

**GULSHAN SPINNING
MILLS LIMITED**

ANNUAL REPORT 2019

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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. Muhammad Arif Mr. Muhammad Asif Akram Mr. Muhammad Junaid
AUDIT COMMITTEE	Mr. Muhammad Junaid (Chairman) Mr. Abid Sattar Mr. Muhammad Akhtar Mirza
HR & REMUNERATION COMMITTEE	Mr. Muhammad Asif Akram (Chairman) Mr. Abid Sattar Mr. Muhammad Akhtar Mirza
CHIEF FINANCIAL OFFICER	Mr. Muhammad Shahid
COMPANY SECRETARY	Mr. Muhammad Ijaz
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 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Thursday 24th October, 2019 at 11:15 a.m.**, to transact the following business:

- 1- To confirm the minutes of the last Annual General Meeting of the Company.
- 2- To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2019 together with Directors' and Auditors' Reports thereon.
- 3- To appoint auditors of the company for the next financial year 2019-2020 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 Ijaz

Company Secretary

Lahore:
October 03, 2019

NOTES:

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **17th October, 2019 to 24th October, 2019 (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 24 اکتوبر 2019 بروز ہفتہ کو بوقت 11.15 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 2019 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 2019 - 2020 کے لئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اور ان کی معاونت کا تعین کیا جائے گا۔ برخاست شدہ آڈیٹرز میسرز باقر ٹیلی محمود، ادریس 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 نپٹایا جائے گا۔

3 اکتوبر 2019ء لاہور

جاری کیا گیا بذریعہ آرڈر اداں ہارڈ آف ڈائریکٹرز

محمد حیدر اختر (کمپنی ایگزیکٹو)

اہم اطلاع

1- کمپنی کے شیئر ٹرانسفر بکس بند کر دیئے جائیں گے اور 17 اکتوبر 2019 تا 24 اکتوبر 2019

یہ (بیچ کر، بند، چھٹ کر، نہ کر، لے کر، کسے، شدہ، کا، ٹرانسفر، انہم، کا، رگ،

- 2- وہ رکن جو سالانہ مجلس عاملہ کا اجلاس ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پروکسی 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 پروکسی 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 سٹمپ/ قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے/ مختار کنندہ کے specimen دستخط مثبت ہوں پیش کیا جائے۔
- 4- ارکان سے گزارش ہے کہ وہ اپنے کسی بھی موقع پر پتہ کی تبدیلی کی صورت میں میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبر، حسرت موہانی روڈ کراچی کے شیئرز 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, 2019 at the Annual General Meeting of Company.

Overview

The Directors of the 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, 2019 at the Annual General Meeting of Company.

Overview

The year under review has also been proved difficult period. The on-going financial impediments have obstructed the operations of the Company. The root cause for this obstruction had been non-availability of working capital facilities which were blocked by the banks/financial institutions unilaterally, and resultantly the Company could not purchase raw material to run the mills.

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 to discharge 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 a Scheme of Arrangement under section 279 to 283 & 285 of the Companies Act 2017 (Scheme of Arrangement) has been approved and signed by majority of the secured creditors and duly filed before the Sindh High Court at Karachi (Court). The meeting of the Members of the Company has also been held as per direction of the Court wherein the Scheme of Arrangement was duly approved by the requisite majority and the report in this behalf was duly submitted by the Chairman appointed by the Court. As per the Scheme of Arrangement all the litigation will be withdrawn by all the creditors.

Operating & Financial Performance

Operating indicators	2019	2018
	(Rupees)	(Rupees)
Sales		
Cost of goods sold	(40,951,595/-)	(93,941,809/-)
Financial cost	(269,534,082/-)	(132,546,947/-)
Pre tax Loss	(669,626,617/-)	(179,137,842/-)
Provision for taxation	43,199,447/-	2,200,240/-
Loss after taxation	(656,427,170/-)	(176,937,602/-)

Future Outlook

The restructuring process is expected to be completed soon, once the ongoing reconciliation & restructuring process is completed, we would be in better position to structure the way forward.

Auditors' Observations

- Auditors' Observation regarding going concern, It is worth noting that the Scheme of Arrangement is not only signed by the majority of the banks/financial institutions, but has also been approved by the requisite majority of the members pursuant to the orders of the Court. All pending litigation by or against the Company will be withdrawn by the respective parties as

contemplated in the Scheme of Arrangement, subject to sanction of the Scheme of Arrangement.

- 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 crisis. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.
- Company during this year fully provided the amount of mark-up in the annexed financial statement as per the amount confirmed by all the banks/financial institutions in the Scheme of Arrangement.
- In the annexed financial statement, the amount of loan has taken from the Scheme of Arrangement which is confirmed by the secured creditors and submitted in Sindh High Court for approval of the Scheme of Arrangement. The auditor shows their reservation only that they have not received the confirmation directly from the Banks to them as per their normal audit procedure.
- The Company is very hopeful that with restructuring and settlement of amounts, release of security in post settlement scenario, the financial health of the Company will be improved which will enable the Company to focus on new profitable avenues.
- Stock in trade is not verifiable due to various godowns are sealed as per the court order(s). The godown will be de-sealed after approval of the Scheme of Arrangement.

Corporate Governance

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

Board meetings and attendance

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

Name of Director	No of meeting attended
Mr. Muhammad Maqbool Anjum	1
Mr. Sohail Maqsood	4
Mr. Hussain Ather	3
Mr. Iftikhar Ali	4
Mr. Muhammad Akhtar Mirza	4
Mr. Ashraf Khan	4
Mr. Abid Sattar	4

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

Audit Committee

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

Name of Members	No of meeting attended
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, 2019 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, 2019 was Rs. (29.54) as compared to the previous year of Rs. (7.96)

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2019.

Corporate Social Responsibility

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

Web presence

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

Related Party Transactions

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

Trading in Company's Shares

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

Name	Opening Balance as on 01.07.2018	Purchases	Sales	Closing Balance as on 30.06.2019
	Nil			Nil

Statement on Value of Staff Retirement Benefit

As on June 30, 2019 deferred liability for gratuity is Rs. 16,850,366/-

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 2019-2020.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2019 including the information under the code of corporate of governance is annexed.

Acknowledgement

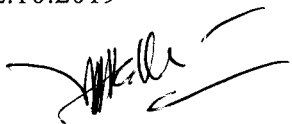
We express thanks to our valued customers & financial institutions for their cooperation and support.

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

On behalf of the Board

Lahore

02.10.2019


Muhammad Akhtar Mirza
Chairman


Sohail Maqsood
Chief Executive

گلشن سپنگ ملزیمٹڈ

شیرز ہولڈرز کوڈی گئی ڈائریکٹر کی رپورٹ
 گلشن سپنگ ملزیمٹڈ 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
 2019 پیش کا جا رہا ہے۔

مجموعی جائزہ۔

زیر جائزہ سال مجموعی طور پر کافی مشکل سال ثابت ہوا ہے۔ مالی ذرائع کی عدم دستیابی نے پیداواری صلاحیتوں
 کے استعمال میں رکاوٹ ڈالے 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 بھی یکطرفہ طور پر روک دیا گیا جس کے نتیجے میں
 کمپنی ہذا خام مال جس کی مدد سے موجود مشینری کو مناسب سطح کی حد تک چلا کر پیداوار کو بڑھایا جانا، مناسب مقدار
 میں مناسب وقت پر نہ خرید سکی۔

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 والے مالی اداروں/
 بینکس کے ساتھ مل کر قرض کے حصول کا عمل شروع کیا ہے۔

اس سلسلہ میں ایک انتظام کی منصوبہ بندی کمپنی ایکٹ ۲۰۱۷ کی دفعہ ۲۷۹ سے ۲۸۳ اور ۲۸۵ کے تحت محفوظ قرض
 دہندگان نے منظور اور دستخط کی ہے اور مناسب طریقے سے سندھائی کورٹ میں دائر کی گئی ہے۔ عدالت کے حکم
 کے مطابق کمپنی کے ممبران کی ملاقات ہوئی، جس میں اکثریت نے انتظام کی منصوبہ بندی کو منظور کیا۔ انتظام کی
 منصوبہ بندی کے مطابق تمام قانونی چارہ جوی قرض دہندگان واپس لے لیں گے۔

(2)

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

2018	2019	کام کی نوعیت
		سیلز
(93,941,809/-)	(40,951,595/-)	فروخت کئے گئے سامان پر اٹھنے والی لاگت (اخراجات)
(132,546,947/-)	(269,534,082/-)	مالیاتی لاگت
(179,137,842/-)	(669,626,617/-)	ٹیکس دینے سے پہلے کا نقصان
2,200,240/-	43,199,447/-	ٹیکس
(176,937,602/-)	(656,427,170/-)	ٹیکس دینے کے بعد کا نقصان

