	46,510,111	70,620,264
Local - considered doubtful		237,256,637	248,950,721
		283,766,748	319,570,985
Provision for doubtful debts		(237,256,637)	(248,950,721)
		46,510,111	70,620,264
11.1 This includes following amounts which pertain to related parties;			
Gulshan Weaving Mills Limited		-	15,022,576
Paramount Spinning Mills Limited		684,698	2,659,428
Gulistan Spinning Mills Limited		5,910,478	5,910,478
		6,595,176	23,592,482
12 LOANS AND ADVANCES - unsecured and considered good			
Advances to/against;			
- employees/non-executive staff		5,603,372	4,011,372
- suppliers		35,327,258	31,800,176
- others		45,841,340	45,338,843
		86,771,970	81,150,391
13 DEPOSITS AND PREPAYMENTS			
Current portion of lease deposits	8	3,661,335	3,661,335
Margins against letter of credit and bank guarantees		2,229,030	2,229,030
Prepayments		520,118	1,999,178
		6,410,483	7,889,543
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		56,892,676	71,041,108
		58,729,962	72,878,394
		2016	2015
	Note	Rupees	Rupees
			Restated
15 OTHER RECEIVABLES - unsecured and considered good			2014
			Rupees
			Restated
Receivable against quality claim	15.1	-	105,092,118
Sales tax		5,795,119	13,410,929
Rebate receivable		1,691,070	1,691,070
		7,486,189	120,194,117
			120,380,882

15.1 This restatement relates to a quality claim pertaining to the previous years in which the Company was operational. The quality claim was launched by the Company in the previous years and after considerable efforts of management of the Company, the amount of the quality claim has been received in the current year. The management of the Company, inadvertently omitted to adjust the financial statements of the Company in the previous years with the said claim. The effect of the restatement on these financial statements has been summarized below:

Impact of correction of error as follow;

	Rupees
Impact on balance sheet	
Increase in other receivables	105,092,118
Decrease in accumulated losses	<u>105,092,118</u>

	Note	2016 Rupees	2015 Rupees
16 CASH AND BANK BALANCES			
Cash-in-hand		109,073	109,073
Balances with banks in;			
- current accounts		5,067,750	4,441,819
- deposit accounts		96,371	96,371
- term deposit receipts	16.1	13,708,509	8,758,409
		18,872,630	13,296,599
		18,981,703	13,405,672

16.1 Term deposit receipts aggregating Rs. 5.617 million (2015: Rs. 5.617 million) are under banks' charge against guarantees aggregating Rs. 55.069 million. (2015: Rs. 55.069 million).

16.2 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 28.1.1 to these financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended June 30, 2016, from various banks having balances aggregating to Rs. 3.09 million (2015: Rs. 3.09 million) were not available to ensure balances held with these banks. Further, year end balance confirmation of banks having balances aggregating to Rs. 18.872 million (2015: Rs. 13.296 million) have also not been received due to litigation.

GULSHAN SPINNING MILLS LIMITED

17 SHARE CAPITAL

2016 Numbers	2015 Numbers		2016 Rupees	2015 Rupees
<u>25,000,000</u>	<u>25,000,000</u>	Authorized capital		
		Ordinary shares of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>
<u>9,300,000</u>	<u>9,300,000</u>	Issued, subscribed and paid-up capital		
		Ordinary shares of Rs. 10 each issued as fully paid in cash	<u>93,000,000</u>	<u>93,000,000</u>
<u>12,925,038</u>	<u>12,925,038</u>	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>129,250,380</u>	<u>129,250,380</u>
<u>22,225,038</u>	<u>22,225,038</u>		<u>222,250,380</u>	<u>222,250,380</u>
			2016 Number	2015 Number

17.1 Ordinary shares held by the related parties at the year end; Gulistan Spinning Mills Limited

	2016 Rupees	2015 Rupees
	<u>10,302</u>	<u>10,302</u>

18 RESERVES

Capital reserve

Share premium

Note

18.1 66,000,000

66,000,000

Revenue reserve

General reserve

206,000,000

206,000,000

272,000,000

272,000,000

18.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued.

Note

2016
Rupees

2015
Rupees

19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at the beginning of the year

1,273,864,109

2,695,263,965

Transfer to unappropriated profit in respect of;

- incremental depreciation

(59,358,720)

(62,332,563)

- impairment charge during the year

-

(1,359,067,293)

Surplus on revaluation at the end of the year - gross

1,214,505,390

1,273,864,109

Related deferred tax liabilities on:

Revaluation at the beginning of the year

276,625,666

731,473,620

Incremental depreciation on revalued assets

(18,401,203)

(19,946,420)

Impairment loss on revalued assets

-

(434,901,534)

258,224,463

276,625,666

Surplus on revaluation at the end of the year - net of tax

956,280,926

997,238,443

19.1 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 (Private) 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.

