

**GULISTAN SPINNING
MILLS LIMITED**

ANNUAL REPORT 2019

GULISTAN SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akhtar Mirza (Chairman)
Mr. Sohail Maqsood (Chief Executive)
Mr. Muhammad Ashraf Khan
Mr. Akhtar Aziz
Mr. Muhamamd Asif Akram
Mr. Abid Sattar
Mr. Muhammad Arif

AUDIT COMMITTEE

Mr. Akhtar Aziz (Chairman)
Mr. Muhamamd Akhtar Mirza
Mr. Abid Sattar

HR & REMUNERATION COMMITTEE

Mr. Muhammad Asif Akram (Chairman)
Mr. Muhamamd Akhtar Mirza
Mr. Abid Sattar

CHIEF FINANCIAL OFFICER

Mr. Salman Ali Riaz

COMPANY SECRETARY

Mr. Muhammad Ijaz

AUDITORS

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

LEGAL ADVISOR

Akhter 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-II Jumber Khurd Tehsil Chunnian Dist. Kasur

WEB PRESENCE

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

CONTENTS

COMPANY INFORMATION-----	02
CORPORATE VISION / MISSION STATEMENT-----	03
NOTICE OF ANNUAL GENERAL MEETING-----	04 - 05
DIRECTOR'S REPORT -----	06 - 14
REVIEW REPORT -----	15
AUDITOR'S REPORT -----	16
BALANCE SHEET -----	17
PROFIT AND LOSS ACCOUNT-----	18
STATEMENT OF COMPREHENSIVE INCOME-----	19
CASH FLOW STATEMENT -----	20
STATEMENT OF CHANGES IN EQUITY -----	21
NOTES TO THE FINANCIAL RESULTS-----	22 - 55
KEY OPERATING AND FINANCIAL RESULTS -----	56
PATTERN OF SHAREHOLDING-----	57 - 58
FORM OF PROXY-----	

GULISTAN 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.

GULISTAN SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of **Gulistan Spinning Mills Limited** (the "Company") will be held at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Thursday 24th October, 2019 at 11:30 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.

گلستان سینگ ملزیمیٹ

اطلاع برائے سالانہ مجلس عاملہ

اطلاع دی جاتی ہے کہ گلستان سینگ ملزیمیٹ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ 24 اکتوبر 2019 بروز ہفتہ کو بوقت 11:30 بجے صبح بمقام سینٹر 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 2020 - 2019 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 2019 لاہور

جاری کیا گیا بذریعہ ڈائریکٹرز اور آڈیٹرز

محمد اعجاز (کمپنی سیکرٹری)

اہم اطلاع۔

- 1- کمپنی کے شیئر ٹرانسفر بکس بند کر دیئے جائیں گے اور 24/10/2019 تا 17/10/2019 تک (بیچ کے دونوں چھٹی کے دنوں کے لئے بھی) کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔
- 2- وہ رکن جو سالانہ مجلس عاملہ کا اجلاس ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پرو کسی مقرر کر سکتا ہے جو اس کے بدلے/ اس کی جگہ ووٹ دے۔ جس کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کا اجلاس سے 48 گھنٹے قبل متعلقہ پرو کسی فارم پُر کر کے جمع کروانا ہوگا۔
- 3- سی ڈی سی شیئرز ہولڈرز سے گزارش ہے کہ وہ سالانہ مجلس عاملہ/ میٹنگ میں ووٹ دیتے وقت اپنے اصل شناختی کارڈ/ پاسپورٹ پیش کریں۔ تاکہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کا پوریٹ 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 ثبت ہوں پیش کیا جائے۔
- 4- ارکان سے گزارش ہے کہ وہ اپنے کسی بھی موقع پر پتہ کی تبدیلی کی صورت میں میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبر، حسرت موہانی روڈ کراچی کے شیئر رجسٹرار کو فوری طور پر آگاہ کریں۔

GULISTAN SPINNING MILLS LIMITED

Director's/Chairman 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 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 has been approved and signed by all the secured creditors and subsequently filed in the Sindh High court. The Company has also called EOGM and creditor,s meeting as per direction of the3 Sindh High court. As per the scheme all the litigation will be withdrawn by all the creditors.