مستقبل کی تصویر کشی / منصوبہ بندی

کمپنی بہت پر امید ہے کہ تنظیم نو کا عمل جلد مکمل ہو جائے گا۔ ایک مرتبہ جب جاری شدہ تنظیم نو اور تصفیہ کا عمل مکمل ہو جائے تو کمپنی آگے کا لائیو عمل بنانے کی بہتر حالت میں ہو گئی

آڈیٹرز کی طرف سے اٹھائے گئے اعتراضات

جہاں تک آڈیٹرز کی کاروبار کے چلنے کے بارے میں تشویش کا تعلق ہے تو وہ اس لئے بے منعی ہو جاتی ہے کیونکہ سکیم آف ارجنٹ نہ صرف بنکوں کی اکثریت نے دستخط کر دئے ہیں بلکہ ان ارکان کی مطلوبہ اکثریت سے منظور شدہ ہے جو عدالت کے حکم کی پیروی کر رہے تھے تمام زیر التوا قانونی چارہ جوئی جو کمپنی نے کی یا کمپنی کے خلاف کی گئی سکیم آف ارجنٹ کی منظوری کے ساتھ ہی ختم ہو جائے گی۔

انتظامیہ ہر ممکن کوشش کر رہی ہے کہ وہ کمپنی کو حالیہ مالی مسائل اور بدترین بحران سے نکال لے۔ بیشک 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 جائیگی۔

اس سال کمپنی نے تمام تر سود کی رقم سکیم آف انجمنٹ کے مطابق جو کے بنکوں سے تصدیق شدہ ہے اپنی منسلک شدہ مالی بیانات میں شامل کی ہے۔

منسلک شدہ مالی بیانات میں قرضہ جات کی رقم سکیم آف انجمنٹ سے لی گئی ہے جو کہ محفوظ قرض دہندگان سے تصدیق شدہ ہے اور یہ سکیم آف انجمنٹ منظوری کے لئے سندھ ہائی کورٹ میں جمع کروا دی گئی ہے۔ آڈیٹر نے صرف اس لئے اعتراض اٹھایا ہے کہ انھیں بنکوں کی طرف سے برائے راست تصدیق نہیں ہو سکی۔

کمپنی بہت پر امید ہے کہ رقوم کی تنظیم نو اور تصفیہ کے ساتھ سکیورٹی کو واپس کر دیا جائے گا جس سے کمپنی کی مالی حالت بہتر ہو جائے گی اور کمپنی کے لئے منافع بخش ہونے کے لئے راستے کھولیں گیں۔

تجارتی اشاک قابل تصدیق نہیں ہے کیونکہ مختلف گوداموں کو عدالتی حکم سے مہربند کیا گیا ہے۔ گوداموں کی مہربند سکیم آف انجمنٹ کی منظوری کے بعد کھول دی جائے 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 میٹنگز اور حاضر لوگ

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

(4)

میٹنگ میں حاضری

4

1

3

4

4

4

4

نام ڈائریکٹر

سہیل مقصود

مقبول انجم

حسین اطہر

افتخار علی

اشرف خان

اختر مرزا

عابد ستار

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

آڈٹ کمیٹی

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

میٹنگ میں شرکت کی تعداد

4

4

2

رکن کا نام

حسین اطہر

اختر مرزا

مقبول انجم

انسانی وسائل اور ان کے معاوضے کی کمیٹی

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 (فرانس)

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/ما حاصل/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 2018، فی شیئر (2.02) روپے ہے جو کہ پچھلے سال (1.20) روپے فی شیئر تھا۔

منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ 30 جون 2018 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 سوشل ذمہ داری

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

ویب/سماجی رابطہ کے ذرائع پر موجودگی

کمپنی کی سالانہ اور متواتر مالی امور کا بیان کمپنی کی ویب سائٹ www.gulshan.com.pk شیئرز ہولڈز اور دیگران کی آگاہی کے لئے موجود ہے۔

متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین کو آرمز لنکٹہ قیمت کے قانون کے مطابق کیا جاتا ہے جو کہ "کمپنیز ان کٹرولڈ پرائس میٹھڈ" کے مطابق طے شدہ ہے۔ کمپنی مذاکار بورڈ گورننس کے بہتر سن طریقوں کو اختیار کئے ہوئے سے جن کا

ذکرشاک آپکے پیسج 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
	01.07.2018				30.06.2019
				کوئی نہیں	

عملہ کے ریٹرنس کے پروف کی قیمت کا بیان۔

دورانہ برائے مورخہ 30 جون 2019 ڈیفنڈڈ لائٹٹی برائے گریجویٹی کی 2,109,921 روپے مختص کی گئی ہے۔

آڈٹرز

میسرز باقر ٹلی 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 آڈٹرز برائے اگلے مالی 2018-2019 بیناتی کی سفارش/منظوری کی ہے۔

شیئرز ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق 30 جون 2019 شیئرز ہولڈنگ کا پیٹرن لف رپورٹ ہذا ہے

مختصی احتیقات

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

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

آخر میں، (لیکچر، الکا، آخر، انہیں، انتظام، سزور، کام، فو، کماط، ۲۱۶، فو، بھ، رتو، او، اور، ہذا، ایکا

(8)

شکرا یہ 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 02.10.2019



Gulshan Spinning Mills Limited

1st Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore, Pakistan.
UAN: +92-42-111-200-000, Fax: +92-42-35941737-38
E-mail: info@gulistangroup.com.pk, G.N. Comtext: A21PK002



STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS-2017

Year Ended

June30, 2019

The company has complied with the requirements of listed Companies (Code of Corporate Governance) Regulation-2017 (the regulations) in the following manner

- 1- The total number of directors is seven (including the Chief executive officer). The composition of the board is as follow.

Category	Names
Independent Director	Mr. Hussain Athar
Executive Directors	Mr. Sohail Maqsood and Muhammad Ashraf Khan
Non-Executive Directors	Mr. Muhammad Akhtar Mirza, Mr. Iftikhar Ali, Mr. Hussain Athar, Mr. Muhammad Maqbool Anjum and Mr. Abid Sattar

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



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11. The Board has formed committees, comprising of members are given below.

A) Audit Committee:

Mr.Hussain Ather	Chairman
Mr.Muhammad Maqbool Anjum	Member
Mr.Muhammad Akhtar Mirza	Member

B) HR & Remueration Committee

Mr.Iftikhar Ali	Chairman
Mr.Abid Sattar	Member
Mr.Muhammad Akhtar Mirza	Member

12. The term of reference of aforesaid committees have been formed, documented and advised to the committees for compliance.

13. The frequency of the meetings (quarterly / half yearly / annually) are as per following.

a)Audit Committee Four Meeting were held during the financial year with at least one meeting in each quarter.

b) HR & Remuneration Committee Four Meeting were held during the financial year.

14. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

15. The board has formed an HR and Remuneration Committee. At present it comprises of three board members of whom two are non-executive directors and chairman of the committee is a non-executive director.

16. The Company will appoint female and second independent director as per CCG regulation-2017 within the due course of time.

17. The board has set up an effective internal audit function.

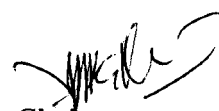
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its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

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

20. We confirm that all other requirements of the regulations-2017 have been complied with.

On behalf of the board of Directors


Chief Executive Officer


Chairman



BAKER TILLY
MEHMOOD IDREES
QAMAR

188 D-1, Model Town.

Lahore - Pakistan.