	2016 Rupees	2015 Rupees
20 SUB-ORDINATED LOAN - unsecured	250,000,000	250,000,000

This is an interest-free loan obtained from Director of the Company in previous years, This loan is subordinated 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. This loan has been classified in equity as per technical release 'Directors' Loan (TR-32) of the Institute of Chartered Accountants of Pakistan (ICAP).

	Note	2016 Rupees	2015 Rupees
21 LONG-TERM FINANCING			
From banking companies - secured			
Faysal Bank Limited - term finance II	21.1	-	-
Standard Chartered Bank - term finance III	21.2	-	-
Bank Alfalah Limited - LTF EOP	21.3	-	-
From an associated company - unsecured			
Gulistan Fibres Limited	21.6	-	-
		-	-

	2016 Rupees	2015 Rupees
21.1 Faysal Bank Limited - term finance II		
Balance at beginning of the year	35,714,286	35,714,286
Less: current portion:		
- over due instalments	35,714,286	28,571,428
- instalments due within next twelve months	-	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. 50.00 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 21.5 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.100.00 million.

	2016 Rupees	2015 Rupees
21.2 Standard Chartered Bank - term finance III		
Balance at beginning of the year	75,000,000	75,000,000
Less: current portion:		
- over due instalments	75,000,000	56,250,000
- instalments due within next twelve months	-	18,750,000
	<u>75,000,000</u>	<u>75,000,000</u>
	-	-

The Company had availed a term finance amounting Rs. 75.00 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 21.5 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.

	2016 Rupees	2015 Rupees
21.3 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
	-	-

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 Limited and was repayable in 2 quarterly instalments ended on September 30, 2012. This finance carried 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.

21.4 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 28.1.1. Due to these litigations, year-end confirmations from all lending banks have not been received.

21.5 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 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statement Presentation'.

	2016 Rupees	2015 Rupees
21.6 Gulistan Fibres Limited		
Balance at beginning of the year	71,572,685	71,896,635
Less: payments during the year	-	(323,950)
	-	71,572,685
Less: amount due within next twelve months	-	(71,572,685)
	-	-

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 21.6) and bills payable (note 24).

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% (2015: 12.66%) per annum.

	2016 Rupees	2015 Rupees
22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured		
Balance at beginning of the year	18,918,802	19,602,910
Less: Payments/adjustments made during the year	-	(684,108)
	18,918,802	18,918,802
Less: current portion:		
- over due instalments	18,918,802	18,918,802
Balance at end of the year	-	-

22.1 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% (2015: 7.00% to 18.15%) 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.

22.2 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 28.1.1. Due to these litigations, year-end confirmations from all lessors have not been received.

22.3 Due to the facts explained in notes 22.2 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, 2016 and June 30, 2015. 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;

	2016			2015		
	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	18,918,802	-	18,918,802	19,871,629	952,827	18,918,802
Minimum lease payments	18,918,802	-	18,918,802	19,871,629	952,827	18,918,802

23 DEFERRED LIABILITIES

	Note	2016 Rupees	2015 Rupees
Staff retirement benefits - gratuity	23.1	23,533,811	23,299,607
Deferred taxation	23.2	342,494,003	341,071,005
		<u>366,027,814</u>	<u>364,370,612</u>

23.1 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	2016 Rupees	2015 Rupees
23.1.1 Movement in the net liability recognized in the balance sheet			
Net liability at beginning of the year		23,299,607	27,914,581
Charge to profit and loss account		5,700,701	5,182,455
Benefits paid during the year		(5,466,497)	(9,797,429)
Closing net liability		<u>23,533,811</u>	<u>23,299,607</u>
23.1.2 Movement in present value of defined benefit obligation			
Balance at beginning of the year		23,299,607	27,914,581
Current service cost		5,700,701	4,384,087
Interest cost		-	798,368
Benefits paid		(5,466,497)	(9,797,429)
Balance at end of the year		<u>23,533,811</u>	<u>23,299,607</u>
23.1.3 Expense recognized in the profit and loss account			
Current service cost		5,700,701	4,384,087
Interest cost		-	798,368
		<u>5,700,701</u>	<u>5,182,455</u>
23.1.4 Expense is allocated as follows;			
Cost of sales		2,280,280	2,103,870
Administrative expenses		3,306,406	2,986,950
Distribution expense		114,014	91,635
		<u>5,700,701</u>	<u>5,182,455</u>

23.1.5 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

23.1.6 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.

