

**GULSHAN SPINNING  
MILLS LIMITED**

**ANNUAL REPORT 2017**

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**GULSHAN SPINNING MILLS LIMITED**  
**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>

# GULSHAN SPINNING MILLS LIMITED

## 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.

# GULSHAN SPINNING MILLS LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of **Gulshan Spinning Mills Limited** (the "Company") will be held at 2<sup>nd</sup> Floor Finlay House, I.I. Chundrigar Road, Karachi on **Friday 26<sup>th</sup> October, 2018 at 03:30 p.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, 2017 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the next financial year 2017-2018 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:  
October 04, 2018

### NOTES:

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **19<sup>th</sup> October, 2018 to 26<sup>th</sup> October, 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 سپنگ ملز لمیٹڈ

اطلاع برائے سالانہ مجلس عاملہ

اطلاع دی جاتی ہے کہ گلشن سپنگ ملز لمیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ 26 جمعہ 2018 بروز جمعہ کو بوقت 3:30 بجے صبح بمقام سیکنڈ فلور فنلے 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 30 جون 2017 بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کیا جائے گا۔ (انکی نقول بورڈ ارکان کو بانٹی جائیں گی) اور ان میں موجود سفارشات، مشاہدات اعتراضات پر جائزہ/غور اور فیصلے کئے جائیں گے۔
- 3- اگلے مالی سال 2018 - 2017 کے لئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اور ان کی معاونت کا تعین کیا جائے گا۔ برخاست شدہ آڈیٹرز میسرز باقر ٹی محمود، ادلیس قمر، چارٹرڈ 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 مزید کاروبار اپنانے کے امور کو پنٹایا جائے گا۔

4 اکتوبر 2018، لاہور

جاری کیا گیا بذریعہ آرڈرازاں بورڈ آف ڈائریکٹرز

محمد جنید اختر (کمپنی سیکرٹری)

اہم اطلاع۔

- 1- کمپنی کے شیئر ٹرانسفر بکس بند کر دیئے جائیں گے اور 19 اکتوبر 2018 تا 26 اکتوبر 2018 تک (بچ کے دنوں 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۔ کاپوریٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرار داد کا ٹیٹیفکیٹ/ 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 جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبر، حسرت موہانی روڈ کراچی کے شیئر رجسٹرار کو فوری طور پر آگاہ کریں۔

## GULSHAN SPINNING MILLS LIMITED

### 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, 2017 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	2017	2016	
	(Rupees)	(Rupees)	
Sales	15,332,888	85,577,040	
Cost of goods sold	122,382,808	188,975,955	
Financial cost	605,981	6,969,097	
Pre tax Loss	(72,633,070)	(184,624,989)	
Provision for taxation	45,897,624	1,422,998	
Loss after taxation	(26,735,446)	(186,047,998)	

### 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.

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:

<b>Name of Director</b>	<b>No of meeting attended</b>
Mr. Tanveer Ahmed	3
Mr. Riaz Ahmed	2
Mr. Muhammad Maqbool Anjum	0
Mr. Sohail Maqsood	4
Mr. Hussain Ather	0
Mr. Iftikhar Ali	4
Mr. Muhammad Akhtar Mirza	4
Mr. Ashraf Khan	1
Mr. Abid Sattar	1

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:*

<b>Name of Members</b>	<b>No of meeting attended</b>
Mr. Hussain Ather	4
Mr. Muhammad Maqbool Anjum	2
Mr. Muhammad Akhtar Mirza	4

## **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.

## **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, 2017 was Rs. (1.20) as compared to the previous year of Rs. (8.37)

## **Dividends**

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2017.

## **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](http://www.gulshan.com.pk) for information of the shareholders and others.

## Related Party Transactions

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

## Trading in Company's Shares

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

Name	Opening Balance as on 01.07.2016	Purchases	Sales	Closing Balance as on 30.06.2017
	Nil			

## Statement on Value of Staff Retirement Benefit

As on June 30, 2016 deferred liability for gratuity is Rs. 23,363,262/-

## 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 2016-2018.

## Pattern of Shareholding

The pattern of shareholding as at June 30, 2017 including the information under the code of corporate 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  
03.10.2018

  
SOHAIL MAQSOOD  
CHIEF EXECUTIVE

## گلشن سپنگ ملز لمیٹڈ

شیرز ہولڈرز کوڈی گئی ڈائریکٹر کی رپورٹ

گلشن سپنگ 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 30 جون 2017 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 خاتم مال جس کی مدد سے موجود مشینری کو مناسب سطح کی حد تک جلا 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 اور پراور 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 قرض 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 کریگی 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 مین تیاری اپنے آخری مراحل میں ہے اور بیشتر مالی اداروں نے ہمارے قرض کے حصول کی منصوبہ

(2)

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۔

انتظامیہ حالیہ پیش آنے والے مالی مسائل سے باخبر ہے جو کہ ہمارے آپریشنز پر اثر انداز ہو رہے ہیں اور انتظامیہ اپنے مالی امور کی تشکیل نو اور بہتر منصوبہ بندی کر کے کمپنی کو ایک منافع بخش کمپنی بنانے کے لئے پر عزم ہے اور اپنی اعلیٰ پیشہ ورانہ صلاحیتوں کو بروئے کار لاتے ہوئے اپنے آپریشنز/سرگرمیوں کو مضبوط کرے گی اور پیداواری عوامل (پراسس) میں ترقی لاتے ہوئے اپنے کسٹمرز کو بہتر سے بہتر خدمات باہم پہنچائے گی۔

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

2016	2017	کام کی نوعیت
85,577,040	15,332,888	سیلز
188,975,955	122,382,808	فروخت کئے گئے سامان پر اٹھنے والی لاگت (اخراجات)
6,969,097	605,981	مالیاتی لاگت
(184,624,989)	(72,633,070)	ٹیکس دینے سے پہلے کا نقصان
1,422,998	45,897,624	ٹیکس
(186,047,998)	(26,735,446)	ٹیکس دینے کے بعد کا نقصان

مستقبل کی تصویر کشی/منصوبہ بندی

کمپنی کی انتظامیہ پیداواری لاگت کو کم کرنے کے لئے اور روپے کی قدر میں کمی کے اثرات/نقصانات کو کم کرنے کے لئے پیداواری صلاحیت کے زیادہ سے زیادہ استعمال میں لانے کے لئے زبردست محنت کر رہی ہے۔

پیداواری لاگت میں اضافہ اصل میں کپاس کی قیمت میں اضافہ، توانائی کے ذرائع کے شدید بحران، روپے کی قدر میں کمی کی وجہ سے اور درآمدی اشیاء کی قیمتوں میں اضافے، دو عدد افراط زر اور بجلی طویل لوڈ شیڈنگ کی وجہ سے ہوئی جس کی وجہ سے ٹیکسٹائل سیکٹر کو شدید حالات کا سامنا ہے۔

ان حالات کے پیش نظر مستقبل میں بھی انہی حالت کا اندیشہ ہے

اپنی قیمتوں کے تعین کے اہداف کے حصول پر مرکوز رکھے ہوئے ہے تاکہ منافع میں اضافہ ہو سکے۔

ان سنگ میل کو حاصل کرنے کی سب سے بڑی رکاوٹ مالی ذرائع کے حصول کی عدم دستیابی ہے۔

لیکن ہم یہ حالات مستقبل قریب میں ختم ہونے کی امید رکھ سکتے ہیں کیونکہ ہماری قرضوں کے حصول کی منصوبہ بندی جلد از جلد اپنے تکمیل کے مراحل میں ہے۔ اور پھر قرضوں کے حصول کے لئے پیداواری صلاحیتوں کے استعمال میں بڑھوتری ہو سکے گا۔

اگر ایک دفعہ قرضوں کے حصول کی گفت و شنید کا مرحلہ کامیابی سے مکمل ہو گیا تو ہم خام مال کو بروقت اور بہتر کم قیمت میں خرید سکیں گے۔