Operating & Financial Performance

Operating indicators	2019	2018
	(Rupees)	(Rupees)
Sales	Nil	Nil
Cost of goods sold	(16,960,358)/-	(43,905,440)/-
Financial cost	(82,827,891)/-	(54,963,384)/-
Pre tax Loss	(22,161,230)/-	(97,983,488)/-
Provision for taxation	(10,515,447)/-	10,565,379/-
Loss after taxation	(12,045,483)/-	(87,418,109)/-

Future Outlook

The restructuring process is expected to be completed soon and this would result in better utilization of production capacities. Once the ongoing reconciliation & restructuring process is completed, we would be in better position to structure the way forward.

Auditors' Observations

- Auditors' Observation regarding going concern, It is worth noting that Scheme of Arrangement under section 279 to 283 & 285 is signed by the majority of the banks/financial institutions, all ongoing litigations by or against the Company will be withdrawn by the respective parties after the approval of scheme of arrangement from the Sindh High Court..
- 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, effective utilizations of natural resources and raw materials. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.

- 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 all the creditors and submitted in Sindh High Court for the approval of the Scheme. 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.
- Breakup and actual value of payable note-23
- The Company is very hopeful that with reconciliation of amounts, release of security in post re-profiling scenario, the financial health of the Company will be improved which will enable the Company to operate smoothly.
- Due to financial crises the Company is not in a position to bear revaluation cost. However, the Company time to time carried in house technical valuation of fixed assets.

Corporate Governance

The 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. Sohail Maqsood	4
Mr. Abid Sattar	4
Mr. Muhammad Akhtar Mirza	4
Mr Muhammad Ashraf Khan	4
Mr. Akhtar Aziz	3
Mr. Muhammad Asif Akram	4
Mr. Muhammad Arif	4

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

Audit Committees

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. M. Akhtar Mirza	4
Mr. Akhtar Aziz	4
Mr. Abid Sattar	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. (0.82) as compared to the previous year of Rs. (5.97)

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

The 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	NIL	NIL

Statement on Value of Staff Retirement Benefit

As on June 30, 2019 deferred liability for gratuity is Rs.425,451/-

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 governance is annexed.

Acknowledgement

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

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

On behalf of the Board


SOHAIL MAQSOOD
CHIEF EXECUTIVE


MUHAMMAD AKHTAR MIRZA
CHAIRMAN

Lahore August 07, 2019

گلستان سپنگ ملز میٹڈ

شیئرز ہولڈرز کو دی گئی ڈائریکٹر کی رپورٹ

گلستان سپنگ ملز میٹڈ 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 ڈال 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 ختم 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 کرے گی 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 جوئی قرض دہندگان واپس لے لیں گے۔

(2)

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

2018	2019	کام کی نوعیت
	Nil	سیلز
(43,905,441)/-	(16,960,358)/-	فروخت کئے گئے سامان پر اٹھنے والی لاگت (اخراجات)
(54,963,384)/-	(82,827,891)/-	مالیاتی لاگت
(97,983,488)/-	(22,161,230)/-	ٹیکس دینے سے پہلے کا نقصان
10,565,379/-	(10,515,447)/-	ٹیکس
(87,418,109)/-	(12,045,483)/-	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 معنی ہو جاتی ہے کیونکہ سکیم آف ارنجمنٹ 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 کیا گئے، سکیم آف ارنجمنٹ، کا منظور کرنا، ختم ہوا، گ،