	Note	2016 Rupees	2015 Rupees
23.2 Deferred taxation			
The net liability for deferred taxation comprises timing differences relating to;			
Taxable temporary differences (deferred tax liabilities)			
Accelerated tax depreciation - owned assets		203,077,011	296,445,060
Surplus on revaluation property, plant and equipment		287,143,312	617,936,285
Assets subject to finance lease		63,813,496	66,965,259
Deductible temporary differences (deferred tax assets)			
Staff retirement benefits - gratuity		(7,295,481)	(7,455,874)
Provisions and allowances		(198,379,506)	(191,864,174)
Liabilities against assets subject to finance lease		(5,864,829)	(6,054,017)
Impairment loss on property, plant and equipment		-	(434,901,534)
		342,494,003	341,071,005

Deferred tax asset in respect of the unused tax losses amounting Rs. 2,380.334 million (2015: Rs. 2,224.796 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	2016 Rupees	2015 Rupees
24 TRADE AND OTHER PAYABLES			
Creditors		27,970,569	41,835,591
Bills payable / letters of credit payable	24.1	455,469,519	455,469,519
Security deposit	24.2	22,500,000	22,500,000
Accrued expenses		39,974,307	49,196,190
Income tax payable		1,034,021	1,013,297
Unclaimed dividend		1,037,103	1,037,103
Advances from others		54,201,410	89,905,735
		602,186,929	660,957,435

24.1 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 28.1.1, 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.

24.2 This represents balance of security deposit received against supply of yarn up to June 30, 2014 as per agreed payment schedule. In case of default, mark-up at the rate of 12.00% is charged. Mark-up aggregating Rs. 2.7 million (2015: 2.7 million) has been charged during the year.

	Note	2016 Rupees	2015 Rupees
25 ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
Long-term finances	25.1	12,826,114	9,658,092
Liabilities against assets subject to finance lease	25.2		
Short-term borrowings	25.2	-	-
Security deposit		6,073,151	3,373,151
		<u>18,899,265</u>	<u>13,031,243</u>

25.1 This represents mark-up payable to Gulistan Fibres Limited, "an associated company", on long-term loan as disclosed in note 21.6.

25.2 During the year ended June 30, 2016, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 9.062 million, Rs. 1.224 million and Rs. 244.839 million respectively (2015: Rs. 11.892 million, Rs. 1.224 million and Rs. 317.324 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, 2016, will be repaid on quarterly basis over a period of 2 years immediately after the completion of principal repayment term. Un-provided mark-up / interest upto the balance sheet date aggregated Rs. 1,423.381 million (2015: Rs. 1,168.256 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 28.1.1.

25.3 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 28.1.1.

	Note	2016 Rupees	2015 Rupees
26 SHORT-TERM BORROWINGS			
Short-term finances - secured	26.1 & 26.4	1,879,288,871	1,879,288,871
Running finances - secured	26.2 & 26.4	854,985,812	854,985,812
Temporary bank overdraft - unsecured	26.5	5,689,012	725,691
		<u>2,739,963,695</u>	<u>2,735,000,374</u>

- 26.1** 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.
- 26.2** 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 28.1.1.
- 26.3** A debt-property 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 borrowings and outstanding bills payable aggregating Rs. 91 million of the Company have been adjusted by the lender against mortgage property of Gulistan Fibres Limited. Accordingly, the Company booked liability payable to Gulistan Fibres Limited note 21.6 by adjusting short-term borrowing and bills payable note 24.1
- 26.4** Year-end balance confirmations aggregating Rs. 2,739.9 million (2015: Rs. 2,735 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.
- 26.5** These have arisen due to issuance of cheques in excess of balance at bank accounts.

	Note	2016 Rupees	2015 Rupees
27 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	21.6	-	71,572,685
Liabilities against assets subject to finance lease		<u>18,918,802</u>	<u>18,918,802</u>
		<u><u>133,305,565</u></u>	<u><u>204,878,250</u></u>

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 Liabilities towards banks and financial institutions disclosed in note 21, 22, 25 and 26

- (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. 4,005.232 million (2015: Rs. 3,947.582 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.

- 28.1.2** The Company has not provided for Rs. 12.519 million (2015: 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.