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BTLHR/AA/GSM-79/2019/39
INDEPENDENT AUDITOR'S REPORT

To the members of Gulshan Spinning Mills Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of *Gulshan Spinning Mills Limited (the Company)*, which comprise the statement of financial position as at *June 30, 2019*, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary of the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in basis for adverse opinion paragraph, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at *June 30, 2019*, and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of *Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

- a) Certain litigations have been filed by / against the Company as disclosed in note 26.1 to these financial statements. Management and the legal counsels of the Company in their respective direct response to our confirmation requests have not provided us their assessment of the potential outcome of these litigations.
- b) we have not received year end confirmations from banks and financial institutions in respect of bank balances aggregating Rs. 16.172 million (note 15.2), payable to banking companies under scheme of arrangement amounting Rs. 3.704 billion (note 20) and accrued mark-up / interest amounting Rs. 957.708 million (note 25). Further, year-end bank statements from all banks and financial institutions in respect of bank balances and borrowings were also not available.
- c) we are unable to determine the appropriate break-up value/actual settlement value of trade and other payables amounting Rs. 18.501 million (note 24); and
- d) Stock-in-trade aggregating Rs. 97.194 million has not been verified.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our

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audit of the financial statements as a whole, forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for Adverse Opinion section, we have determined the following matters to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit.
<p>1. Valuation of disposal group under scheme of arrangement.</p> <p>As referred to in note 5 to the accompanying financial statements, the directors have decided to settle its liabilities to secured creditors through sale of items of property, plant and equipment under the scheme of arrangement.</p> <p>We have considered the above as a key audit matter due to the significant amount of items of property, plant and equipment classified as disposal group under scheme of arrangement.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> - Inquired and discussed with management to develop an understanding of management for classification of items of property, plant and equipment as disposal group under scheme of arrangement. - Read minutes of meeting of board of directors for approval of items of property, plant and equipment to classify and present as disposal group under scheme of arrangement. - Obtained copy of the scheme of arrangement, duly signed by majority of secured creditors (i.e. banking companies) to establish complete understanding of the Scheme. - Obtained copy of revaluation report carried out by the restructuring agent - United Bank Limited from management to verify that carrying values disclosed in the financial statements are appropriate.
<p>2. Other receivables</p> <p>Refer to note 14 to the financial statements and accounting policy in note 3.7 to the financial statements.</p> <p>The Company has significant balance of other receivables comprising of sales tax refunds, which have been outstanding over previous years.</p> <p>We identified recoverability of sales tax refundable as a key audit matter as it involves significant management judgment in determining the recoverable amount, timing and involvement of legal/fiscal laws</p>	<p>Our audit procedures included the followings:</p> <ul style="list-style-type: none"> - Developed an understanding of management process for recovery of sales tax; - Obtained copy of annual sales tax return to verify amount of refundable. - Checked relevant provisions of the Sales Tax Act, 1990 to establish the amount, timing and other matters incidental to the refundability of the sales tax.

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.





Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and requirements of Companies Act, 2017, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt in the Company's ability to continue as a going

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communications.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017;
- b) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn-up in conformity with the Companies Act, 2017, and however, the same are in agreement with the books of accounts and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (VIII of 1980).

Other Matter

The financial statements of the Company, for period under consideration, have been prepared on liquidation / break-up value basis as disclosed in note 2.2 to the financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ahmed Khan.

Baker Tilly Mehmood Idrees Qamar

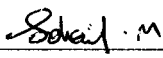
BAKER TILLY MEHMOOD IDREES QAMAR,
Chartered Accountants

Lahore
Date: August 07, 2019

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Restated Rupees	2017 Restated Rupees
ASSETS				
Property, plant and equipment	4	8,651,760	2,101,317,712	2,151,494,285
Disposal group under scheme of arrangement	5	1,548,235,648	-	-
Long-term investments	6	139,230,287	132,302,532	126,125,291
Long-term deposits	7	-	11,894,448	8,476,563
Stores, spare parts and loose tools	8	-	11,814,020	15,752,027
Stock-in-trade	9	97,194,845	99,200,095	132,266,793
Trade debtors	10	13,435,272	32,510,762	33,662,468
Loans and advances	11	41,458,602	83,314,144	82,259,244
Trade deposits and short-term prepayments	12	-	2,229,030	5,956,271
Accrued mark-up / interest	13	-	62,688,063	62,688,063
Other receivables	14	11,641,652	7,813,322	7,782,270
Cash and bank balances	15	16,172,190	12,475,326	30,515,204
TOTAL ASSETS		1,876,020,256	2,557,559,454	2,656,978,479
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	16	222,250,380	222,250,380	222,250,380
Reserves	17	272,000,000	272,000,000	272,000,000
Surplus on revaluation of property, plant and equipment	18	732,032,293	955,034,725	962,779,557
Accumulated losses		(4,339,950,858)	(3,691,838,982)	(3,531,808,072)
		(3,113,668,185)	(2,242,553,877)	(2,074,778,135)
Sub-ordinated loan	19	250,000,000	250,000,000	250,000,000
LIABILITIES				
Payable to banking companies under scheme of arrangement	20	3,704,875,000	3,322,541,756	3,323,493,958
Loan from associates and other parties	21	37,618,614	37,618,614	56,430,848
Post employment benefits payables	22	16,850,366	22,099,921	23,363,262
Deferred taxation	23	-	285,234,278	296,596,379
Trade and other payables	24	21,599,358	26,405,919	57,738,881
Accrued mark-up / interest	25	957,708,000	844,509,610	712,411,955
Unclaimed dividend		1,037,103	1,037,103	1,037,103
Provision for taxation		-	10,666,130	10,684,228
		4,739,688,441	4,550,113,331	4,481,756,614
CONTINGENCIES AND COMMITMENTS	26	-	-	-
TOTAL EQUITY AND LIABILITIES		1,876,020,256	2,557,559,454	2,656,978,479

The annexed notes from 1 to 44 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Restated Rupees
Sales - net	27	-	-
Cost of sales	28	(40,951,595)	(93,941,809)
Gross loss		(40,951,595)	(93,941,809)
Distribution cost	29	(514,169)	(700,603)
Administrative expenses	30	(9,426,409)	(15,622,878)
Other operating expenses	31	(431,399,756)	-
		(441,340,334)	(16,323,481)
Loss from operations		(482,291,929)	(110,265,290)
Other income	32	52,199,394	63,674,395
Finance cost	33	(269,534,082)	(132,546,947)
Loss before taxation		(699,626,617)	(179,137,842)
Taxation	34	43,199,447	2,200,240
Loss after taxation		(656,427,170)	(176,937,602)
Loss per share - basic and diluted	35	(29.54)	(7.96)

The annexed notes from 1 to 44 form an integral part of these financial statements.


 CHIEF EXECUTIVE



 CHIEF FINANCIAL OFFICER


 DIRECTOR

GULSHAN SPINNING MILLS LIMITED
 STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	Restated Rupees
Loss after taxation	(656,427,170)	(176,937,602)
Other comprehensive income;		
Impairment loss on operating fixed assets	(456,721,968)	-
Reversal of deferred tax liability related to surplus on revaluation	132,449,371	-
Derecognition of deferred tax liability on surplus on revaluation	109,585,460	-
Effect of change of rate enacted	-	9,161,861
	(214,687,137)	9,161,861
Total comprehensive loss for the year	(871,114,307)	(167,775,741)

The annexed notes from 1 to 44 form an integral part of these financial statements.


 CHIEF EXECUTIVE

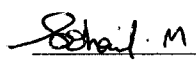

 CHIEF FINANCIAL OFFICER

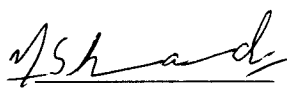

 DIRECTOR

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Reserves			Capital reserve	Total	
	Share capital	Share premium	General reserve	Accumulated loss		Revaluation surplus
	(Rupees)					
Balance as at July 1, 2017 - as previously stated	222,250,380	66,000,000	206,000,000	(2,838,295,382)	962,779,556	(1,381,265,446)
Effect of correction of error	-	-	-	(693,512,690)	-	(693,512,690)
Balance as at July 1, 2017 - as restated	222,250,380	66,000,000	206,000,000	(3,531,808,072)	962,779,556	(2,074,778,136)
Loss for the year	-	-	-	(176,937,602)	-	(176,937,602)
Other comprehensive income	-	-	-	-	9,161,861	9,161,861
	-	-	-	(176,937,602)	9,161,861	(167,775,741)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	16,906,692	(16,906,692)	-
Balance as at June 30, 2018 -as restated	222,250,380	66,000,000	206,000,000	(3,691,838,982)	955,034,725	(2,242,553,877)
Loss for the year	-	-	-	(656,427,170)	-	(656,427,170)
Other comprehensive Income	-	-	-	-	(214,687,137)	(214,687,137)
	-	-	-	(656,427,170)	(214,687,137)	(871,114,307)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	8,315,295	(8,315,295)	-
Balance as at June 30, 2019	222,250,380	66,000,000	206,000,000	(4,339,950,858)	732,032,293	(3,113,668,184)

The annexed notes 1 to 42 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

GULSHAN SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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, Vehari and Nankana Sahib in the Province of Punjab.

1.2 Scheme of arrangement with secured creditors

The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The said Scheme has been approved by the Board of the Company on March 30, 2019 and submitted to the Honorable High Court of Sindh on May 06, 2019 for approval. Under this Scheme, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of moveable and immovable assets of the Company including Land , Building , Plant & machinery and payment of the proceeds thereof to the secured creditors as contemplated under the Scheme of arrangement .