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 ارنجمنٹ 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 ارنجمنٹ سے لی گئی ہے جو کہ محفوظ قرض دہندگان سے تصدیق شدہ ہے اور یہ سکیم آف ارنجمنٹ 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 سیورٹی 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 اشا قابل تصدیق نہیں ہے کیونکہ مختلف گوداموں کو عدالتی حکم سے مہربند کیا گیا ہے۔ گوداموں کی مہربند سکیم آف ارنجمنٹ کی منظوری کے بعد کھول دی جائے گی۔

کارپورٹ گورننس

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

بورڈ مینٹلز اور حاضر لوگ

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

میٹنگ میں حاضری

4

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4

4

3

4

4

4

نام ڈائریکٹر

سہیل مقصود

افتخار علی

آصف اکرم

اشرف خان

اختر عزیز

اختر مرزا

عابد ستار

محمد عارف

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

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4

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عابد ستار

اختر مرزا

اختر عزیز

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 شاک ایکیچینج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔

(6)

- 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 2019، فی شیئر (0.82) روپے ہے جو کہ پچھلے سال (5.97) روپے فی شیئر تھا۔

منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ 30 جون 2019 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 گورننس

آپ کی کمپنی کارپوریٹ گورننس 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 دیگر ان کی آگاہی کے لئے موجود ہے۔

متعلقہ فریقین کے ساتھ لین دین کو آرمز لکنتہ قیمت کے قانون کے مطابق کیا جاتا ہے جو کہ "کمپنیز ان کٹرولڈ پرائس میٹھڈ" کے مطابق طے شدہ ہے۔ کمپنی ہذا کارپوریٹ گورننس کے بہترین طریقوں کو اختیار کئے ہوئے ہے جن کا ذکر شاہک آپیکس 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/خاندان اور بچوں کی طرف سے کمپنی کے شیئرز کا کاروبار کیا گیا جس کی تفصیل درج ذیل ہے۔

نام	اوپننگ	بیلنس	خریداری	فروخت	کلوزنگ بیلنس
	01.07.2018				30.06.2019
				کوئی نہیں	

عملہ کے ریٹائرمنٹ کے پھٹ کی قیمت کا بیان۔

دورانہ برائے مورخہ 30 جون 2019 ڈیفنڈ لائبلٹی برائے گریجویٹی کی رقم 425451 روپے مختص کی گئی ہے۔

آڈیٹرز

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 آڈیٹرز برائے اگلے مالی 2019-2020 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

محاسبی احتراقات

آخر میں ہم اس موقع کا فائدہ اٹھاتے ہوئے چاہیں گے کہ اپنے کسٹمرز، اور مالی ادارے/میکرز 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

(8)

ہماری کمپنی پہلے سے بھی زیادہ بہتر نتائج حاصل کرے۔

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

بورڈ آف ڈائریکٹرز کی طرف / منجانب سے

سہیل مقصود چیف ایگزیکٹو

مورخہ 07/08/2019



Gulistan Spinning Mills Limited

1st Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore, Pakistan.
UAN: +92-42-111-200-000, Tel: +92-42-35941819-23 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.Akhtar Aziz and Muhammad Asif Akram
Executive Directors	Mr.Sohail Maqsood and Mr.Muhammad Ashraf Khan
Non-Executive Directors	Mr. Muhammad Arif, Mr. Muhammad Akhtar Mirza,Mr.Abid Sattar, Mr.Muhammad Asif Akram and Mr. Akhtar Aziz

1. The directors have confirmed that none of them is serving as a director in more than five (5) listed companies, including this Company.
2. All resident directors are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
3. No Casual vacancies occur 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.



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10. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

A) Audit Committee

Mr.Akhtar Aziz	Chairman
Mr.Muhammad Akhtar Mirza	Member
Mr.Abid Sattar	Member

B) HR & Remueration Committee

Mr.Muhammad Asif Akram	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 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.