The above appeals were disposed-off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence, which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Honourable Supreme Court of Pakistan with the right to appeal. Accordingly, the petition was filed in the Honourable High Court of Sindh in respect of the above view. During the pendency of this appeal an interim arrangement was agreed, whereby bank guarantees furnished for consignments cleared up to December 27, 2006, were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006, while payment was made against the balance amount.

As at June 30, 2016, the Company has provided bank guarantees aggregating Rs. 19.504 million (2015: Rs. 19.504 million) in favour of the Excise and Taxation Department.

- 28.1.3** 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 7.1.
- 28.1.4** Counter guarantees of Rs. 78.363 million (2015: Rs. 78.363 million) were given by the Company to various banks / financial institutions as at June 30, 2016, in respect of guarantees issued in favour of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited.
- 28.1.5** 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 PLA 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.
- 28.1.6** 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 PLA filed by the Company was dismissed and the Honourable Banking Court No. II, 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.
- 28.1.7** First National Bank Modaraba filed a suit against the Company for recovery of Rs. 45,905,500. The Honorable Banking Court Lahore vide its judgement dated September 19, 2017 against suit no. 122/15 decreed against the Company in favour of First national Bank Modaraba for recovery of Rs. 45,905,500. Execution proceedings under the said judgement were started under section 19 of the Financial Institutions (Recovery of Finance) Ordinance, 2001. The management of the Company has taken appropriate legal actions against the judgement, decree and execution proceedings on the appropriate legal forums. The management has not recognized the impact of the said decree in these financial statements.
- 28.1.8** Habib Metropolitan Bank Limited has filed a suit against the Company for recovery of Rs. 57,605,000 with the Honorable Lahore High Court, Lahore. The Honorable Lahore High Court vide its judgement dated May 27, 2016 decreed against the Company and the same was converted into execution proceedings by the Court under section 19 of the Financial Institutions (Recovery of Finance) Ordinance, 2001. The Company has not recognized any adjustment to these financial statements as the management has taken appropriate legal action against the judgement, decree and execution proceedings at appropriate legal forums.
- 28.1.9** Habib Bank Limited (previously First Habib Bank Modaraba) filed a suit against the Company for recovery of Rs. 2,633,486 in the Honorable Banking Court no. 1, Karachi. The said Court decreed against the Company vide its judgment dated April 21, 2016 and was converted to execution proceedings by the court under section 19 of the Financial Institution (Recovery of Finance) Ordinance, 2001. The management of the Company has not recognized any adjustment to these financial statements as the Company has initiated appropriate legal actions against the judgement, decree and execution proceedings at appropriate legal forums.

28.1.10 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.

28.1.11 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.

28.1.12 Company has challenged recovery of the Electricity Duty on self-generation of electricity. The Honorable Lahore high Court has passed order in favour of the Company and hence stayed the recovery of the same duty. Company, through this appeal has challenged the recovery of Electricity Duty on self-generation. Supreme court of Pakistan has ordered in favour of the Company and hence stayed the recovery of the same duty.

28.2 Commitments

There is no capital commitment as at June 30, 2016, and June 30, 2015.

	Note	2016 Rupees	2015 Rupees
29 SALES - net			
Local sales			
- Sale	29.1	74,337,140	2,685,922
- Processing income		11,276,000	22,075,883
		85,613,140	24,761,805
Less: sales tax		(56,100)	-
		<u>85,557,040</u>	<u>24,761,805</u>

29.1 Local sales include waste sales and cotton sales of Rs. nil (2015: Rs 22,300) and Rs. 73.951 million (2015: Rs. nil) respectively.