منافع میں اضافہ ارکارکردگی میں ترقی کے لئے کمپنی کی طرف سے طویل المدت اور اہم اقدامات لاگو کئے جا رہے ہیں اور کمپنی پیداواری لاگت میں کمپنی اور مارجن میں اضافہ پر اپنی توجہ مرکوز رکھے ہوئے ہے۔

متذکرہ بالا اقدامات برائے حصول قرض میں کامیابی کے بعد کمپنی کی انتظامیہ اپنی تمام تر توجہ پیداواری سرگرمیوں پر کر دیگی۔ مالی معاملات میں بہتری اور پیداواری لاگت میں مناسب کمی، مالی ذرائع، کے حصول اور خال مال کی خریداری کے لئے مزید موثر انتظامی اقدامات ہونے کے بعد کمپنی ہذا امید واثق رکھتی ہے کہ وہ منافع کی کسی راہ پر گامزن ہو جائے گی لیکن اس شرط پر کہ بیرونی طور پر کوئی ایسے ناگہانی حالات میں نہ پیدا ہو جائیں جیسا کہ زبردست توانائی کا بحران اور عالمی مارکیٹ کے برے حالات وغیرہ

### 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 سائبہ 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 اٹھا سکے۔

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 اسکیم آخری مراحل میں ہے اور جس کا ڈرافٹ ہمارے مالی

(4)

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۔ پیشک 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 کٹفرم نہیں کیا ہے جو کہ پیسے پہلے سے کمپنی ہذا نے متنازعہ قرار دیئے ہوئے ہیں۔

کمپنی کو یہ امید واثق ہے کہ ان متنازعہ رقوم 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 ہذا 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 پریشر کو برداشت کر سکے گی اور ملکی توانائی کے بحران سے لڑ سکے گی۔

### کارپوریٹ گورننس

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

### بورڈ مینٹلز اور حاضر لوگ

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

(5)

نام ڈائریکٹر	مینگ میں حاضری
تنویر احمد	3
ریاض احمد	2
سہیل مقصود	4
مقبول انجم	0
حسین اطہر	0
افتخار علی	4
اشرف خان	1
اختر مرزا	4
عابد ستار	1

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	مینگ میں شرکت کی تعداد
حسین اطہر	4
اختر مرزا	4
مقبول انجم	2

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، فنانشنل اور کمپنی کے کاروباری معاملات سے متعلقہ 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 ہونگے۔

- 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 / ماحاصل / منافع / نقصان، کیش فلو اور ایکویٹی 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 پیرا نمبر 1-3 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 سٹاک ایکسچینج 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 2017، فی شیئر (1.20) روپے ہے جو کہ پچھلے سال (8.37) روپے فی شیئر تھا۔

### منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ 30 جون 2017 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 سماجی ذمہ داری

آپ کی کمپنی کارپوریٹ سماجی 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](http://www.gulshan.com.pk) شیئرز ہولڈرز اور دیگران کی آگاہی کے لئے موجود ہے۔

## متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین کو آرمز لگتہ 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 آفیسران، چیف فنانشل آفیسر، کمپنی سیکرٹری، ڈائریکٹرز اور ان کی ازواج/خاوند 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
	01.07.2016			30.06.2017
			کوئی نہیں	

عملہ کے ریٹائرمنٹ کے پیفٹ کی قیمت کا بیان۔

دورانہ برائے مورخہ 30 جون 2017 ڈیفنڈنٹس برائے گریجویٹ کی رقم 23,363,262 روپے مختص کی گئی ہے۔

## آڈیٹرز

میسرز باقر علی محمود، ادریس قمر، 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 2017-2018 بیناتی کی سفارش/منظوری کی ہے۔

## شیئرز ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق 30 جون 2017 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۔

(9)

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 بورڈ کی 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 / منجانب سے

سہیل مقصود  
چیف ایگزیکٹو

مورخہ 03.10.2018

### AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Gulshan Spinning Mills Limited** ("the Company") as at June 30, 2017 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. 2,838.29 million as at June 30, 2017, shareholder's equity is negative by Rs. 2,344.04 million and as of that date the Company's current liabilities exceed its current assets by Rs. 3,097.40 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. 1,663.687 million, including balance of Rs. 240.306 million for the current year, has not been accrued in these financial statements, thereby reducing loss for the current year by Rs. 240.306 million and reducing shareholders' equity and current liabilities by Rs. 1,663.687 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. 19.917 million (note 16.2) and short-term borrowings aggregating Rs. 2,735.371 million (note 26.4) and long-term finances from banking companies aggregating Rs. 114.386 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, 2017 and June 30, 2016 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, 2017 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).

**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, 2017**, 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. 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

GULSHAN SPINNING MILLS LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees Restated	2015 Rupees
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	6	2,151,494,285	2,203,633,647	2,257,518,874
Long-term investments	7	126,125,291	119,284,405	95,352,143
Long-term deposits	8	8,476,563	8,476,563	8,476,563
		2,286,096,139	2,331,394,615	2,361,347,580
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools	9	15,752,027	21,002,703	32,182,526
Stock-in-trade	10	132,266,793	189,358,169	310,880,051
Trade debtors	11	33,662,468	46,510,111	70,620,264
Loans and advances	12	82,259,244	86,771,970	81,150,391
Trade deposits and short-term prepayments	13	5,956,271	6,410,483	7,889,543
Accrued mark-up / interest	14	62,688,063	58,729,962	72,878,394
Other receivables	15	7,782,270	7,486,189	120,194,117
Cash and bank balances	16	30,515,204	18,981,703	13,405,672
		370,882,340	435,251,290	709,200,958
<b>TOTAL ASSETS</b>		<b>2,656,978,479</b>	<b>2,766,645,905</b>	<b>3,070,548,538</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
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		(2,838,295,382)	(2,828,681,937)	(2,659,970,836)
		(2,344,045,002)	(2,334,431,557)	(2,165,720,456)
Surplus on revaluation of property, plant equipment	19	962,779,557	979,901,557	997,238,443
Sub-ordinated loan	20	250,000,000	250,000,000	250,000,000
<b>NON-CURRENT LIABILITIES</b>				
Long-term financing	21	-	-	-
Liabilities against assets subject to finance lease	22	-	-	-
Deferred liabilities	23	319,959,641	366,027,814	364,370,612
		319,959,641	366,027,814	364,370,612
<b>CURRENT LIABILITIES</b>				
Trade and other payables	24	570,676,351	602,186,929	660,957,435
Accrued mark-up / interest	25	18,899,265	18,899,265	13,031,243
Short-term borrowings	26	2,735,371,446	2,739,963,695	2,735,000,374
Current portion of non-current liabilities	27	132,652,993	133,305,565	204,878,250
Provision for taxation		10,684,228	10,792,637	10,792,637
		3,468,284,283	3,505,148,091	3,624,659,939
<b>CONTINGENCIES AND COMMITMENTS</b>	28	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,656,978,479</b>	<b>2,766,645,905</b>	<b>3,070,548,538</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

GULSHAN SPINNING MILLS LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees Restated
Sales - net	29	15,332,888	85,557,040
Cost of sales	30	(122,382,808)	(188,975,955)
<b>Gross loss</b>		<b>(107,049,920)</b>	<b>(103,418,915)</b>
Distribution cost	31	(922,916)	(3,662,886)
Administrative expenses	32	(39,879,137)	(36,229,077)
		<b>(40,802,053)</b>	<b>(39,891,963)</b>
<b>Loss from operations</b>		<b>(147,851,973)</b>	<b>(143,310,879)</b>
Other income	33	75,824,884	20,875,522
Finance cost	34	(605,981)	(6,969,097)
		<b>(72,633,070)</b>	<b>(129,404,454)</b>
Share of loss from joint venture		-	(55,220,535)
<b>Loss before taxation</b>		<b>(72,633,070)</b>	<b>(184,624,989)</b>
Taxation	35	45,897,624	(1,422,998)
<b>Loss after taxation</b>		<b>(26,735,446)</b>	<b>(186,047,987)</b>
<b>Loss per share - basic and diluted</b>	36	<b>(1.20)</b>	<b>(8.37)</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR



GULSHAN SPINNING MILLS LIMITED  
STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees Restated
Loss after taxation	(26,735,446)	(186,047,987)
Other comprehensive income / (loss)	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(26,735,446)</u></b>	<b><u>(186,047,987)</u></b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

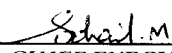
  
CHIEF EXECUTIVE

  
DIRECTOR

GULSHAN SPINNING MILLS LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Restated Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(72,633,070)	(184,624,989)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		51,992,194	53,885,226
NRV loss on stock-in-trade		49,112,623	46,216,588
Provision for obsolete Stores		5,250,676	5,250,676
Provision for staff retirement benefits - gratuity		522,920	5,700,701
Finance cost		605,981	6,969,097
Share of loss from joint venture		-	55,220,535
Interest income		(9,602,237)	(9,181,438)
Provision for doubtful debts		(65,795,530)	(11,694,084)
Gain on disposal of property, plant and equipment		(427,117)	-
<b>Cash flows before working capital changes</b>		<b>(40,973,560)</b>	<b>(32,257,687)</b>
Net changes in working capital	37	59,782,205	166,833,581
<b>Cash generated from operations</b>		<b>18,808,645</b>	<b>134,575,894</b>
Interest received		136,138	18,128,112
Finance cost paid		(605,981)	(1,101,075)
Staff retirement benefits - gratuity paid		(693,469)	(5,466,497)
Income tax paid		(108,409)	-
<b>Net cash from operating activities</b>		<b>17,536,924</b>	<b>146,136,434</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		627,285	-
Addition to property, plant and equipment		(53,000)	-
Investment on order of court		(1,332,888)	(73,951,040)
<b>Net cash used in investing activities</b>		<b>(758,603)</b>	<b>(73,951,040)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing from related party		-	(71,572,685)
Repayment of liabilities against assets subject to finance lease		(652,572)	-
Repayment of long-term financing - net		(4,592,249)	4,963,321
<b>Net cash used in financing activities</b>		<b>(5,244,821)</b>	<b>(66,609,364)</b>
<b>Net decrease in cash and cash equivalents during the year</b>		<b>11,533,501</b>	<b>5,576,030</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>18,981,703</b>	<b>13,405,672</b>
<b>Cash and cash equivalents at the end of year</b>	16	<b>30,515,204</b>	<b>18,981,703</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

GULSHAN SPINNING MILLS LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2017

	Reserves		Accumulated loss	Total	
	Share capital	Share premium			General reserve
<b>Rupees</b>					
Balance as at July 01, 2015	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 - restated	-	-	-	17,336,886	17,336,886
Total comprehensive loss for the year	-	-	-	(186,047,987)	(186,047,987)
<b>Balance as at June 30, 2016 - restated</b>	<b>222,250,380</b>	<b>66,000,000</b>	<b>206,000,000</b>	<b>(2,828,681,937)</b>	<b>(2,334,431,557)</b>
Surplus on revaluation of property, plant and equipment, realized during the year on account of incremental depreciation - net of tax	-	-	-	17,122,001	17,122,001
Total comprehensive loss for the year	-	-	-	(26,735,446)	(26,735,446)
<b>Balance as at June 30, 2017</b>	<b>222,250,380</b>	<b>66,000,000</b>	<b>206,000,000</b>	<b>(2,838,295,382)</b>	<b>(2,344,045,002)</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

**GULSHAN SPINNING MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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 in 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 and withdrew on the application filed by the Company.

**1.3 Going concern assumption**

The Company has accumulated losses of Rs. 2,838.29 million as at June 30, 2017, and as at that date its current liabilities exceed its current assets by Rs. 3,097.40 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. The 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. The financial statements, however, have been prepared under the going concern assumption due to the 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 financing facility and aggregate principal outstanding will be repaid over 9 years. The sponsor 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 house. 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, 2017 by the Company to its existing lenders will be repaid starting immediately after the expiry of 9 years time period of principal repayment on quarterly basis over a 2 years period (accrued mark-up period); and

- mark-up rate shall be 5.00% per annum (referred as beginning tenor mark-up) for the first 2 years of repayment tenor, however, a mark-up of 0.5% per annum shall be paid by the Company during the first two years of the beginning tenor mark-up period; whereas the remaining differential mark-up amount i.e. 4.5% shall be accumulated and paid thereafter quarterly, starting immediately after the accrued mark-up period. For the remaining 7 years of the restructured facility, mark-up shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.

- (ii) the management has made arrangements whereby third party cotton is being processed against processing fee for utilization of unutilized capacity.
- (iii) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses. Such steps include, but not limited to, right sizing of the man power, resource conservation, close monitoring of other fixed cost et cetra.

The indicative term-sheet as referred above, has not been agreed upon to date, by majority of the lending financial institutions. Despite this, the management optimistically anticipates that in future all lending institutions would agree the proposed 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, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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.
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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 introduces 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.

Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations. 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

### 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 IFRS 1 'First Time Adoption of International Reporting Standards'. Effective from accounting period beginning on or after January 01, 2018

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.

Amendments to IFRS 09 'Financial Instrument' - as revised in 2014. Effective from accounting period beginning on or after January 01, 2018

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investment in associates and Joint Ventures' - sale or contribution of assets between an investor and its associate and joint venture. Effective date is deferred indefinitely. Earlier adoption is permitted

IFRS 15 Revenue from Contracts with Customers. Effective from accounting period beginning on or after January 01, 2018

IFRS 16 - Leases. Effective from accounting period beginning on or after January 01, 2019

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, 2017.

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 IAS 40 transfer of investment property. Effective from accounting period beginning on or after January 01, 2018

**Amendments to IFRIC 22 'Foreign Currency Transactions and Advance Consideration'.**

Effective from accounting period beginning on or after January 01, 2018

**IFRIC 23 'Uncertainty over Income Tax Treatments':** Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

Effective from accounting period beginning on or after January 01, 2019

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 17 Insurance Contracts

#### **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 up to 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. A 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 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 the uncertainty 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 to 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, 2011 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 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

#### **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	2017 Rupees	2016 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	6.1	<u>2,151,494,285</u>	<u>2,203,633,64</u>

6.1

	OWNED										LEASED			Total
	Freehold Land	Factory buildings	Residential buildings	Plant & machinery	Electric installation	Gas power generator	Mills equipment	Office equipment	Furniture & fixtures	Vehicles	Plant & machinery	Vehicles		
<b>Cost</b>														
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	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	
Balance as at July 01, 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	
Addition during the year	-	-	-	-	-	-	-	53,000	-	-	-	-	53,000	
Disposal	-	-	-	-	-	-	-	-	-	-	-	(1,669,000)	(1,669,000)	
Transfer / adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2017	324,384,000	717,049,866	137,432,425	2,122,686,407	161,516,942	271,222,362	105,586,068	18,609,402	22,015,174	24,897,563	221,173,227	16,848,665	4,143,422,101	
<b>Depreciation</b>														
Balance as at July 01, 2015	-	52,446,901	2,115,866	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	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	
Balance as at July 01, 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	
Charge for the year	-	14,579,728	1,417,086	22,844,224	1,823,076	4,607,236	2,394,858	393,776	510,899	242,027	2,498,395	680,889	51,992,194	
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-	(1,468,832)	(1,468,832)	
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, 2017	-	81,980,196	24,029,170	294,562,739	15,624,141	40,668,615	84,032,349	15,065,414	17,417,085	23,929,456	21,237,599	14,313,759	632,860,523	
<b>Impairment</b>														
Balance as at July 01, 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	
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2017	-	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, 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	
Written down value as at June 30, 2017	324,384,000	568,609,373	55,266,373	890,924,735	71,099,952	110,573,654	21,533,719	3,543,988	4,598,089	968,107	97,437,388	2,534,906	2,151,494,285	