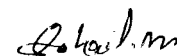
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

On behalf of the board of Directors

Lahore: August 07, 2019


M. Akhtar Mirza
Chairman



(Sohail Maqsood)
Chief Executive



BAKER TILLY
MEHMOOD IDREES
QAMAR

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BTLHR/AA/GTSM-69/2019/38
INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed financial statements of *Gulistan 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. 4.481 million (note 14.1), payable to banking companies under scheme of arrangement amounting Rs. 1.522 billion (note 19) and accrued mark-up / interest amounting Rs. 397.535 million (note 24). 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. 8.649 million (note 23); and
- d) Stock-in-trade aggregating Rs. 52.379 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



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 13 to the financial statements and accounting policy in note 3.8 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.

55



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.





BAKER TILLY
MEHMOOD IDREES
QAMAR

concern. If we conclude that a material uncertainty exists, we are required to draw attention to 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 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 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 reasonably 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

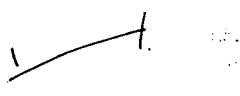
Lahore
Date: August 07, 2019


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

		2019	2018	2017
	Note	Rupees	Restated Rupees	Restated Rupees
ASSETS				
Property, plant and equipment	4	2,444,819	844,863,223	869,698,395
Disposal group under scheme of arrangement	5	705,542,370	-	-
Long-term investments	6	21,831,611	19,466,439	17,357,499
Long-term deposits	7	-	5,100,587	2,061,925
Stores, spare parts and loose tools	8	-	2,550,990	3,401,320
Stock-in-trade	9	52,379,543	52,379,543	70,242,593
Trade debts	10	-	3,548,833	9,396,038
Loans and advances		-	-	104,004
Trade deposits and short-term prepayments	11	456,097	1,347,752	4,516,500
Accrued mark-up / interest	12	-	349,994	349,994
Tax refunds due from Government	13	9,411,245	6,607,367	6,607,355
Cash and bank balances	14	4,481,008	6,106,142	6,502,337
TOTAL ASSETS		796,546,693	942,320,870	990,237,960
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	15	146,410,000	146,410,000	146,410,000
Reserves	16	24,983,168	24,983,168	24,983,168
Accumulated losses		(2,042,972,335)	(2,035,870,167)	(1,957,651,158)
Surplus on revaluation of property, plant and equipment	17	351,461,447	351,794,393	357,363,998
		(1,520,117,720)	(1,512,682,606)	(1,428,893,992)
Sub-ordinated loan	18	103,000,000	103,000,000	103,000,000
LIABILITIES				
Payable to banking companies under scheme of arrangement	19	1,522,055,000	1,499,154,077	1,499,154,077
Loan from associates and other parties	20	280,134,534	279,914,570	276,022,796
Post employments benefits payables	21	425,451	511,751	511,751
Deferred taxation	22	-	128,178,268	142,373,142
Trade and other payables	23	12,893,900	56,075,138	64,733,066
Accrued mark-up / interest	24	397,535,999	382,481,843	327,649,292
Provision for taxation	25	-	5,068,299	5,068,299
Unclaimed dividend		619,529	619,529	619,529
		2,213,664,413	2,352,003,475	2,316,131,952
CONTINGENCIES AND COMMITMENTS	26	-	-	-
TOTAL EQUITY AND LIABILITIES		796,546,693	942,320,870	990,237,960

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Executive

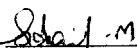

Chief Financial Officer


Director

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

		2019	2018
	Note	Rupees	Restated Rupees
Sales - net	27	-	-
Cost of sales	28	(16,960,358)	(43,905,440)
Gross loss		(16,960,358)	(43,905,440)
Administrative expenses	29	(3,419,048)	(1,223,604)
Other expenses	30	(14,469,008)	-
		(17,888,056)	(1,223,604)
Loss from operations		(34,848,414)	(45,129,044)
Other income	31	95,515,075	2,108,940
Finance cost	32	(82,827,891)	(54,963,384)
Loss before taxation		(22,161,230)	(97,983,488)
Taxation	33	10,115,747	10,565,379
Loss after taxation		(12,045,483)	(87,418,109)
Loss per share - basic and diluted	34	(0.82)	(5.97)