	Note	2016 Rupees	2015 Rupees
30 COST OF SALES			
Stocks at beginning of the year (finished goods and waste)		78,668,841	152,313,258
Cost of goods manufactured	30.1	181,985,846	345,647,895
		<u>260,654,687</u>	<u>497,961,153</u>
Stocks at the end of the year (finished goods and waste)		<u>(71,678,732)</u>	<u>(78,668,841)</u>
		<u>188,975,955</u>	<u>419,292,312</u>
30.1 Cost of goods manufactured			
Raw materials consumed	30.2	114,531,773	236,651,519
Stores consumed		5,580,676	2,859,613
Salaries and other benefits		2,039,437	4,439,181
Gratuity		2,280,280	2,103,870
Fuel and power		1,103,139	2,382,940
Repair and maintenance		1,600,000	186,115
Communication		-	39,747
Travelling and conveyance		115,427	613,957
Insurance		2,855,718	2,137,190
Depreciation	6.2	51,729,396	90,048,793
Other manufacturing expenses		150,000	324,099
		<u>181,985,846</u>	<u>341,787,024</u>
Work-in-process adjustment:			
Balance at beginning of the year		-	3,860,871
Balance at end of the year		-	-
		-	3,860,871
		<u>181,985,846</u>	<u>345,647,895</u>
30.2 Raw materials consumed			
Stocks at beginning of the year		232,211,210	468,862,729
Stocks at end of the year		<u>(117,679,437)</u>	<u>(232,211,210)</u>
		<u>114,531,773</u>	<u>236,651,519</u>
30.3 Store and spare parts consumed includes the provision for slow moving items amounting to Rs. 5,250,676 (2015: Rs. nil).			
	Note	2016 Rupees	2015 Rupees
31 DISTRIBUTION COST			
Salaries and other benefits		1,392,000	2,424,000
Gratuity		114,014	91,635
Travelling		360,586	-
Depreciation	6.2	1,156,525	1,631,577
Freight and handling - local		417,000	-
Commission;			
- local		222,761	528,000
- export		-	1,000,033
		<u>222,761</u>	<u>1,528,033</u>
		<u>3,662,886</u>	<u>5,675,245</u>

GULSHAN SPINNING MILLS LIMITED

	Note	2016 Rupees	2015 Rupees
32 ADMINISTRATIVE EXPENSES			
Directors' meeting fee		-	120,000
Salaries and other benefits		18,157,171	19,586,903
Gratuity		3,306,406	2,986,950
Rent, rates and taxes		4,103,300	3,010,901
Gas and electricity		2,185,124	1,071,450
Fee and subscriptions		581,376	3,224,622
Travelling and conveyance		1,924,348	4,198,017
Printing and stationery		112,610	283,944
Auditor's remuneration	32.1	1,080,000	1,080,000
Repair and maintenance		617,040	4,861,915
Entertainment		261,492	423,766
Insurance		38,418	-
Communication		541,069	715,870
Legal and professional charges		1,702,500	9,773,000
Computer expenses		94,783	100,355
Advertisement		-	76,650
Depreciation	6.2	999,305	1,122,127
Other administrative expenses		524,135	1,413,029
		<u>36,229,077</u>	<u>54,049,499</u>
32.1 Auditor's remuneration			
Audit fee		1,025,000	825,000
Half yearly review		-	200,000
Review report on Code of Corporate Governance		55,000	55,000
		<u>1,080,000</u>	<u>1,080,000</u>
33 OTHER EXPENSES			
Debit balances written off		-	30,100,700
Exchange loss - net		-	1,877,700
		<u>-</u>	<u>31,978,400</u>
34 OTHER INCOME			
Income from financial assets			
Interest on;			
- term-deposit receipts		35,435	8,563
- deposit accounts		122,612	808
- Defence Saving Certificates		5,201,757	3,453,984
- over due receivable balances of associated companies		3,821,634	5,015,877
Reversal of bad debts		11,694,084	-
		<u>20,875,522</u>	<u>8,479,232</u>
Income from non-financial assets			
Gain on sale of property, plant and equipment		-	943,624
		<u>20,875,522</u>	<u>9,422,856</u>
35 FINANCE COST			
Mark-up / interest on;			
- long-term finance		3,947,412	9,080,040
- security deposits		2,700,000	2,700,000
		<u>6,647,412</u>	<u>11,780,040</u>
Bank charges		321,685	394,745
		<u>6,969,097</u>	<u>12,174,785</u>

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During the year ended June 30, 2016, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings respectively aggregating Rs. 9.062 million (2015: Rs. 11.892 million), Rs. 1.224 million (2015: Rs. 1.224 million), Rs. 244.839 million (2015: Rs. 317.324 million) due to pending litigations with the financial institutions as detailed in note 25.

		2016 Rupees	2015 Rupees
36 TAXATION			
Current	36.1	-	-
Deferred		(1,422,998)	81,019,879
		(1,422,998)	81,019,879

36.1 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.

		2016 Rupees	2015 Rupees
37 LOSS PER SHARE - BASIC AND DILUTED			
Loss after taxation		(186,047,987)	(417,126,338)

----- Number of shares -----

Weighted average number of ordinary shares outstanding during the year		22,225,038	22,225,038
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Basic loss per share - basic and diluted		(8.37)	(18.77)
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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, 2016 and June 30, 2015 which would have any effect on the loss per share if the option to convert is exercised.