This Scheme, if agreed-upon by the requisite majority of the secured creditors and shareholders of the Company as stipulated in the Act, and sanctioned by the Honorable high court by an order passed in this respect, would be binding on the Company, along with all the shareholders, creditors , stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as follows:

- a) Constitution of an Assets Sales Committee having such powers and undertaking such functions as stated in the Scheme;
- b) Settlement and repayment of the existing liabilities pursuant to the sale of all moveable and immovable items of property, plant and equipment of the Company, by and under the supervision of the Asset Sale Committee, the proceeds from which are to be distributed inter se the secured creditors in accordance with the provisions of this Scheme;
- c) Pooling of securities over the charged assets which are available with the secured creditors, to be shared amongst all the secured creditors on a pari passu basis in proportion to their share of the existing liabilities – principal portion (irrespective of charge), upon the release of the security interests over the charged assets for the purposes of consummating the sales thereof in the manner prescribed under the Scheme;
- d) Release of the pledged stock, and sales thereof for the purposes specified under the Scheme;
- e) Provision of the additional Security by the Company to form part of the Sale Assets ("charged assets plus additional security") which shall be sold in the manner detailed in the Scheme;
- f) The withdrawal of all legal proceedings (refer to note 26.1), which shall be subject to the sale of the Sale Assets and pledged stocks and completion of all relevant formalities, in accordance with the provisions of this Scheme; and

This Scheme shall become binding, operative and effective as soon as an order is passed by the Court under Section 279 / 282 of the Act, sanctioning the Scheme and making any necessary provisions under Section 282 of the Act, or such other date as stipulated by the Court (the "Completion Date").

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 (IFRS's) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

Due to the Scheme described in noted 1.2 to these financial statements, the directors have determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate.

Accordingly, the financial statements have been prepared on liquidation/break-up basis, following the intention of directors to settle the liabilities through proceeds of disposal of items of property, plant and equipment.

Impact of adopting the liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report.

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realizable value. Net realizable value is based on the proceeds receivable on disposal less liquidation costs as detailed in the accounting policies noted below. The liquidation value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognized in profit or loss or otherwise under the auspices of approved accounting standards.

Under the liquidation basis of accounting, all assets and liabilities are classified as current. In adopting the liquidation basis, the directors have continued to apply the disclosure requirements of approved accounting standards to the extent they are relevant to the liquidation basis, and have modified them where this is considered appropriate.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation and to the extent described below.

Comparative information has not been restated, and is measured and presented on a going concern basis.

Following table show how individual account heads are dealt in these financial statements:

Sr. #	Account head	Basis of measurement	Adjustment
1	Property, plant and equipment	Fair market value which approximates the net book value at the date of financial statements.	No adjustment has been made.
2	Disposal group under scheme of arrangement	Forced sale value as per revaluation carried In October 2018.	Impairment charged to surplus on revaluation and statement of profit or loss.
3	Long-term investments	On estimated fair value basis.	No adjustment has been made
4	Long-term deposits	Probability of recovery.	To statement of profit or loss.
5	Stores, spare parts and loose tools	On estimated market value basis.	To statement of profit or loss.
6	Stock-in-trade	On estimated market value basis.	
7	Trade debts	Realizable values based on probability of recovery.	To statement of profit or loss.
8	Loans and advances	Realizable values based on probability of recovery.	To statement of profit or loss.
	Trade deposits and short-term prepayments	Realizable values based on probability of recovery.	To statement of profit or loss.
9	Other receivables	Realizable values based on probability of recovery.	To statement of profit or loss.
10	Bank balances	Undisputed/irrevocable balances.	To statement of profit or loss.
11	Subordinated loan	On expected settlement value.	No adjustment has been made
12	Surplus on revaluation of operating fixed assets	On net book value.	As per reporting framework.
13	Payable to banking companies under scheme of arrangement	As given in Scheme of Arrangement agreed by majority of banking companies.	To statement of profit or loss.
14	Loan from associates and other parties	On expected settlement value.	No adjustment has been made
15	Staff retirement benefits - gratuity	On expected settlement value.	No adjustment has been made
16	Unclaimed dividend	On expected settlement value.	No adjustment has been made
17	Deferred taxation	On liquidation basis.	Charged to surplus on revaluation and statement of profit or loss.
18	Trade and other payables	On expected settlement value.	To statement of profit or loss.
19	Accrued mark-up / interest	On expected settlement value.	To statement of profit or loss.

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 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied over previous years holding for comparative figures are;

3.1 Property, plant and equipment

3.1.1 Owned

Property, plant and equipment except for freehold land, leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations, mill's equipment and capital work-in-progress were stated at cost less accumulated depreciation and impairment loss, if any. Freehold land was stated at revalued amount whereas leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment were stated at revalued amounts less accumulated depreciation and impairment loss, if any. Capital work-in-progress was stated at cost less impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period were carried under capital work-in-progress. These were transferred to specific assets as and when assets were available for use.

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

Depreciation on assets was charged to income applying the reducing balance method at the rates stated in note 4. Depreciation on additions was charged from the day in which an asset becomes available for use, while on disposals depreciation was charged up to the day of disposal.

The depreciation method and useful lives of items of property, plant and equipment were reviewed at each reporting date and altered if circumstances or expectations have changed significantly. Any change was 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 fixed assets were determined as the difference between the sale proceeds and the carrying amount of assets and were included in the profit and loss account.

Increases in the carrying amounts arising on revaluation of Property, Plant and Equipment to be recognised, net of tax, in other comprehensive income and in accumulated reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase would first be recognised in profit or loss. Decreases that reverse previous increases of the same asset would first be recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases would be charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, would be reclassified from the revaluation surplus on Property, Plant and Equipment to retained earnings.

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 were reviewed to assess whether they were recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets were written down to their recoverable amounts and the resulting impairment loss was taken to profit and loss account except for impairment loss on revalued assets, which was adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

3.1.2 Assets subject to 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 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

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

3.2 Assets classified as disposal group

Assets held for disposal are classified as disposal group if their carrying amounts will be recovered principally through a sale/ disposal rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less cost to sell. Property and equipment and intangibles assets once classified as held for sale / disposal are not depreciated or amortized.

3.3 Investments in associated companies

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.

3.4 Long-term deposits

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

3.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at lower of cost and net realisable 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 upto the reporting date.

3.6 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.

3.7 Trade debts and other receivables

Trade debts 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.

3.8 Short-term investments

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 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.

3.9 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.

3.10 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.

3.11 Staff retirement benefit - gratuity

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

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

3.12 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.

3.13 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 the 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 recognised using the balance sheet liability 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 recognised 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 utilised. 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 recognised 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 realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date.

3.14 Provisions, contingent assets and contingent liabilities

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

3.15 Financial assets and liabilities

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

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

3.16 Off-setting of financial assets and liabilities

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

3.17 Impairment loss

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

3.18 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 recognised in the profit and loss account.

3.19 Revenue recognition

Revenue is recognised 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.

3.20 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.

3.21 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 year.

3.22 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.

3.23 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.

3.24 Significant accounting estimates and judgments

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 3.1)
- (ii) Net realisable values of stores, spares and loose tools and stock-in-trade. (note 3.5 and 3.6)
- (iii) Provision for impairment of trade debts. (note 3.7)
- (iv) Provision for staff retirement benefit - gratuity. (note 3.11)
- (v) Provision for taxation (note 3.13)

	Note	2019 Rupees	2018 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	4.1	<u>8,651,760</u>	<u>2,101,317,712</u>