The annexed notes from 1 to 43 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

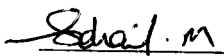



Director

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

	2019 Rupees	2018 Rupees
Loss after taxation	(12,045,483)	(87,418,109)
Other comprehensive income		
Impairment loss on operating fixed assets	(113,452,152)	-
Reversal of deferred tax liability related to surplus on revaluation	32,901,124	-
Derecognition of deferred tax liability on surplus on revaluation	85,161,397	-
Effect of change of rate enacted	-	3,629,495
	4,610,369	3,629,495
Total comprehensive loss for the year	(7,435,114)	(83,788,614)

The annexed notes from 1 to 43 form an integral part of these financial statements.


 Chief Executive

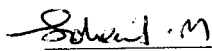

 Chief Financial Officer



 Director

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

	Reserves			Capital reserve		Total
	Share capital	Share premium	Un-realized loss on re-measurement of available for sale investment	Accumulated loss	Revaluation surplus	
	(Rupees)					
Balance as at July 1, 2017 - as previously stated	146,410,000	25,000,000	(16,832)	(1,669,780,261)	357,363,998	(1,141,023,095)
Effect of restatement	-	-	-	(287,870,897)	-	(287,870,897)
Balance as at July 1, 2017 - as restated	146,410,000	25,000,000	(16,832)	(1,957,651,158)	357,363,998	(1,428,893,992)
Loss for the year	-	-	-	(87,418,109)	-	(87,418,109)
Other comprehensive loss	-	-	-	-	3,629,495	3,629,495
	-	-	-	(87,418,109)	3,629,495	(83,788,614)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	9,199,100	(9,199,100)	-
Balance as at June 30, 2018 -as restated	146,410,000	25,000,000	(16,832)	(2,035,870,167)	351,794,393	(1,512,682,606)
Loss for the year	-	-	-	(12,045,483)	-	(12,045,483)
Other comprehensive Income	-	-	-	-	4,610,369	4,610,369
	-	-	-	(12,045,483)	4,610,369	(7,435,114)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	4,943,315	(4,943,315)	-
Balance as at June 30, 2019	146,410,000	25,000,000	(16,832)	(2,042,972,335)	351,461,447	(1,520,117,720)

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


Chief Executive


Chief Financial Officer

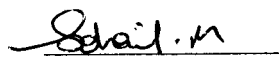

Director

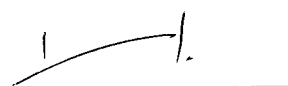
GULISTAN SPINNING MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Restated by
any

	Note	2019 Rupees	2018 Restated Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(22,161,230)	(97,983,488)
Adjustments for non-cash charges and other items:			
Depreciation		14,502,464	24,835,173
Provision for obsolete stores		2,550,990	850,330
NRV loss on stock-in-trade		-	17,863,050
Finance cost		82,827,891	54,963,384
Doubtful debts and other receivables written-off - net impairment		5,480,818	-
		8,768,553	-
Gain on disposal of property, plant and equipment		(1,067,300)	-
Interest accrued		(2,365,172)	(2,108,940)
Liabilities written-off		(91,862,966)	-
Cash flows before working capital changes		(3,325,952)	(1,580,491)
Net changes in working capital	35	990,051	1,323,169
Cash generated from operations		(2,335,901)	(257,322)
Finance cost paid		(1,664,402)	(130,832)
Staff retirement benefits - gratuity paid		(86,300)	-
Income tax paid		(2,385)	-
Net cash (used in)/ from operating activities		(4,088,988)	(388,154)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,220,165	-
Decrease in security deposits		846,725	-
Net cash from investing activities		2,066,890	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from associates and other parties		778,800	-
Payments made against payable under scheme of arrangement		(381,836)	(8,040)
Net cash used in financing activities		396,964	(8,040)
Net (decrease)/ increase in cash and cash equivalents during the year		(1,625,134)	(396,194)
Cash and cash equivalents at the beginning of year		6,106,142	6,502,336
Cash and cash equivalents at the end of year	14	4,481,008	6,106,142