		2016 Rupees	2015 Rupees
38 NET CHANGES IN WORKING CAPITAL			
Decrease / (increase) in current assets:			
Stores, spares and loose tools		5,929,147	2,599,443
Stock-in-trade		75,305,294	-
Trade debtors		35,804,237	37,037,271
Loans and advances		(5,621,579)	(48,956,276)
Trade deposits and short-term prepayments		1,479,060	(1,440,892)
Other receivables		112,707,928	186,765
		225,604,087	(10,573,689)
Decrease in trade and other payables		(58,770,506)	72,060,892
		166,833,581	61,487,203

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULARS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2016	2015	2016	2015	2016	2015
	Rupees					
Managerial remuneration and other benefits	-	-	1,212,000	2,424,000	7,147,740	4,903,431
Gratuity	-	-	375,027	91,635	2,829,338	553,958
	-	-	1,587,027	2,515,635	9,977,078	5,457,389
No. of persons			1	1	4	10

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

39.2 Meeting fees of Rs. nil (2015: Rs 120,000) were also paid to a director during the year.

	2016 Number	2015 Number
40 CAPACITY AND PRODUCTION		
Numbers of spindles installed	44,784	44,784
Average number of spindles worked	-	13,495
Numbers of rotors installed	1,440	1,440
Average numbers of rotors worked	-	244
Number of shifts worked per day	-	3
Total number of days worked	-	106
Installed capacity after conversion into 20's count	Kg. -	17,452,312
Actual production after conversion into 20's count - note 40.1	Kg. -	4,600,071

40.1 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.

41 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.

41.1 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	2016 Rupees	2015 Rupees
Deposits and margins	14,366,928	14,450,378
Trade debtors	46,510,111	70,620,264
Accrued mark-up / interest	58,729,962	72,878,394
Bank balances	18,981,703	13,405,672
	<u>138,588,704</u>	<u>171,354,708</u>

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

Not past due	2,600,000	-
Past due 1-90 days	3,000,000	-
Past due 91-180 days	-	-
Past due 181-365 days	-	3,463,983
More than one year	40,910,111	67,156,281
	<u>46,510,111</u>	<u>70,620,264</u>

Based on past experience and keeping in view subsequent realisations, provision for doubtful debts aggregating Rs. 237.25 million (2015: Rs.248.95 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.

41.2 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, 2016			June 30, 2015		
	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	114,386,763	114,386,763	-	185,959,448	185,959,448	-
Liabilities against assets	-	-				
subject to finance lease	18,918,802	18,918,802	-	18,918,802	18,918,802	-
Trade and other payables	602,186,929	602,186,929	-	660,957,435	660,957,435	-
Accrued mark-up / interest	18,899,265	18,899,265	-	13,031,243	13,031,243	-
Short-term borrowings	2,739,963,695	2,739,963,695	-	2,735,000,374	2,735,000,374	-
	<u>3,494,355,454</u>	<u>3,494,355,454</u>	-	<u>3,613,867,302</u>	<u>3,613,867,302</u>	-

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.

41.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices, which affect the Company's income or the value of its holdings of financial instruments.

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores and spare parts, plant and machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollars. The Company's exposure to foreign currency risk is as follows;

	June 30, 2016		June 30, 2015	
	Rupees	U.S.\$	Rupees	U.S.\$
Bank balance	(232,085)	(2,357)	(232,085)	(2,357)
Net balance sheet exposure	(232,085)	(2,357)	(232,085)	(2,357)

The following significant exchange rate applied during the year;

	Average rate		Reporting date rate	
	2016	2015	2016	2015
U.S. Dollar to Rupee	104.60	101.4	104.37 / 104.49	101.70 / 101

(b) Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. Dollar with all other variables held constant, loss for the year would have been increased / (decreased) by the amounts shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	Note	2016	2015
		Rupees	Rupees
Effect on loss for the year:			
U.S. Dollar to Rupee		(4,801,041)	(4,801,041)

The weakening of the Rupee against U.S Dollar would have had an equal but opposite impact on loss for the year. The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

(c) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of the interest rate risk of the Company arises from short and long-term borrowings from banks and deposits with banks. However, the Company is not providing for mark-up / interest on its long-term finances, liabilities against assets subject to finance lease and short-term borrowings due to litigation with banks and financial institutions as detailed in note 28.1.1. At the reporting date, the profile of the Company's interest bearing financial instruments is as follows;

	2016 Rupees	2015 Rupees
Fixed rate instruments		
Financial assets	45,333,365	40,131,608
Financial liabilities	3,672,477	3,672,477
Variable rate instruments		
Financial assets	20,303,685	32,350,891
Financial liabilities	2,892,168,525	2,952,909,867

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.

41.4 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, 2016, 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.