Rupees

	Note	2017 Rupees	2016 Rupees
<b>6.2 Depreciation charge has been allocated as follows;</b>			
Cost of goods manufactured	30.1	50,164,603	51,729,390
Distribution cost	31	922,916	1,156,520
Administrative expenses	32	904,675	999,300
		<u>51,992,194</u>	<u>53,885,220</u>

6.3 Leased assets include plant and machinery at net book value of Rs. 97.437 million (2016: Rs. 99.93 million) and vehicles at net book value of Rs. 2.534 million (2016: Rs. 3.415 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 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, 2017. 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	2017 Rupees	2016 Rupees
<b>Owned</b>			
Freehold land		14,878,943	14,878,943
Factory buildings		88,574,929	90,846,080
Residential buildings		60,133,877	61,675,770
Plant and machinery		551,624,492	565,768,710
Electric installations		48,051,100	49,283,170
Gas power generators		62,567,532	65,174,510
<b>Leased</b>			
Plant and machinery		67,727,825	69,464,430
		<u>893,558,698</u>	<u>917,091,630</u>

## 7 LONG-TERM INVESTMENTS

Long-term investments in;

- Joint venture	7.1	-	-
- Defence Saving Certificates	7.2	50,841,363	45,333,360
- Investment on order of court	7.3	75,283,928	73,951,040
		<u>126,125,291</u>	<u>119,284,400</u>

### 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
	(75,000,000)	(19,779,460)
	-	(55,220,530)
	<u>(75,000,000)</u>	<u>(75,000,000)</u>
	-	-

- 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, 2017, 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, 2016, 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) Premier Private Limited 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 (2016: 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 (2016: 12.15% per annum). Accrued mark-up aggregating Rs. 29.841 million (2016: Rs. 24.333million) is included in the carrying value. These are under lien with a bank against guarantee amounting Rs. 19.504 million (2016: 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 pledged goods, cotton bales and stocks through public auction at the best market rate available. The Court assigned Official Assignee to sell the pledged 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 pledged stock and investment of sale proceeds in some government profitable scheme.

	Note	2017 Rupees	2016 Rupees
<b>8 LONG-TERM DEPOSITS</b>			
Utilities		8,231,998	8,231,998
Lease deposits		3,577,885	3,661,335
Others		244,565	244,565
		<u>12,054,448</u>	<u>12,137,898</u>
Less: transferred to current assets			
- deposits pertaining to over due portion of lease liabilities		(3,577,885)	(3,661,335)
		<u>8,476,563</u>	<u>8,476,563</u>
<b>9 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		45,946,268	45,946,268
Spare parts		7,914,197	7,914,197
Loose tools		2,648,630	2,648,630
Packing material		5,940,962	5,940,962
		<u>62,450,057</u>	<u>62,450,057</u>
Less: provision for obsolete inventory		(46,698,030)	(41,447,354)
		<u>15,752,027</u>	<u>21,002,703</u>
<b>10 STOCK-IN-TRADE</b>			
Raw materials	10.1	82,275,513	117,679,437
Finished goods	10.2	49,991,280	66,655,040
Waste		-	5,023,692
		<u>132,266,793</u>	<u>189,358,169</u>

10.1 Raw materials include items costing Rs. 109.700 million (2016: Rs. 156.905 million) stated at their replacement cost aggregating Rs. 82.275 million (2016: Rs. 117.679 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. 27.425 million (2016: Rs. 39.226 million).

10.2 Finished goods include items costing Rs. 66.655 million (2016: Rs. 73.645 million) stated at their net realisable values aggregating Rs. 49.991 million (2016: Rs. 66.655 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. 16.663 million (2016: Rs. 6.990 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 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	2017 Rupees	2016 Rupees
<b>11 TRADE DEBTORS - unsecured</b>			
Local - considered good	11.1	33,662,468	46,510,111
Local - considered doubtful		171,461,107	237,256,637
		<u>205,123,575</u>	<u>283,766,748</u>
Provision for doubtful debts		(171,461,107)	(237,256,637)
		<u>33,662,468</u>	<u>46,510,111</u>
<b>11.1 This includes following amounts which pertain to related parties;</b>			
Paramount Spinning Mills Limited		1,992,457	684,698
Gulistan Spinning Mills Limited		5,910,478	5,910,478
		<u>7,902,935</u>	<u>6,595,176</u>
<b>12 LOANS AND ADVANCES - unsecured and considered good</b>			
Advances to/against;			
- employees/ non-executive staff		5,665,738	5,603,372
- suppliers		36,692,504	35,327,258
- others		39,901,002	45,841,340
		<u>82,259,244</u>	<u>86,771,970</u>
<b>13 DEPOSITS AND PREPAYMENTS</b>			
Current portion of lease deposits	8	3,577,885	3,661,335
Margins against letter of credit and bank guarantees		2,229,030	2,229,030
Prepayments		149,356	520,118
		<u>5,956,271</u>	<u>6,410,483</u>
<b>14 ACCRUED MARK-UP / INTEREST</b>			
Mark-up / interest accrued on;			
- term deposit receipts		1,837,286	1,837,286
- over due receivable balances of associated companies		60,850,777	56,892,676
		<u>62,688,063</u>	<u>58,729,962</u>
<b>15 OTHER RECEIVABLES - unsecured and considered good</b>			
Sales tax		6,091,200	5,795,119
Rebate receivable		1,691,070	1,691,070
		<u>7,782,270</u>	<u>7,486,189</u>
<b>16 CASH AND BANK BALANCES</b>			
Cash-in-hand		109,073	109,073
Balances with banks in;			
- current accounts		21,551,351	5,067,750
- deposit accounts		96,371	96,371
- term deposit receipts	16.1	8,758,409	13,708,509
		<u>30,406,131</u>	<u>18,872,630</u>
		<u>30,515,204</u>	<u>18,981,703</u>

16.1 Term deposit receipts aggregating Rs. 5.617 million (2016: Rs. 5.617 million) are under banks' charge against guarantees aggregating Rs. 55.069 million. (2016: 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, 2017, from various banks having balances aggregating to Rs. 3.09 million (2016: 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. 19.917 million (2016: Rs. 18.872 million) have also not been received due to litigation.

## 17 SHARE CAPITAL

2017 Numbers	2016 Numbers		2017 Rupees	2016 Rupees
<b>25,000,000</b>	<b>25,000,000</b>	<b>Authorized capital</b>		
		Ordinary shares of Rs. 10 each	<b>250,000,000</b>	<b>250,000,000</b>
		<b>Issued, subscribed and paid-up capital</b>		
<b>9,300,000</b>	<b>9,300,000</b>	Ordinary shares of Rs. 10 each issued as fully paid in cash	<b>93,000,000</b>	<b>93,000,000</b>
<b>12,925,038</b>	<b>12,925,038</b>	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>129,250,380</b>	<b>129,250,380</b>
<b>22,225,038</b>	<b>22,225,038</b>		<b>222,250,380</b>	<b>222,250,380</b>

### 17.1 Ordinary shares held by the related parties at the year end;

Gulistan Spinning Mills Limited - Number

	10,302	10,302
Note	2017 Rupees	2016 Rupees

## 18 RESERVES

### Capital reserve

Share premium

18.1	66,000,000	66,000,000
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### Revenue reserve

General reserve

	206,000,000	206,000,000
	<b>272,000,000</b>	<b>272,000,000</b>

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

Note	2017 Rupees	2016 Rupees Restated
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## 19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at the beginning of the year

1,248,738,187	1,273,864,109
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Transfer to unappropriated profit in respect of;  
- incremental depreciation

(24,460,001)	(25,125,921)
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### Surplus on revaluation at the end of the year - gross

1,224,278,186	1,248,738,188
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Related deferred tax liabilities on:

Revaluation at the beginning of the year

268,836,630	276,625,666
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Incremental depreciation on revalued assets

(7,338,000)	(7,789,038)
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261,498,630	268,836,630
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### Surplus on revaluation at the end of the year - net of tax

962,779,557	979,901,558
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19.1 The Company had revalued its freehold land on the basis of market value on February 3, 2007. 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.