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

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

1 LEGAL STATUS AND OPERATIONS

1.1 Gulistan Spinning Mills Limited ("the Company") was incorporated in Pakistan on February 25, 1987 under the Companies Ordinance, 1984 as a public limited company and is quoted 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. The principal business of the Company is to manufacture and sale of yarn. The manufacturing unit is located at District Kasur 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 21, 2019 and submitted to the Honorable High Court of Sindh on May 02, 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.

matters, thereto.

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.
9	Short-term investments	On market value basis.	No adjustment has been made
10	Other receivables	Realizable values based on probability of recovery.	To statement of profit or loss.
11	Bank balances	Undisputed/irrevocable balances.	To statement of profit or loss.
12	Subordinated loan	On expected settlement value.	No adjustment has been made
13	Surplus on revaluation of operating fixed assets	On net book value.	As per reporting framework.
14	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.
15	Loan from associates and other parties	On expected settlement value.	No adjustment has been made
16	Staff retirement benefits - gratuity	On expected settlement value.	No adjustment has been made
17	Unclaimed dividend	On expected settlement value.	No adjustment has been made
18	Deferred taxation	On liquidation basis.	Charged to surplus on revaluation and statement of profit or loss.
19	Trade and other payables	On expected settlement value.	To statement of profit or loss.
20	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 - owned

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land which is measured at revalued amount less accumulated impairment losses, buildings, plant and machinery, power house, electric installation, factory equipment, air conditioner and lease hold power house which are measured at revalued amount less accumulated depreciation and accumulated impairment losses.

Capital work-in-progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

Cost of items of property, plant and equipment comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the company and the cost of renewal or improvement can be measured reliably. The cost of day to day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognised in profit and loss, in which case the surplus is credited to profit and loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit and loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item.

On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable surplus net of deferred tax, if any, remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit every year.

Depreciation on all items of property, plant and equipment except for freehold land is charged to profit and loss applying the reducing balance method over the useful life of each item at the rates specified in the respective note. Depreciation on additions is charged from the day on which the asset is available for use, while on disposals depreciation is charged up to the date of disposal or when the item is classified as held for disposal.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is recognised in profit and loss in the year in which the asset is derecognised.

3.2 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 4 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.

3.3 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.

3.4 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

Investments in equity instruments of 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 reports profits, the Company resumes recognising its share of those profits only after its share of the profit equals the share of losses not recognised.

Available for sale investments

These investments are initially measured at their fair value plus directly attributable transaction cost and at subsequent reporting dates, measured at fair values and gains or losses from changes in fair values other than impairment loss are recognised in other comprehensive income until disposal at which time these are recycled to profit or loss. Impairment loss on investments available for sale is recognised in the profit or loss.

Other investments

Other investments like defence saving certificates are held to maturity. Interest is accrued on these investments according to the rate provided by the issuer.

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

All investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.5 Long-term deposits

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

3.6 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realizable value. Cost is determined by moving average method less provision for obsolescence. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.7 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.

3.8 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.

3.9 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme covering for all its permanent employees who have completed the minimum qualification period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. Expense comprising of current service cost and interest cost is recorded in profit and loss account, whereas any re-measurements due to actuarial assumptions are charged to other comprehensive income as and when they arise.

3.10 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 taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

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 realised. 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.

3.11 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.

3.12 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.

3.13 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.
- Dividend income from the investments is recognised, when the Company's right to receive dividend has been established.
- Mark-up on loans to related parties and profit on saving accounts is accrued on time basis, by reference to the principal outstanding and at the effective profit rate applicable.

3.14 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.