4.1 Property, plant and equipment

	Owned										Leased		Total
	Freehold land	Factory buildings	Residential buildings	Plant and machinery	Electric installation	Gas power generator	Mills equipment	Office equipment	Furniture and fixtures	Vehicles	Plant and machinery	Vehicles	
Rupees													
As July 01, 2017													
Opening net book value	324,384,000	568,609,373	55,266,373	890,924,735	71,099,952	110,573,655	21,553,719	3,543,988	4,598,089	968,107	97,437,388	2,534,906	2,151,494,285
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(14,215,234)	(1,381,659)	(22,273,118)	(1,777,499)	(4,422,946)	(2,155,372)	(354,399)	(459,809)	(223,972)	(2,435,935)	(476,630)	(50,176,573)
Closing net book value	324,384,000	554,394,139	53,884,714	868,651,617	69,322,453	106,150,709	19,398,347	3,189,589	4,138,280	744,135	95,001,453	2,058,276	2,101,317,712
As at June 30, 2018													
Revaluation /Cost accumulated Depreciation	324,384,000	650,589,569	79,295,543	1,185,487,474	86,724,093	151,242,269	105,586,068	18,609,402	22,015,174	28,097,563	118,674,987	13,648,665	2,784,354,808
Net book value	324,384,000	554,394,139	53,884,714	868,651,617	69,322,453	106,150,708	19,398,347	3,189,589	4,138,280	1,085,585	95,001,453	1,716,826	2,101,317,712
Year ended June 30, 2019													
Opening net book value	324,384,000	554,394,139	53,884,714	868,651,617	69,322,453	106,150,708	19,398,347	3,189,589	4,138,280	1,085,585	95,001,453	1,716,826	2,101,317,712
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	-	-	-	-	(2,118,000)
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	1,886,436
Depreciation charge	-	(9,239,902)	(898,078)	(11,451,300)	(913,867)	(2,234,837)	(1,013,416)	(318,959)	(413,828)	(217,117)	(1,252,390)	(297,052)	(28,250,746)
Impairment	(41,691,000)	-	-	(355,908,412)	(28,403,152)	(43,273,324)	(7,747,621)	-	-	-	(38,924,484)	-	(515,947,993)
Classified as held for sale	(282,693,000)	(545,154,237)	(52,986,636)	(501,291,905)	(40,005,434)	(60,642,547)	(10,637,310)	-	-	-	(54,824,579)	-	(1,548,235,648)
Closing net book value	-	-	-	-	-	-	-	2,870,630	3,724,452	868,468	-	1,188,210	8,651,760
Revaluation /Cost	324,384,000	650,589,569	79,295,543	1,185,487,474	86,724,093	151,242,269	105,586,068	18,609,402	22,015,174	28,097,563	118,674,987	11,530,665	2,782,236,808
Less: accumulated depreciation impairment	-	(105,435,332)	(26,308,907)	(328,287,157)	(18,315,507)	(47,326,398)	(87,201,137)	(15,738,772)	(18,290,722)	(27,229,095)	(24,925,924)	(10,342,455)	(709,401,406)
classified as held for sale	(41,691,000)	-	-	(355,908,412)	(28,403,152)	(43,273,324)	(7,747,621)	-	-	-	(38,924,484)	-	(515,947,993)
Net book value	(282,693,000)	(545,154,237)	(52,986,636)	(501,291,905)	(40,005,434)	(60,642,547)	(10,637,310)	-	-	-	(54,824,579)	-	(1,548,235,648)
Depreciation rate - per annum (%)	-	2.5%	2.5%	2.5%	2.5%	4%	10%	10%	10%	20%	2.5%	20%	20%

	Note	2019 Rupees	2018 Rupees
4.2 Depreciation charge has been allocated as follows;			
Cost of goods manufactured	28.1	27,003,790	48,656,814
Distribution cost	29	514,169	700,603
Administrative expenses	30	732,787	819,156
		<u>28,250,746</u>	<u>50,176,573</u>

4.3 The detail of operating fixed assets disposed is as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/ (loss)	Mode of disposal	Particulars of purchaser
Rupees.....						
Honda City	1,059,000	944,224	114,776	1,072,354	957,578	Negotiation	Mr. Amir Mehmood
Honda Civic	1,059,000	942,211	116,789	924,052	807,263	Negotiation	Mr. M. Shahd
Total	<u>2,118,000</u>	<u>1,886,435</u>	<u>231,565</u>	<u>1,996,406</u>	<u>1,764,841</u>		

4.4 The Company has revalued its freehold land, factory buildings, residential buildings, owned and leased plant and machinery, electric installation and gas and power generator on June 30, 2012 and October 23, 2018. 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	2019 Rupees	2018 Rupees
Owned			
Freehold land		14,878,943	14,878,943
Factory buildings		84,201,542	86,360,556
Residential buildings		57,164,767	58,630,530
Plant and machinery		524,388,033	537,833,880
Electric installations		46,068,993	46,849,823
Gas power generators		57,662,238	60,064,831
Leased			
Plant and machinery		64,383,763	66,034,629
		<u>848,748,279</u>	<u>870,653,192</u>

5 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT

Owned:

Freehold land	282,693,000	-
Factory buildings	545,154,237	-
Residential buildings	52,986,636	-
Plant and machinery	501,291,905	-
Electric installation	40,005,434	-
Gas power generator	60,642,547	-
Mills equipment	10,637,310	-

Leased:

Plant and machinery	54,824,579	-
	<u>1,548,235,648</u>	<u>-</u>

The Company along with its restructuring agent - United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") as detailed in note 1.2. Hence, above mentioned assets has been classified and presented under disposal group under scheme of arrangement.

	Note	2019 Rupees	2018 Rupees
6 LONG-TERM INVESTMENTS			
Long-term investments in;			
- Joint venture	6.1	-	-
- Defence Saving Certificates	6.2	63,946,359	57,018,604
- Investment on order of court	6.3	75,283,928	75,283,928
		<u>139,230,287</u>	<u>132,302,532</u>

**6.1 Investments in a Joint venture -
under equity method**

Gujranwala Energy Limited

7,500,000 (2018: 7,500,000) ordinary shares
of Rs.10 each - cost

Accumulated share of post acquisition loss

6.1.1	75,000,000	75,000,000
	<u>(75,000,000)</u>	<u>(75,000,000)</u>
	<u>-</u>	<u>-</u>

6.1.1 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, 2018, 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, 2019, 2018, 2017, 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.

6.1.2 GEL in order to achieve the financial close, has mandated National Bank of Pakistan (NBP) to arrange Rs.14,135.00 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.

6.1.3 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.

6.1.4 With reference to (note 6.1.2) and (note 6.1.3) Gujranwala Energy Limited has also extended commitment bank guarantee amounting to Euro € 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-cashment of guarantee till the adjudication of the application filed by GEL.

- 6.1.5 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 6.1.3 and 6.1.4 above.
- 6.1.6 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.
- 6.2 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 21.00 million (2018: Rs. 21.00 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 (2018: 12.15% per annum). Accrued mark-up aggregating Rs. 42.946 million (2018: Rs. 35.349 million) is included in the carrying value. These are under lien with a bank against guarantee amounting Rs. 19.504 million (2018: Rs. 19.504 million).
- 6.3 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	2019 Rupees	2018 Rupees
7 LONG-TERM DEPOSITS			
Utilities	7.1	-	8,231,998
Lease deposits	7.2	-	3,417,885
Others		-	244,565
		-	11,894,448

7.1 This includes security deposits against rental premises, electricity connection, SNGPL connection etc. The probability of recovery of these deposits are remote that's why these deposits have been written-off to profit or loss account.

7.2 Lease deposits has been adjusted against liability against assets subject to finance lease under the Scheme of Arrangement as described in note 1.2.

	Note	2019 Rupees	2018 Rupees
8 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		-	45,946,268
Spare parts		-	7,914,197
Loose tools		-	2,648,630
Packing material		-	5,940,962
		-	62,450,057
Less: provision for obsolete inventory		-	(50,636,037)
		-	11,814,020

Store, spare parts and loose tools has been fully provided on account of obsolescence as mills operations has been blocked since March 2014.

	Note	2019 Rupees	2018 Rupees
9 STOCK-IN-TRADE			
Raw materials	9.1	61,706,635	61,706,635
Finished goods	9.2	35,488,210	37,493,460
		<u>97,194,845</u>	<u>99,200,095</u>

9.1 Raw materials have been stated at their replacement cost aggregating Rs. 61.706 million (2018: Rs. 61.706 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. nil (2018: Rs. 20.568 million).

9.2 Finished goods have been stated at their NRV aggregating Rs. 37.493 million (2018: Rs. 37.493 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. nil (2018: Rs. 12.497 million).

9.3 All of the current assets of the Company are under banks' charge as security of short-term borrowings as disclosed in note 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 26.1.1.

	Note	2019 Rupees	2018 Rupees
10 TRADE DEBTORS - unsecured			
Local - considered good	10.1	13,435,272	32,510,762
Local - considered doubtful		113,983,771	113,983,771
		<u>127,419,043</u>	<u>146,494,533</u>
Provision for doubtful debts	10.2	(113,983,771)	(113,983,771)
		<u>13,435,272</u>	<u>32,510,762</u>

10.1 This includes following amounts which pertain to related parties;

Paramount Spinning Mills Limited		697,706	883,261
Gulistan Spinning Mills Limited		5,910,478	5,910,478
		<u>6,608,184</u>	<u>6,793,739</u>

10.2 Doubtful trade debts has been written-off as probability of recoverability is remote to the date of these financial statement.