19.2 This restatement relates to error in calculation of incremental depreciation in the financial year ended June 30, 2016. The incremental depreciation was charged to revaluation on surplus of property, plant and equipment without taking into account the effect of impairment charged to property, plant and equipment on June 30, 2015. The effect of restatement on these financial statements has been summarized below:

**Impact of correction of error;**

	2016 Rupees
<b>Impact on balance sheet</b>	
Increase in surplus on revaluation of property, plant and equipment	<u>23,620,631</u>
Increase in accumulated loss	<u>23,620,631</u>

	2017 Rupees	2016 Rupees
20 SUB-ORDINATED LOAN - unsecured	<u>250,000,000</u>	<u>250,000,000</u>

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 'Accounting Directors' Loan (TR-32) of the Institute of Chartered Accountants of Pakistan.

	Note	2017 Rupees	2016 Rupees
<b>21 LONG-TERM FINANCING</b>			
<b>From banking companies - secured</b>			
Faysal Bank Limited - term finance II	21.1	-	-
Standard Chartered Bank - term finance III	21.2	-	-
Bank Alfalah Limited - LTF EOP	21.3	-	-
<b>From an associated company - unsecured</b>			
Gulistan Fibres Limited	21.6	-	-
		<u>-</u>	<u>-</u>
<b>21.1 Faysal Bank Limited - term finance II</b>			
Balance at beginning of the year		35,714,286	35,714,286
Less: current portion:			
- overdue instalments		(35,714,286)	(35,714,286)
		<u>-</u>	<u>-</u>

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.

	2017 Rupees	2016 Rupees
<b>21.2 Standard Chartered Bank - term finance III</b>		
Balance at beginning of the year	75,000,000	75,000,000
Less: current portion:		
- overdue instalments	(75,000,000)	(75,000,000)
	<u>-</u>	<u>-</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.

	2017 Rupees	2016 Rupees
<b>21.3 Bank Alfalah Limited - LTF EOP</b>		
Balance at beginning of the year	3,672,477	3,672,477
Less: current portion:		
- overdue instalments	(3,672,477)	(3,672,477)
	<u>-</u>	<u>-</u>

The Company, being eligible for LTF - EOP promulgated by State Bank of Pakistan (SBP), applied to National bank of Pakistan, United Bank Limited and Bank Alfalah Limited for restructuring for their existing loans and after approval, the banks had transferred their liabilities to this new loan account. This re-financed facility enabled the banks to obtain funds from SBP under the scheme at the specified rates and passed on the benefits to the Company by way of rebated purchase price. Year-end balance represents payable to Bank Alfalah 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'.

	2017 Rupees	2016 Rupees
<b>21.6 Gulistan Fibres Limited</b>		
Balance at beginning of the year	-	71,572,688
Less: payments during the year	-	(71,572,688)
	<u>-</u>	<u>-</u>

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 was unsecured and repayable within period of two years from the date of creation i.e. April 18, 2014. This loan carried mark-up at the half percent above the borrowing cost of the lending company and effective rate charged during the year is nil (2016: 12.66%) per annum.

	Note	2017 Rupees	2016 Rupees
<b>22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured</b>			
Balance at beginning of the year		18,918,802	18,918,802
Less: payments/adjustments made during the year		(652,571)	-
		<u>18,266,231</u>	<u>18,918,802</u>
Less: current portion:			
- over due instalments		(18,266,231)	(18,918,802)
Balance at end of the year		<u>-</u>	<u>-</u>

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% (2016: 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, 2017 and June 30, 2016. 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;

	2017			2016		
	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	(18,266,231)	-	(18,266,231)	18,918,802	-	18,918,802
Minimum lease payments	(18,266,231)	-	(18,266,231)	18,918,802	-	18,918,802

	Note	2017 Rupees	2016 Rupees
<b>23 DEFERRED LIABILITIES</b>			
Staff retirement benefits - gratuity	23.1	23,363,262	23,533,811
Deferred taxation	23.2	296,596,379	342,494,003
		<u>319,959,641</u>	<u>366,027,814</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	2017 Rupees	2016 Rupees
<b>23.1.1 Movement in the net liability recognized in the balance sheet</b>			
Net liability at beginning of the year		23,533,811	23,299,607
Charge to profit and loss account		522,920	5,700,701
Benefits paid during the year		(693,469)	(5,466,497)
Closing net liability		<u>23,363,262</u>	<u>23,533,811</u>
<b>23.1.2 Movement in present value of defined benefit obligation</b>			
Balance at beginning of the year		23,533,811	23,299,607
Current service cost		522,920	5,700,701
Interest cost		-	-
Benefits paid		(693,469)	(5,466,497)
Balance at end of the year		<u>23,363,262</u>	<u>23,533,811</u>
<b>23.1.3 Expense recognized in the profit and loss account</b>			
Current service cost		522,920	5,700,701
Interest cost		-	-
		<u>522,920</u>	<u>5,700,701</u>
<b>23.1.4 Expense is allocated as follows;</b>			
Cost of sales		87,350	2,280,280
Administrative expenses		435,570	3,306,406
Distribution expense		-	114,014
		<u>522,920</u>	<u>5,700,701</u>
<b>23.1.5 Actuarial assumptions used</b>			
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
<b>23.1.6</b>			
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 the 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 an 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	2017 Rupees	2016 Rupees
<b>23.2 Deferred taxation</b>			
The net liability for deferred taxation comprises timing differences relating to;			
<b>Taxable temporary differences (deferred tax liabilities)</b>			
Accelerated tax depreciation - owned assets		192,788,218	203,077,011
Surplus on revaluation property, plant and equipment		274,855,819	287,143,312
Assets subject to finance lease		29,991,688	63,813,496
<b>Deductible temporary differences (deferred tax assets)</b>			
Staff retirement benefits - gratuity		(7,008,979)	(7,295,481)
Provisions and allowances		(188,550,498)	(198,379,506)
Liabilities against assets subject to finance lease		(5,479,869)	(5,864,829)
		<u>296,596,379</u>	<u>342,494,003</u>

Deferred tax asset in respect of the unused tax losses amounting Rs. 2,539.205 million (2016: Rs. 2,380.334 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	2017 Rupees	2016 Rupees
<b>24 TRADE AND OTHER PAYABLES</b>			
Creditors		26,651,035	27,970,569
Bills payable / letters of credit payable	24.1	455,469,519	455,469,519
Security deposit	24.2	-	22,500,000
Accrued expenses		29,109,756	39,974,307
Income tax payable		2,278,090	1,034,021
Unclaimed dividend		1,037,103	1,037,103
Advances from others		56,130,848	54,201,410
		<u>570,676,351</u>	<u>602,186,929</u>

**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. nil (2016: Rs. 2.7 million) has been charged during the year.

	Note	2017 Rupees	2016 Rupees
<b>25 ACCRUED MARK-UP / INTEREST</b>			
Mark-up / interest accrued on;			
Long-term finances	25.1	12,826,114	12,826,114
Liabilities against assets subject to finance lease	25.2	-	-
Short-term borrowings	25.2	-	-
Security deposit		6,073,151	6,073,151
		<u>18,899,265</u>	<u>18,899,265</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, 2017, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 8.420 million, Rs. 1.224 million and Rs. 230.662 million respectively (2016: Rs. 9.062 million, Rs. 1.224 million and Rs. 244.839 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 debt and as per indicative restructuring term-sheet, total accrued and outstanding mark-up due / payable till June 30, 2017, 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. 1,663.687 million (2016: Rs. 1,423.381 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	2017 Rupees	2016 Rupees
<b>26 SHORT-TERM BORROWINGS</b>			
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	1,096,763	5,689,012
		<u>2,735,371,446</u>	<u>2,739,963,695</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 the 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 mortgaged 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. 2,735.00 million (2016: Rs. 2,739.9 million) from the lending banks / financial institutions have not been received due to above-mentioned litigations with them. Further, due to these litigations, bank statements for current financial year from all banks / financial institutions were also not available to ensure year-end balances of the finance facilities.
- 26.5 These have arisen due to issuance of cheques in excess of balance at bank accounts.