41.5 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, benefits 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 makes 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 finance, which the Company could not comply as at the reporting date.

42 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 families 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 39. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

GULSHAN SPINNING MILLS LIMITED

Nature of Transaction	2016 Rupees	2015 Rupees
Sale of store items	-	2,685,922
Interest charged	3,947,412	9,080,040
Interest earned	2,374,889	2,744,323
Long-term loan paid	71,572,685	323,950

43 SEGMENT INFORMATION

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

- (a) Cotton sale represents 87% (2015: 11%) 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, 2016 and June 30, 2015 are located in Pakistan.

44 NUMBER OF EMPLOYEES	2016 Number	2015 Number
Number of employees as at June 30,		
- Permanent	17	28
Average number of employees during the year		
- Permanent	15	28

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on _____ by the Board of Directors of the Company.

46 CORRESPONDING FIGURES

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


CHIEF EXECUTIVE

Sohail Maqsood


DIRECTOR

Akhtar Mirza

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

	2016	2015	2014	2013	2012	2011
	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	13,495	26,649	26,712	31,126	40,373
Total number of rotors installed	1,440	1,440	1,440	1,440	1,440	1,440
Average number of rotors worked	244	244	533	542	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	4,600,071	7,279,250	8,319,365	11,373,290	15,161,179
Sales	85,557,040	24,761,805	991,069,459	1,319,221,190	3,191,016,654	5,100,805,673
Gross (loss)/profit	(103,418,915)	(394,530,507)	(332,522,608)	(92,542,439)	(1,445,806,268)	904,810,286
Operating (loss)/profit	(164,186,044)	(476,810,795)	(200,370,481)	(162,107,240)	(1,865,893,143)	715,663,615
Financial Expenses	6,969,097	12,174,790	6,661,350	40,996,208	434,203,221	470,141,557
(Loss)/Profit before tax	(184,624,989)	(498,146,217)	(208,802,457)	(230,335,384)	(2,560,205,624)	250,978,761
(Loss)/Profit for the year after taxation	(186,047,987)	(417,126,338)	(202,745,411)	(259,615,871)	(2,574,930,351)	179,272,423
Unappropriated profit carried forward	(2,805,061,306)	(2,659,970,836)	(2,390,322,759)	(2,287,756,179)	(2,085,160,651)	515,232,911
FINANCIAL POSITION						
Paid up capital	222,250,380	222,250,380	222,250,380	222,250,380	222,250,380	222,250,380
Share holder's equity	(2,310,810,926)	(2,165,720,456)	(1,790,820,261)	(1,790,980,261)	(1,590,910,271)	1,009,483,291
Long term loans		71,896,635	71,896,635	114,386,763	128,672,477	1,601,476
Obligation under finance lease				20,829,330	22,269,377	48,447,544
Deferred Liabilities	366,027,814	364,370,612	884,906,999	641,911,523	633,596,425	113,152,369
Current Liabilities	3,505,148,091	3,624,659,939	3,475,917,156	3,672,089,048	3,677,172,472	3,129,395,551
Fixed Assets	2,203,633,647	2,257,518,874	3,709,851,590	3,803,785,944	3,895,756,389	1,340,933,945
Long term investment	119,284,405	95,352,143	92,044,601	91,490,350	102,027,608	261,743,042
Long term deposits	8,476,563	8,476,563	8,666,608	8,666,608	8,650,608	10,496,976
Current Assets	435,251,290	709,200,957	1,044,968,074	1,305,970,374	1,533,059,561	3,235,720,552