	Note	2019 Rupees	2018 Rupees
10.3 Movement in provision for doubtful debts:			
Balance at beginning of the year		113,983,771	171,461,107
Less: reversal during the year		(2,848,923)	(57,477,336)
written-off during the year		(111,134,848)	-
Balance at end of the year		<u>-</u>	<u>113,983,771</u>

11 LOANS AND ADVANCES - unsecured and considered good

Advances to/against;

- employees / non-executive staff		-	5,225,838.
- suppliers		-	37,408,504
- others	11.1	41,458,602	40,679,802
		<u>41,458,602</u>	<u>83,314,144</u>

- 11.1 This represents advances to Gulistan Spinning Mills Limited, a related party. The maximum amount due as at the end of any month during the year was Rs. 41,458,602/- (2018: Rs. 40,679,802/-).
- 11.2 As at June 30, 2019, advances to related party amounting to Rs. 41.458 million (2018: Rs. 40.679 million) were past due but not impaired. The age analysis of these advances is as follows;

	Note	2019 Rupees	2018 Rupees
Upto 1 month		-	-
1 to 2 months		-	-
2 to 3 months		-	-
4 to 12 months		-	-
More than 12 months		41,458,602	40,679,802
		<u>41,458,602</u>	<u>40,679,802</u>

12 DEPOSITS AND PREPAYMENTS

Margins against letter of credit and bank guarantees - 2,229,030

Margin against letter of credit and bank guarantees has been written-off as probability of recoverability / adjusment is remote to the date of these financial statement.

13 ACCRUED MARK-UP / INTEREST

Mark-up / interest accrued on;

- term deposit receipts	13.1	-	1,837,286
- over due receivable balances of associated companies	13.2	-	60,850,777
		<u>-</u>	<u>62,688,063</u>

13.1 Mark-up receivable from banks has been adjusted against financial liabilities from relevant banks.

13.2 This included interest receivable from Gulistan Spinning Mills Limited, a related party, amounting to Rs. 42,862,303/- (2018: Rs. 42,862,303/-). Mark-up receivable has been written-off due to accumulated losses on account of non-operation of the Company.

	Note	2019 Rupees	2018 Rupees
14 OTHER RECEIVABLES - unsecured and considered good			
Sales tax		11,641,652	6,122,252
Rebate receivable	14.1	-	1,691,070
		<u>11,641,652</u>	<u>7,813,322</u>

14.1 Rebate receivables have been written-off as time for recoverability has lapsed.

	Note	2019 Rupees	2018 Rupees
15 CASH AND BANK BALANCES			
Cash-in-hand		-	109,073
Balances with banks in;			
- current accounts		7,350,259	3,511,473
- deposit accounts		63,522	96,371
- term deposit receipts	15.1	8,758,409	8,758,409
		<u>16,172,190</u>	<u>12,366,253</u>
		<u>16,172,190</u>	<u>12,475,326</u>

15.1 Term deposit receipts aggregating Rs. 5.617 million (2018: Rs. 5.617 million) are under banks' charge against guarantees aggregating Rs. 55.069 million. (2018: Rs. 55.069 million).

15.2 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 26.1.1 to these financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended June 30, 2018, from various banks having balances aggregating to Rs. 7.278 million (2017: 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. 16.172 million (2018: Rs. 12.366 million) have also not been received due to litigation.

16 SHARE CAPITAL

2019 Numbers	2018 Numbers		2019 Rupees	2018 Rupees
<u>25,000,000</u>	<u>25,000,000</u>	Authorized capital		
		Ordinary shares of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>
9,300,000	9,300,000	Issued, subscribed and paid-up capital		
		Ordinary shares of Rs. 10 each	93,000,000	93,000,000
12,925,038	12,925,038	issued as fully paid in cash		
		Ordinary shares of Rs. 10 each	129,250,380	129,250,380
<u>22,225,038</u>	<u>22,225,038</u>	issued as fully paid bonus shares		
			<u>222,250,380</u>	<u>222,250,380</u>

16.1 Ordinary shares held by the related parties at the year end;
Gulistan Spinning Mills Limited - Number

<u>10,302</u>	<u>10,302</u>
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17 RESERVES

Capital reserve			
Share premium			
Revenue reserve		66,000,000	66,000,000
General reserve			
		<u>206,000,000</u>	<u>206,000,000</u>
		<u>272,000,000</u>	<u>272,000,000</u>

18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at the beginning of the year		1,200,465,944	1,224,278,186
Transfer to unappropriated profits in respect of:			
- incremental depreciation		(11,711,683)	(23,812,242)
Less: impairment charged		<u>(456,721,968)</u>	-
Related deferred tax liabilities on:		732,032,293	1,200,465,944
- revaluation at the beginning of the year			
- Incremental depreciation on revalued assets		245,431,219	261,498,630
- on impairment on fixed assets		(3,396,388)	(6,905,550)
- derecognition of deferred tax liability		(132,449,371)	-
- effect of change of rate enacted		(109,585,460)	-
		-	(9,161,861)
Balance at end of the year		-	245,431,219
		<u>732,032,293</u>	<u>955,034,725</u>

The Company revalued its freehold land, leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment as on October 23, 2018. Impairment loss has been charged to surplus on revaluation on those assets against which surplus was available. Deferred tax arisen on surplus on revaluation has been adjusted due to financial statements are prepared on liquidation / break-up value basis.

19 SUB-ORDINATED LOAN - unsecured

Note	2019 Rupees	2018 Rupees
	<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 at discretion 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.

20 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT	Note	2019 Rupees	2018 Rupees
United Bank Limited		116,918,000	113,825,691
Faysal Bank Limited		190,203,000	190,768,346
Habib Bank Limited		576,194,000	593,741,561
Askari Bank Limited		317,533,000	264,313,731
Bank Alfalah Limited		297,882,000	304,424,147
MCB Bank Limited		93,762,000	68,904,332
Al-Babaka Bank (Pakistan) Limited		197,160,000	99,300,000
Allied Bank Limited		299,434,000	340,949,508
Standard Chartered Bank (Pakistan) Limited		347,263,000	124,745,246
Silk Bank Limited		111,755,000	99,400,000
Habib Metropolitan Bank Limited		47,900,000	49,599,662
Bank Islami Pakistan Limited		67,000,000	66,424,438
Meezan Bank Limited		246,006,000	245,740,922
The Bank of Punjab		450,528,000	444,198,172
National Bank of Pakistan		194,012,000	160,875,608
JS Bank Limited		106,325,000	110,202,656
First National Bank Modaraba		45,000,000	45,127,736
		3,704,875,000	3,322,541,756

This represents payable to banking companies under scheme of arrangement as detailed below:

The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a “Scheme of Arrangement” under sections 279 to 283 read with section 285 of the Companies Act, 2017 (“the Act”). The said Scheme has been approved by the Board of the Company on March 20, 2019 and submitted to the Honorable High Court of Sindh on May 06, 2019 for approval. Under this Scheme, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of moveable and immovable assets of the Company including land , building , plant & machinery and payment of the proceeds thereof to the secured creditors as contemplated under this Scheme of arrangement.

This Scheme, if agreed-upon by the requisite majority of the secured creditors and shareholders of the Company as stipulated in the Act, and sanctioned by the Honorable high court by an order passed in this respect, would be binding on the Company, along with all the shareholders, creditors , stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as mentioned in note 1.2 to these financial statements.

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	Note	2019 Rupees	2018 Rupees
20 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT			
United Bank Limited		116,918,000	113,825,691
Faysal Bank Limited		190,203,000	190,768,346
Habib Bank Limited		576,194,000	593,741,561
Askari Bank Limited		317,533,000	264,313,731
Bank Alfalah Limited		297,882,000	304,424,147
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	Note	2019 Rupees	2018 Rupees
21 Loan from associates and other parties			
Gulshan Weaving Mills Limited		300,000	300,000
Interest free loan from other parties - unsecured	21.1	37,318,614	37,318,614
		<u>37,618,614</u>	<u>37,618,614</u>
21.1 Interest free loans from other parties - unsecured			
Balance at beginning of the year		37,318,614	56,130,848
Add: funds received during the year		-	7,731,191
Less: adjustments / repayments made during the year		-	(26,543,425)
		<u>37,318,614</u>	<u>37,318,614</u>

These loans were advanced by Spouse of the ex-Chief Executive and his other relatives in order to meet working capital requirements. However, these parties ceased to be related parties of the Company in accordance with IAS 24, because of retirement of ex-Chief Executive during the previous year. The repayment terms have not yet been finalized by the parties.

	Note	2019 Rupees	2018 Rupees
22 POST EMPLOYMENT BENEFITS PAYABLES			
Post employment benefits payables		<u>16,850,366</u>	<u>22,099,921</u>
Movement in post employment benefits payable			
Net liability at beginning of the year		22,099,921	23,363,262
Less: benefits paid		(5,249,555)	(1,263,341)
Net liability at end of the year		<u>16,850,366</u>	<u>22,099,921</u>

The Company has not hired an actuary to carry out evaluation of its defined benefit obligation for this reporting year.