	Note	2017 Rupees	2016 Rupees
<b>27 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
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		3,672,476	3,672,477
Gulistan Fibres Limited	21.6	-	-
Liabilities against assets subject to finance lease		18,266,231	18,918,802
		<u>132,652,993</u>	<u>133,305,565</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 (2016: Rs. 4,005.232 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 of these cases can not be established to the date of these financial statements. Among all the cases referred above, the most notable cases by or against the Company are explained in the following sub-notes.

(b) The Company filed a 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 judgement and decree announced on September 11, 2013, rejected the plaint by exercising suo moto powers under order 7 Rule II of CPC. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned judgement and decree. 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.

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 (2016: 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 division bench of the same high court and stay for collection of cess was granted.

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, 2017, the Company has provided bank guarantees aggregating Rs. 19.504 million (2016: Rs. 19.504 million) in favour of the Excise and Taxation Department.

The bank guarantees given by various banks on behalf of the Company to various parties remain intact with the respective banks.

- 28.1.3** Gujranwala Energy Limited (GEL) through Standard Chartered Bank Limited ("the Bank") had provided a commitment guarantee of Euro 3.00 million in favor of Wartsila Finland OY and performance guarantee of US \$ 1.00 million in favor of Private Power and Infrastructure Board (PIIB). The Company being 50% joint venture partner in GEL is responsible to the extent of 50% of the said guarantees only. GEL had obtained stay order against encashment of these guarantees, however, after vacation of stay orders both the guarantees were encashed. However, the suit No. 795/09 filed by GEL against PIIB and Wartsiala Finland OY and others before the Honourable High Court of Sindh at Karachi is still sub-judice wherein the suit will be decided on merits after framing of issues and recording of evidences. The guarantee issued to Wartsila Finland OY was a conditional guarantee and could not have been encashed even after vacation of stay order for which GEL had written letters to the Bank that before fulfillment of the conditions guarantee cannot be encashed. Since, the Bank has not instituted any suit neither against GEL nor against the Company, therefore, no adjustment to effect the same is made in these financial statements. Even otherwise the suits instituted by GEL before the Honourable High Court of Sindh as well as the Civil Court, Lahore are still pending.
- 28.1.4** Counter guarantees of Rs. 78.363 million (2016: Rs. 78.363 million) were given by the Company to various banks / financial institutions as at June 30, 2017, in respect of guarantees issued in favour of various Government Departments / Institutions and SNG Northern Gas Pipelines Limited. The bank guarantees given by various banks on behalf of the Company to various parties remain intact with the respective banks.
- 28.1.5** Askari Bank Limited has filed a suit COS No. 37/2013 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 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 adjudication before the Division Bench of the Honourable Lahore High Court. At the same time, the plaintiff bank has filed an execution petition before the single bench of the Lahore High Court, which is pending adjudication.

- 28.1.6** Meezan Bank Limited has filed a suit COS No. B-09/2013 for recovery of Rs. 46.492 million on account of murabaha finance facilities provided to the Company. 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 adjudication before the Honourable High Court of Sindh at Karachi.
- 28.1.7** First National Bank Modaraba filed a suit hearing # 122/15 against the Company for recovery of Rs. 45,905,500. The Honorable Banking Court Lahore vide its judgement dated September 19, 2017 decreed against the Company in favour of First national Bank Modaraba for recovery of Rs. 45,905,500. The execution proceedings under the said judgement were started under section 19 of the Financial Institutions (Recovery of Finance) Ordinance, 2001. The management has not recognized the impact of the said decree and execution proceedings in these financial statements, since the same is pending adjudication.
- 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 the suit 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. The execution proceeding is pending for adjudication at the Banking Court, Lahore.
- 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 suit against the Company vide its judgment dated April 21, 2016. The same was converted into 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. The execution proceeding is pending adjudication at the Banking Court, Lahore.
- 28.1.10** 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. The 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 also instituted a suit hearing # 489/17 before the Honourable High Court of Sindh, wherein, stay has confirmed vide order dated March 03, 2017. 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.

**28.1.11** 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.

**28.1.12** The Company has instituted a suit against MCB Bank Limited vide COS No. 22/15 wherein along with other prayers, the Company has also prayed for recovery of Rs. 413.094 million on account of acts and omissions committed by the Bank against the Company. The matter is pending adjudication before Lahore High Court, Lahore (LHC). MCB Bank Limited had also instituted a suit for recovery against the Company and others vide COS No. 104/13, before the LHC however, the suit was returned vide order dated 05.04.16 on account of lack of jurisdiction. Thereafter, the Bank instituted a suit bearing No. B-42/16 for recovery before the Sindh High Court at Karachi (SHC) which is also pending adjudication.

**28.1.13** Albaraka Bank Limited has filed a suit under section 20 of the Financial Institutions Recovery of Finance Ordinance, 2001, ("the Ordinance") against the Company and its management before the Banking Court Lahore and the same is pending adjudication.

**28.1.14** Bank of Punjab instituted a suit for recovery of Rs. 501.719 million before the Honourable Lahore High Court, Lahore ("LHC") under section 9 of the Financial Institutions Recovery of Finance Ordinance, 2001, ("the Ordinance") against the Company and others bearing COS No. 48/13. The suit was decreed vide judgment and decree dated March 28, 2018. However, the Company has filed an appeal before the LHC against the Judgment and decree dated March 28, 2018, which is also pending adjudication before the LHC. The Execution Petition No. 233642/18 for the same amount as decreed is also pending adjudication before the LHC.

## 28.2 Commitments

There is no capital commitment as at June 30, 2017, and June 30, 2016.

	Note	2017 Rupees	2016 Rupees
<b>29 SALES - net</b>			
Local sales			
- Sale	29.1	1,332,888	74,337,14
- Processing income		14,000,000	11,276,00
		15,332,888	85,613,14
Less: sales tax		-	(56,10
		15,332,888	85,557,04

**29.1** Local sales include waste sales and cotton sales of Rs. nil (2016: Rs. nil) and Rs. 1.332 million (2016: Rs. 73.951) respectively.