GULSHAN SPINNING MILLS LIMITED

Pattern of Shareholding As At June 30, 2016

Number of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
2,415	1	100	33,041	0.15
676	101	500	158,153	0.71
134	501	1,000	109,741	0.49
169	1,001	5,000	408,102	1.84
48	5,001	10,000	372,897	1.68
11	10,001	15,000	134,649	0.61
8	15,001	20,000	147,331	0.66
5	20,001	25,000	117,500	0.53
3	25,001	30,000	85,500	0.38
1	30,001	35,000	34,500	0.16
5	35,001	40,000	188,840	0.85
5	40,001	45,000	217,499	0.98
1	45,001	50,000	50,000	0.22
2	50,001	55,000	102,000	0.00
1	55,001	60,000	60,000	0.27
2	60,001	70,000	134,274	0.60
4	70,001	75,000	298,790	1.34
1	75,001	90,000	86,500	0.39
2	90,001	100,000	198,380	0.89
3	100,001	105,000	311,203	1.40
1	105,001	110,000	105,111	0.47
1	110,001	115,000	110,011	0.49
1	115,001	125,000	122,500	0.55
3	125,001	130,000	384,205	1.73
2	130,001	200,000	274,214	1.23
1	200,001	230,000	200,131	0.90
1	230,001	260,000	231,500	1.04
1	260,001	295,000	263,326	1.18
1	295,001	300,000	300,000	1.35
1	300,001	310,000	308,845	1.39
1	310,001	345,000	313,190	1.41
1	345,001	475,000	349,651	1.57
1	475,001	490,000	477,410	2.15
1	490,001	620,000	494,885	2.23
1	620,001	795,000	624,201	2.81
1	795,001	1,200,000	800,000	3.60
1	1,200,001	1,920,000	1,203,474	5.41
1	1,920,001	2,010,000	1,925,000	8.66
1	2,010,001	2,065,000	2,012,288	9.05
1	2,065,001	2,095,000	2,065,470	9.29
1	2,095,001	2,100,000	2,098,071	9.44
1	2,100,001	2,195,000	2,112,655	9.51
1	2,195,001	2,200,000	2,200,000	9.90
3,522			22,225,038	100%

* Note: There is no shareholding in the slab not mentioned

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2016

Particulars	No. of Shares Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	10	3,014,855	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)	3,484	7,563,709	34.03
Other Companies	10	7,684,729	34.58
	3,522	22,225,038	100.00

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2016**

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	SHARES
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>	
Mrs. Naureen Tanveer	933,046
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
G) General Public (Local)	7,563,709
	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	1,500

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 _____ 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 16th July 2018 at 11:00 a.m. and at any adjournment thereof.

As witness my/our hand this _____ day of July, 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 _____ عدداً شئیرز کا مالک / رکھتا ہوں جو کہ شئیر رجسٹر کے فولیو نمبر _____ پر درج ہے اور یا سی آر سی 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 _____ اکاؤنٹ نمبر _____ گلشن سپننگ ملز لمیٹڈ کارکن / شئیرز 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 فولیو نمبر _____ سی ڈی سی امیدوار شناختی کارڈ نمبر _____ اکاؤنٹ نمبر _____ گلشن سپننگ ملز لمیٹڈ کارکن / شئیرز ہولڈر ہے کو اپنا پروکسی / شراکت کنندہ / نمائندہ میں مقرر کرونگا جو میری جگہ سالانہ کمپنی کو مجلس عاملہ جو کہ کو ۱۶ جولائی ۲۰۱۸ بروز بدھ کو بوقت ۱۱:۰۰ بجے یا کسی دیگر وقت و جگہ پر منعقد ہوگی / 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 _____

1- پروکسی فارم پر شئیر ہولڈر اور گواہوں کی مہر، دستخط مثبت ہونگے اور فارم سالانہ مجلس عاملہ / میٹنگ کے انعقاد کے 48 گھنٹوں سے پہلے پیش کرنا ہوگا۔

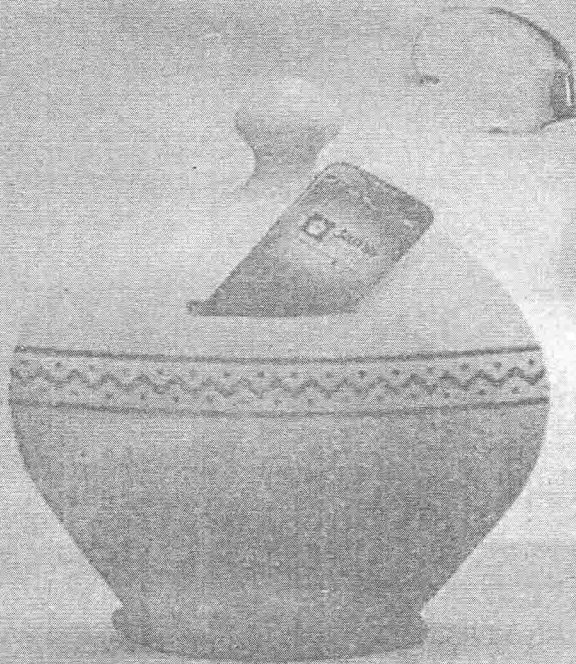
2- پروکسی کنندہ کمپنی کا شئیر ہولڈر / رکن ہوگا۔

3- پروکسی کنندہ کے دستخط کمپنی میں رجسٹرڈ شدہ دستخط سے مشابہ ہونگے۔

4- سی ڈی سی شئیر 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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*Some of the key features are available for download on android and ios devices