	Note	2019 Rupees	2018 Rupees
23 Deferred taxation - net			
The net liability for deferred taxation comprises timing differences relating to;			
Accelerated tax depreciation - owned assets		-	194,878,989
Surplus on revaluation property, plant and equipment		-	250,172,564
Assets subject to finance lease		-	28,048,301
Staff retirement benefits - gratuity		-	(6,408,977)
Provisions and allowances		-	(176,328,419)
Liabilities against assets subject to finance lease		-	(5,128,180)
		<u>-</u>	<u>285,234,278</u>

These financial statements are prepared on liquidation / break-up value basis, hence, deferred tax adjusted.

	Note	2019 Rupees	2018 Rupees
24 TRADE AND OTHER PAYABLES			
Creditors		-	1,816,180
Accrued expenses		3,098,289	5,125,095
Income tax payable		-	963,575
Other payable		18,501,069	18,501,069
		<u>21,599,358</u>	<u>26,405,919</u>
25 ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on;			
- long-term finances	25.1	-	12,826,114
- Security deposit		-	6,073,151
Mark-up / interest payable under scheme of arrangement	25.2	957,708,000	825,610,345
		<u>957,708,000</u>	<u>844,509,610</u>

25.1 This represents mark-up payable to Gulistan Fibres Limited, "an associated company", on long-term loan. The principal amount of the loan was paid.

25.2 In previous years, mark-up on long-term loan and short-term borrowings were not recognized due to litigations with those financial institutions. Following agreement of scheme of arrangement, between the Company and financial institutions, mark-up related to current period and previous years has been recognized by restatement in statement of changes in equity. The impact of restatement has been summarized as under:

Impact of correction of error as follow;

	2018 Rupees	2017 Rupees
Impact on Statement of Financial Position;		
Increase in accrued mark-up	132,097,655	132,097,655
Increase in accumulated loss	<u>132,097,655</u>	<u>132,097,655</u>
Impact on Statement of Profit or Loss;		
Increase in finance cost	132,097,655	132,097,655
Increase in loss after taxation	<u>132,097,655</u>	<u>132,097,655</u>
Increase in loss per share - basic and diluted	<u>5.94</u>	<u>5.94</u>

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Liabilities towards banks and financial institutions disclosed in note 20 and 25.

(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 (2018: 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.

- 26.1.2** The Company has not provided for Rs. 12.519 million (2018: 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, 2019, the Company has provided bank guarantees aggregating Rs. 19.504 million (2018: 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.

- 26.1.3 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 (PPIB). 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 orders 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 PPIB 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 guarantees 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.
- 26.1.4 Counter guarantees of Rs. 78.363 million (2017: Rs. 78.363 million) were given by the Company to various banks / financial institutions as at June 30, 2018, in respect of guarantees issued in favour of various Government Departments / Institutions and Sui 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.
- 26.1.5 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.
- 26.1.6 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.
- 26.1.7 First National Bank Modaraba filed a suit hearing # 122/15 against the Company for recovery of Rs. 45.905 million. 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 million. 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.
- 26.1.8 Habib Metropolitan Bank Limited has filed a suit against the Company for recovery of Rs. 57.605 million 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.

26.1.9 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.

26.1.10 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.

26.1.11 Company has challenged recovery of the Electricity Duty on self-generation of electricity. The Honourable 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.

26.1.12 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 April 05, 2016 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.

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

26.1.14 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 Institution 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.

26.2 Commitments

26.2.1 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. Standard Chartered Bank Pakistan Limited has filed suite # B-18 of 2018, in Honourable High Court of Sindh for recovery of Rs. 246. 939 million along-with liquidated damages, cost of funds, charges and costs till realization of whole amount. As the management of the Company has proposed a Scheme of arrangement, provision of above stated amount has been recognized in these financial statements to amount expected for settlement along with existing financial obligations / liabilities of the Company towards the respective bank as detailed in note 1.2, 20 and 25.

26.2.2 There is no capital commitment, other than stated above, as at June 30, 2019, and June 30, 2018.

	Note	2019 Rupees	2018 Rupees
27 SALES - net			
Sales		-	-
28 COST OF SALES			
Stocks at beginning of the year (finished goods and waste)		37,493,460	49,991,280
Cost of goods manufactured	28.1	38,946,345	81,443,989
		<u>76,439,805</u>	<u>131,435,269</u>
Stocks at the end of the year (finished goods and waste)	9	(35,488,210)	(37,493,460)
		<u>40,951,595</u>	<u>93,941,809</u>
28.1 Cost of goods manufactured			
Raw materials written-off	28.2	-	20,568,878
Stores provided for		11,814,020	3,938,007
Salaries and other benefits		-	105,233
Fuel and power		-	7,867,737
Depreciation	4.2	27,003,790	48,656,814
Other manufacturing expenses		128,535	307,320
		<u>38,946,345</u>	<u>81,443,989</u>
28.2 Raw materials written-off			
Stocks at beginning of the year		61,706,635	82,275,513
Stocks at end of the year		(61,706,635)	(61,706,635)
		<u>-</u>	<u>20,568,878</u>
29 DISTRIBUTION COST			
Depreciation	4.2	514,169	700,603

	Note	2019 Rupees	2018 Rupees
30 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		300,000	246,717
Rent, rates and taxes		-	2,887,710
Gas and electricity		-	1,605,697
Fee and subscriptions		107,645	672,163
Travelling and conveyance		1,006,561	511,327
Printing and stationery		121,031	7,141
Auditor's remuneration	30.1	610,000	250,000
Repair and maintenance		-	333,240
Entertainment		2,206	22,147
Insurance		-	45,282
Communication		341,179	481,707
Legal and professional charges		6,205,000	7,441,500
Computer expenses		-	5,000
Depreciation	4.2	732,787	819,156
Other administrative expenses		-	294,091
		<u>9,426,409</u>	<u>15,622,878</u>
30.1 Auditor's remuneration			
Audit fee		600,000	240,000
Review report on Code of Corporate Governance		10,000	10,000
		<u>610,000</u>	<u>250,000</u>
31 OTHER OPERATING EXPENSES			
Receivables written - off		359,192,464	-
Bad debts written - off		11,328,097	-
Impairment loss		59,226,025	-
Other expenses - over due balance of trade payable		1,653,170	-
		<u>431,399,756</u>	<u>-</u>
32 OTHER INCOME			
Income from financial assets			
Interest on;			
- term-deposit receipts		768	4,077
- deposit accounts		6,541	15,741
- Defence Saving Certificates		6,927,755	6,177,241
Reversal of bad debts		2,848,923	57,477,336
		<u>9,783,987</u>	<u>63,674,395</u>
Income from non-financial assets			
Gain on sale of property, plant and equipment		1,764,842	-
Liabilities written off		40,650,565	-
		<u>52,199,394</u>	<u>63,674,395</u>
33 FINANCE COST			
Mark-up / interest on;			
- liabilities against asset subject to finance lease		-	177,149
Mark-up under scheme of arrangement		132,097,655	132,097,655
Other financial charges		137,430,343	-
Bank charges		6,084	272,143
		<u>269,534,082</u>	<u>132,546,947</u>

	Note	2019 Rupees	2018 Rupees
34 TAXATION			
Current		-	-
Deferred		-	2,200,240
Derecognition of deferred tax liability		43,199,447	-
		<u>43,199,447</u>	<u>2,200,240</u>

No provision for minimum tax due under section 113 of the Income Tax Ordinance, 2001, is incorporated as the Company has nil turnover during the year. Numeric tax rate reconciliation is, therefore, also not required.

	2019	2018
35 LOSS PER SHARE - BASIC AND DILUTED		
Loss after taxation - (Rupees)	<u>(656,427,170)</u>	<u>(176,937,602)</u>
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>(29.54)</u>	<u>(7.96)</u>

Diluted earnings / loss per share

A diluted earnings / loss per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the loss per share if the option to convert is exercised.

	Note	2019 Rupees	2018 Rupees
36 NET CHANGES IN WORKING CAPITAL			
Decrease / (increase) in current assets:			
Stock-in-trade		-	-
Trade debtors		10,596,316	58,629,042
Loans and advances		25,971	(1,054,900)
Trade deposits and short-term prepayments		34,044	309,356
Other receivables		(19,901)	(31,052)
		<u>10,636,430</u>	<u>57,852,446</u>
Increase / (decrease) in trade and other payables		<u>600,013</u>	<u>(50,145,196)</u>
		<u>11,236,443</u>	<u>7,707,250</u>

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

No remuneration was paid to chief executive officer and directors. However, the monetary value of the benefit given to director is Rs. nil (2018: Rs. nil)

No meeting fee was paid to directors during the year.