	Note	2017 Rupees	2016 Rupees
<b>30 COST OF SALES</b>			
Stocks at beginning of the year (finished goods and waste)		71,678,732	78,668,84
Cost of goods manufactured	30.1	100,695,356	181,985,84
		172,374,088	260,654,68
Stocks at the end of the year (finished goods and waste)		(49,991,280)	(71,678,73
		122,382,808	188,975,95

	Note	2017 Rupees	2016 Rupees
<b>30.1 Cost of goods manufactured</b>			
Raw materials consumed	30.2	35,403,924	114,531,773
Stores consumed		5,250,676	5,580,676
Salaries and other benefits		5,410,288	2,039,437
Gratuity		87,350	2,280,280
Fuel and power		358,265	1,103,139
Repair and maintenance		4,000,000	1,600,000
Travelling and conveyance		20,250	115,427
Insurance		-	2,855,718
Depreciation	6.2	50,164,603	51,729,396
Other manufacturing expenses		-	150,000
		<u>100,695,356</u>	<u>181,985,846</u>
Work-in-process adjustment		-	-
		<u>100,695,356</u>	<u>181,985,846</u>
<b>30.2 Raw materials consumed</b>			
Stocks at beginning of the year		117,679,437	232,211,210
Stocks at end of the year		(82,275,513)	(117,679,437)
		<u>35,403,924</u>	<u>114,531,773</u>
<b>30.3</b>			
Store and spare parts consumed includes the provision for slow moving items amounting to Rs. 5,250,676 (2016: Rs. 5,250,676).			
<b>31 DISTRIBUTION COST</b>			
Salaries and other benefits		-	1,392,000
Gratuity		-	114,014
Travelling		-	360,586
Depreciation	6.2	922,916	1,156,525
Freight and handling - local		-	417,000
Commission - local		-	222,761
		<u>922,916</u>	<u>3,662,886</u>
<b>32 ADMINISTRATIVE EXPENSES</b>			
Directors' meeting fee		-	-
Salaries and other benefits		11,868,224	18,157,171
Gratuity		435,570	3,306,406
Rent, rates and taxes		5,361,381	4,103,300
Gas and electricity		1,967,266	2,185,124
Fee and subscriptions		5,230,789	581,376
Travelling and conveyance		1,117,779	1,924,348
Printing and stationery		83,884	112,610
Auditor's remuneration	32.1	250,000	1,080,000
Repair and maintenance		458,862	617,040
Entertainment		383,089	261,492
Insurance		-	38,418
Communication		298,716	541,069
Legal and professional charges		10,722,500	1,702,500
Computer expenses		24,250	94,783
Depreciation	6.2	904,675	999,305
Other administrative expenses		772,152	524,135
		<u>39,879,137</u>	<u>36,229,077</u>

	Note	2017 Rupees	2016 Rupees
<b>32.1 Auditor's remuneration</b>			
Audit fee		250,000	1,025,000
Review report on Code of Corporate Governance		-	55,000
		<u>250,000</u>	<u>1,080,000</u>
<b>33 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Interest on;			
- term-deposit receipts		69,150	35,435
- deposit accounts		66,988	122,612
- Defence Saving Certificates		5,507,998	5,201,757
- over due receivable balances of associated companies		3,958,101	3,821,634
Reversal of bad debts		65,795,530	11,694,084
		<u>75,397,767</u>	<u>20,875,522</u>
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		427,117	-
		<u>75,824,884</u>	<u>20,875,522</u>
<b>34 FINANCE COST</b>			
Mark-up / interest on;			
- long-term finance		-	3,947,412
- security deposits		-	2,700,000
- liabilities against asset subject to finance lease		58,164	-
Bank charges		547,817	321,685
		<u>605,981</u>	<u>6,969,097</u>

During the year ended June 30, 2017, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings respectively aggregating Rs. 8.420 million (2016: Rs. 9.062 million), Rs. 1.224 million (2016: Rs. 1.224 million), Rs. 230.662 million (2016: Rs. 244.839 million) due to pending litigations with the financial institutions as detailed in note 25.

	Note	2017 Rupees	2016 Rupees
<b>35 TAXATION</b>			
Current	35.1	-	-
Deferred		45,897,624	(1,422,998)
		<u>45,897,624</u>	<u>(1,422,998)</u>

**35.1** 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.

	2017	2016
<b>36 LOSS PER SHARE - BASIC AND DILUTED</b>		
Loss after taxation - (Rupees)	(26,735,446)	(186,047,987)
Weighted average number of ordinary shares outstanding during the year - (Number)	<u>22,225,038</u>	<u>22,225,038</u>
Basic loss per share - basic and diluted - (Rupees)	<u>(1.20)</u>	<u>(8.37)</u>
<b>Diluted earnings / loss per share</b>		

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, 2017 and June 30, 2016 which would have any effect on the loss per share if the option to convert is exercised.

	Note	2017 Rupees	2016 Rupees
<b>37 NET CHANGES IN WORKING CAPITAL</b>			
Decrease / (increase) in current assets:			
Stores, spares and loose tools		-	5,929,147
Stock-in-trade		7,978,753	75,305,294
Trade debtors		78,643,173	35,804,237
Loans and advances		4,512,726	(5,621,579)
Trade deposits and short-term prepayments		454,212	1,479,060
Other receivables		(296,081)	112,707,928
		<u>91,292,783</u>	<u>225,604,087</u>
Decrease in trade and other payables		(31,510,578)	(58,770,506)
		<u>59,782,205</u>	<u>166,833,581</u>

### 38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULARS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2017	2016	2017	2016	2017	2016
	-----Rupees-----					
Managerial remuneration and other benefits	-	-	-	1,212,000	1,261,740	7,147,740
Gratuity	-	-	-	375,027	127,614	2,829,338
	-	-	-	<u>1,587,027</u>	<u>1,389,354</u>	<u>9,977,078</u>
No. of persons				1	1	4

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

38.2 Meeting fees of Rs. nil (2016: Rs nil) were also paid to a director during the year.

	2017 Number	2016 Number
<b>39 CAPACITY AND PRODUCTION</b>		
Numbers of spindles installed	44,784	44,784
Numbers of rotors installed	1,440	1,440

39.1 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.

### 40 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.

#### 40.1 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	2017 Rupees	2016 Rupees
Deposits and margins		14,283,478	14,366,928
Trade debtors		33,662,468	46,510,111
Accrued mark-up / interest		62,688,063	58,729,962
Bank balances		30,406,131	18,981,703
		<u>141,040,140</u>	<u>138,588,704</u>
<b>Ageing of trade debtors at the reporting date is as follows:</b>			
Not past due		2,600,000	2,600,000
Past due 1-90 days		3,000,000	3,000,000
Past due 91-180 days		-	-
Past due 181-365 days		-	-
More than one year		40,910,111	40,910,111
		<u>46,510,111</u>	<u>46,510,111</u>

Based on past experience and keeping in view subsequent realisations, provision for doubtful debts aggregating Rs. 171.46 million (2016: Rs.237.25 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.

#### 40.2 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.

				----- Rupees -----		
Long-term finances	114,386,762	114,386,762	-	114,386,763	114,386,763	-
Liabilities against assets subject to finance lease	18,266,231	18,266,231	-	18,918,802	18,918,802	-
Trade and other paya						

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.

#### 40.3 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, 2017		June 30, 2016	
	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	
	2017	2016	2017	2016
U.S. Dollar to Rupee	103.95	104.6	105 / 104.8	104.37 / 104.49

(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	2017	2016
		Rupees	Rupees
<b>Effect on loss for the year:</b>			
U.S. Dollar to Rupee		<u>(4,801,041)</u>	<u>(4,801,041)</u>

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;

	2017	2016
	Rupees	Rupees
<b>Fixed rate instruments</b>		
Financial assets	<u>50,841,363</u>	<u>45,333,365</u>
Financial liabilities	<u>(3,672,477)</u>	<u>3,672,477</u>
<b>Variable rate instruments</b>		
Financial assets	<u>16,661,344</u>	<u>20,303,685</u>
Financial liabilities	<u>2,886,923,704</u>	<u>2,892,168,525</u>

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

**Fair value sensitivity analysis for fixed rate instruments**

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

### Cash flow sensitivity analysis for variable rate instruments

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

#### 40.4 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, 2017, 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.

#### 40.5 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 making 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.

#### 41 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 38. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Nature of Transaction	2017 Rupees	2016 Rupees
Long-term loan recovered	6,084,000	-
Interest charged	3,958,101	3,947,412
Interest earned	-	2,374,889
Long-term loan paid	937,037	71,572,688

#### 42 SEGMENT INFORMATION

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

- Cotton sale represents 9% (2016: 87%) of the total sales of the Company.
- All of the Company's sales relate to customers in Pakistan.
- All non-current assets of the Company at June 30, 2017 and June 30, 2016 are located in Pakistan.

#### 43 NUMBER OF EMPLOYEES

Number of employees as at June 30,

- Permanent

Average number of employees during the year

- Permanent

	2017 Number	2016 Number
	12	17
	13	15

**44 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 23/10/2018 by the Board of Directors of the Company.

**45 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

  
DIRECTOR

**GULSHAN SPINNING MILLS LIMITED**  
**CATEGORIES OF SHAREHOLDERS**  
**AS AT JUNE 30, 2017**

Particulars	No. of Shares Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	11	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
	<b>3,523</b>	<b>22,225,038</b>	<b>100.00</b>

**GULSHAN SPINNING MILLS LIMITED**  
**CATEGORIES OF SHAREHOLDERS**  
**AS AT JUNE 30, 2017**

	<b>SHARES</b>
<b>A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	
Gulistan Spinning Mills Limited	10,302
Peridot Products (Pvt.) Limited	2,065,470
<b>B) NIT &amp; ICP</b>	
IDBP (ICP UNIT)	106
National Bank of Pakistan Trustee Department	550
CDC - Trustee National Investment (Unit) Trust	1,203,474
<b>C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN</b>	
<b><u>DIRECTORS</u></b>	
Mr. Tanveer Ahmed (Resigned on 10.04.17)	2,077,979
Mr. Riaz Ahmed (Resigned on 10.03.17)	-
Mr. Muhammad Akhtar Mirza	500
Mr. Abid Sattar	500
Mr. Sohail Maqsood	650
Mr. Iftikhar Ali	500
Mr. Muhammad Maqbool Anjum (Appointed on 10.04.17)	500
Mr. Muhammad Ashraf Khan (Appointed on 10.03.17)	610
Mr. Hussain Ather	570
<b><u>SPOUSE</u></b>	
Mrs. Naureen Tanveer	933,046
<b>D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS &amp; MUTUAL FUNDS</b>	
<b><u>BANKS</u></b>	
National Bank of Pakistan	313,865
NIB Bank Limited	19,496
Islamic Investment Bank Limited	9,345
Al-Faysal Investment Bank Limited	50
<b><u>INSURANCE</u></b>	
State Life Insurance Corporation of Pakistan	263,326
<b>E) Other Companies</b>	7,684,729
<b>F) Joint Stock Companies</b>	75,761
<b>G) General Public (Local)</b>	7,563,709
	<b>22,225,038</b>
<b>G) SHAREHOLDERS HOLDING 05% OR MORE</b>	
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
<b>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</b>	NIL

# 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 26<sup>th</sup> October 2018 at 03:30 p.m. and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signed by the said \_\_\_\_\_

Witness 1:-

Name:- \_\_\_\_\_

Address:- \_\_\_\_\_

CNIC:- \_\_\_\_\_

Witness 2:-

Name:- \_\_\_\_\_

Address:- \_\_\_\_\_

CNIC:- \_\_\_\_\_

### Notes:

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

Appropriate Revenue Stamp
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## فارم برائے پرو کسی ممبر

### گلشن سپنگ ملز لمیٹڈ

میں گلشن سپنگ ملز لمیٹڈ کے \_\_\_\_\_ عدد عام شیئرز کا مالک / رکھتا ہوں جو کہ شیئر رجسٹر کے فو لیو نمبر \_\_\_\_\_ پر درج ہے اور یا سی آر سی کے امیدوار شناختی کارڈ نمبر \_\_\_\_\_ اکاؤنٹ نمبر \_\_\_\_\_ کے مطابق درج ہے۔ میں مسمی \_\_\_\_\_ جو کہ بھی بذریعہ نمبر \_\_\_\_\_ یا سی ڈی سی امیدوار شناختی کارڈ نمبر \_\_\_\_\_ اکاؤنٹ نمبر \_\_\_\_\_ گلشن سپنگ ملز لمیٹڈ کارکن / شیئرز ہولڈر ہے، کو میں اپنا پرو کسی / شراکت کنندہ / نمائندہ مقرر کرتا ہوں یا اسکے ناکام ہو جانے / پیش ہونے میں ناکام ہونے کے بعد دوسرے شخص مسمی \_\_\_\_\_ جو کہ بھی بذریعہ فو لیو نمبر \_\_\_\_\_ سی ڈی سی امیدوار شناختی کارڈ نمبر \_\_\_\_\_ اکاؤنٹ نمبر \_\_\_\_\_ گلشن سپنگ ملز لمیٹڈ کارکن / شیئرز ہولڈرز ہے کو اپنا پرو کسی / شراکت کنندہ / نمائندہ میں مقرر کرونگا جو میری جگہ سالانہ کمپنی کو مجلس عاملہ جو کہ 26 اکتوبر 2018 3:30 بجے یا کسی دیگر وقت وجگہ پر منعقد ہوگی پیش / شرکت کرے گا اور میری جگہ بیان اور ووٹ دے گا۔

دستخط و ممبر پر کسی ممبر

میں آج کے دن \_\_\_\_\_ مورخہ \_\_\_\_\_ 2018 کو اپنے بیان کی تصدیق کرتا

گواہ نمبر 2

گواہ نمبر 1

نام \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

**نوٹ۔**

- 1- پرو کسی فارم پری شیئر 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- پرو کسی کنندہ کمپنی کاشیئر ہولڈر/رکن ہوگا۔
- 3- پرو کسی کنندہ کے دستخط کمپنی میں رجسٹرڈ شدہ دستخط سے مشابہہ ہونگے۔
- 4- سی ڈی سی شیئر 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۔

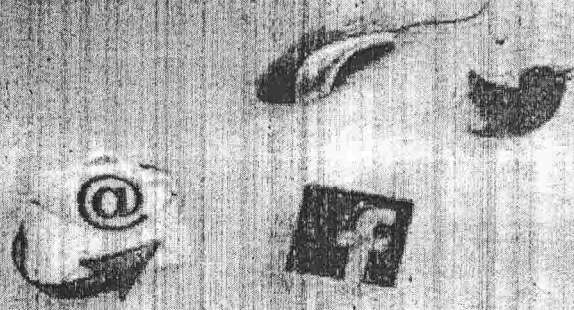
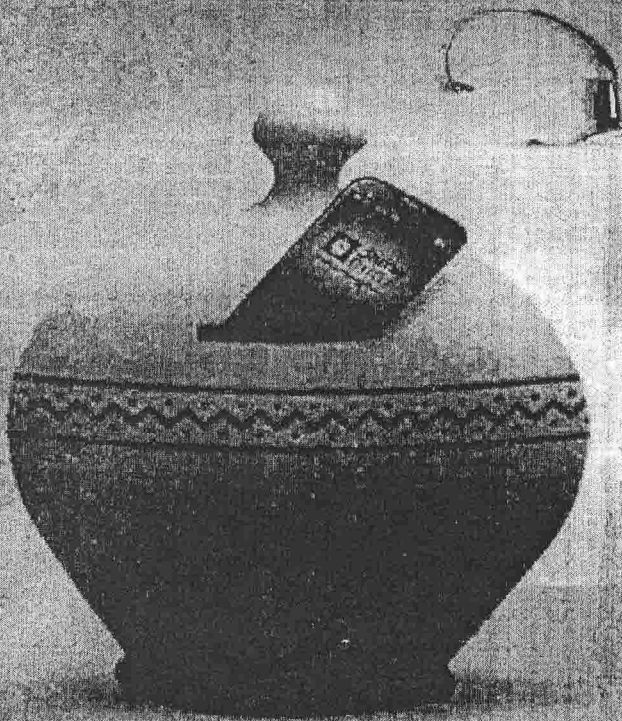
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