	2019 Number	2018 Number
38 CAPACITY AND PRODUCTION		
Numbers of spindles installed	44,784	44,784
Numbers of rotors installed	1,440	1,440

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.

39 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.

39.1 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	2019 Rupees	2018 Rupees
Deposits and margins		-	14,123,478
Trade debtors		13,435,272	32,510,762
Accrued mark-up / interest		-	62,688,063
Bank balances		16,172,190	12,366,253
		<u>29,607,462</u>	<u>121,688,556</u>

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

Not past due	-	-
Past due 1-90 days	-	-
Past due 91-180 days	-	-
Past due 181-365 days	-	-
More than one year	-	-
	<u>13,435,272</u>	<u>32,150,761</u>
	<u>13,435,272</u>	<u>32,150,761</u>

Provision has been written-off as these financial statements have been prepared on liquidation/break-up value basis.

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.

39.2 Liquidity risk

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

	June 30, 2019			June 30, 2018		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees			Rupees		
Payable under scheme of arrangement	3,704,875,000	3,704,875,000	-	3,322,541,756	3,322,541,756	-
Loan from associates and other parties	37,618,614	37,618,614	-	37,618,614	37,618,614	-
Trade and other payables	21,599,358	21,599,358	-	26,405,919	26,405,919	-
Accrued mark-up / interest	957,708,000	957,708,000	-	844,509,610	844,509,610	-
	<u>4,721,800,972</u>	<u>4,721,800,972</u>	-	<u>4,231,075,899</u>	<u>4,231,075,899</u>	-

In order to manage liquidity risk, the management alongwith its restructuring agent (a leading bank) and a few other banks are negotiating with banks / financial institutions for restructuring of principal and mark-up / interest and rescheduling of repayment terms as detailed in note 1.2 to the financial statements and the management envisages that sufficient financial resources will be available to manage the liquidity risk in future.

39.3 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.

At reporting date, the Company is not exposed to currency risk that's why currency risk analysis has not been provided.

(b) 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 26.1.1 At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	Rupees	Rupees
Fixed rate instruments		
Financial assets	<u>63,946,359</u>	<u>57,018,604</u>
Financial liabilities	<u>-</u>	<u>3,672,477</u>
Variable rate instruments		
Financial liabilities	<u>-</u>	<u>2,885,971,502</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.

39.4 Fair value of financial instruments

As at June 30, 2019, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except investment in an Associated Company which is valued under equity method of accounting. Further, staff loans which are valued at their original cost less repayments.

39.5 Capital risk management

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

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

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

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

Name of related party	Relationship	Transactions	2019 Rupees	2018 Rupees
Paramount Spinning Mills Limited	Common directorship	Advance / loan provided	185,555	616,080
		Advance recovered	185,555	1,725,276
Guilstan Spinning Mills Limited	Common directorship	Advance / loan provided	778,800	778,800
			2019 Number	2018 Number

41 NUMBER OF EMPLOYEES

Number of employees as at June 30,

- Permanent

2

11

Average number of employees during the year

- Permanent

6

12

42 CORRESPONDING FIGURES

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

43 EVENTS AFTER THE REPORTING DATE

There are no significant adjusting or non-adjusting event after the reporting date requiring adjustment or disclosure in financial statements.

44 DATE OF AUTHORISATION FOR ISSUE

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2019

Particulars	No. of Shares Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	7	3,830	0.02
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)	3,488	10,574,734	47.58
Other Companies	10	7,684,729	34.58
	3,523	22,225,038	100.00

GULSHAN SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2019

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	SHARES
Gulistan Spinning Mills Limited	10,302
Peridot Products (Pvt.) Limited	2,065,470
B) NIT & ICP	
IDBP (ICP UNIT)	106
National Bank of Pakistan Trustee Department	550
CDC - Trustee National Investment (Unit) Trust	1,203,474
C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	
<u>DIRECTORS</u>	
Mr. Muhammad Akhtar Mirza	500
Mr. Abid Sattar	500
Mr. Sohail Maqsood	650
Mr. Iftikhar Ali	500
Mr. Muhammad Maqbool Anjum	500
Mr. Muhammad Ashraf Khan	610
Mr. Hussain Ather	570
D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
<u>BANKS</u>	
National Bank of Pakistan	313,865
NIB Bank Limited	19,496
Islamic Investment Bank Limited	9,345
Al-Faysal Investment Bank Limited	50
<u>INSURANCE</u>	
State Life Insurance Corporation of Pakistan	263,326
E) Other Companies	7,684,729
F) Joint Stock Companies	75,761
G) General Public (Local)	10,574,734
	22,225,038
G) SHAREHOLDERS HOLDING 05% OR MORE	
Mr. Tanveer Ahmed	2,077,979
Mr. Abdul Shakoor	2,098,071
OPAL (SMC-PRIVATE) LIMITED	2,200,000
BLESSED CORPORATION (PVT.) LTD.	1,925,000
Gulistan Textile Mills Limited	2,112,655
Peridot Products (Pvt.) Limited	2,065,470
National Bank of Pakistan Trustee Department	1,203,474
H) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	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 24th October 2019 at 11:15 a.m and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2019

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

قارم برائے پرو کسی ممبر

گلشن سپنگ ملز لمیٹڈ

میں گلشن سپنگ ملز لمیٹڈ کے _____ عد عام شیئرز کا مالک / رکھتا ہوں جو کہ شیئر رجسٹر کے فولیو
 نمبر _____ پر درج ہے اور یا سی آرسی 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 فولیو 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 24
 اکتوبر 2019ء 11.15 بجے یا کسی دیگر وقت و جگہ پر منعقد ہوگی پیش / شرکت کرے گا اور میری جگہ بیان اور
 ووٹ دے گا۔

دستخط ممبر یا کسی ممبر

میں آج کے دن _____ مورخہ _____ 2019 کو اپنے بیان کی تصدیق کرتا
 ہوں اور اپنے دستخط کرتا ہوں۔

گواہ نمبر 2

نام _____
 پتہ _____
 شناختی کارڈ نمبر _____

گواہ نمبر 1

نام _____
 پتہ _____
 شناختی کارڈ نمبر _____

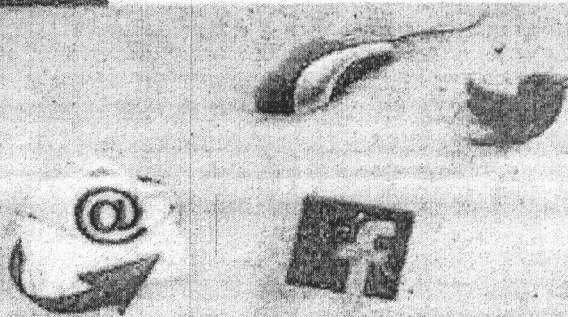
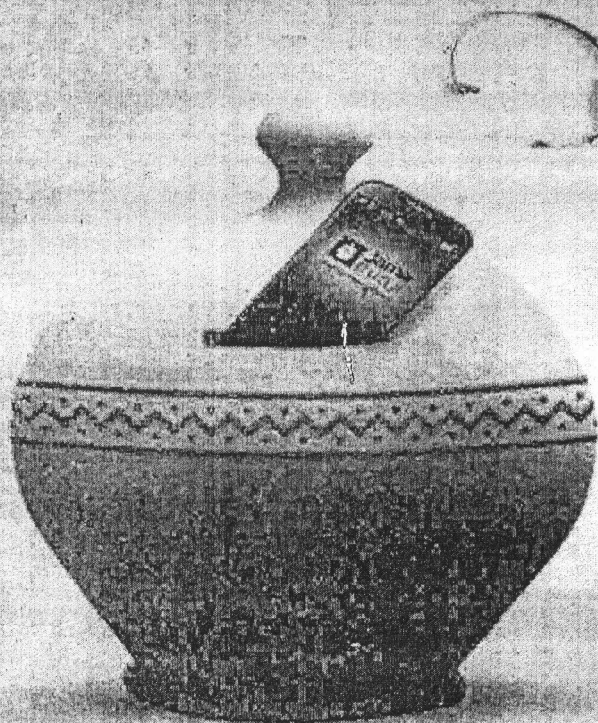
نوٹ

- 1- پروکسی فارم پر شیئر ہولڈر اور گواہوں کی مہر، دستخط ثابت ہونگے اور فارم سالانہ مجلس عاملہ/میٹنگ کے انعقاد کے 48 گھنٹوں سے پہلے پیش کرنا ہوگا۔
- 2- پروکسی کنندہ کمپنی کا شیئر ہولڈر/رکن ہوگا۔
- 3- پروکسی 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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- 📊 Risk profiler*
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