3.15 Financial instruments

Non-derivative financial assets

The Company classifies non-derivative financial assets as available for sale (note 6.2), loans and other receivables. Loans and receivables comprise investments classified as loans and receivables, cash and cash equivalents and trade and other receivables.

Trade debts, other receivables and other financial assets

Trade debts and other receivables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, cash with banks in current, saving and deposit accounts, bank overdraft and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Non-derivative financial liabilities

The Company initially recognizes non-derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities comprise mark-up bearing borrowings including obligations under finance lease, bank overdrafts and trade and other payables.

Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the balance sheet when there is a legally enforceable right to off-set 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.

3.16 Impairment loss

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

3.17 Related party transactions

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

3.18 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.

3.19 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 3.6 and 3.7)
- (iii) Provision for impairment of trade debts.(note 3.8)
- (iv) Provision for staff retirement benefit - gratuity.(note 3.9)
- (v) Provision for taxation (note 3.10)

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Property, plant and equipment	4.1	<u>2,444,819</u>	<u>844,863,223</u>

4.1. Property, plant and equipment

	Owned										Leased			Total	
	Freehold land	Building on freehold land	Plant and machinery	Power house	Electric installation	Factory equipment	Air conditioning	Telephone installations	Office equipment	Furniture and fixtures	Arms and ammunition	Vehicles	Power house		Vehicles
As July 01, 2017															
Opening net book value	121,888,000	258,652,622	355,420,715	11,480,448	36,635,528	27,374,909	30,410,235	8,367	1,554,424	832,432	459	259,994	24,461,181	719,080	869,698,395
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(6,466,316)	(8,885,518)	(8,885,518)	(459,218)	(1,831,776)	(2,737,491)	(3,041,024)	(837)	(155,442)	(83,242)	(46)	(51,999)	(978,447)	(143,816)	(24,835,172)
Closing net book value	121,888,000	252,186,306	346,535,197	11,021,230	34,803,752	24,637,418	27,369,211	7,530	1,398,982	749,190	413	207,995	23,482,734	575,264	844,863,223
As at June 30, 2018															
Revaluation /Cost	121,888,000	295,943,592	432,883,437	15,702,917	53,745,065	58,873,815	65,456,500	160,000	4,842,384	4,378,524	6,230	7,312,035	33,457,920	4,494,000	1,099,144,419
accumulated Depreciation	-	(43,757,286)	(86,348,240)	(4,681,687)	(18,941,313)	(34,236,397)	(38,087,289)	(152,470)	(3,443,401)	(3,629,334)	(5,817)	(7,104,040)	(9,975,186)	(3,918,736)	(254,281,196)
Net book value	121,888,000	252,186,306	346,535,197	11,021,230	34,803,752	24,637,418	27,369,211	7,530	1,398,983	749,190	413	207,995	23,482,734	575,264	844,863,223
Year ended June 30, 2019															
Opening net book value	121,888,000	252,186,306	346,535,197	11,021,230	34,803,752	24,637,418	27,369,211	7,530	1,398,983	749,190	413	207,995	23,482,734	575,264	844,863,223
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(4,203,106)	(5,099,076)	(5,099,076)	(258,907)	(1,020,504)	(1,434,251)	(1,593,281)	(753)	(139,898)	(74,919)	(42)	(33,081)	(551,648)	(92,998)	(14,502,464)
Impairment	(16,920,125)	-	(78,293,389)	(2,477,494)	(7,797,203)	(5,426,052)	(6,027,692)	-	-	-	-	-	(6,278,750)	-	(122,220,705)
Classified as held for sale	(104,967,875)	(247,983,200)	(263,142,732)	(8,284,829)	(25,986,045)	(17,777,115)	(19,748,238)	-	-	-	-	-	(17,652,336)	-	(705,542,370)
Closing net book value	-	-	-	-	-	-	-	6,777	1,259,085	674,271	371	132,323	-	482,266	2,444,819
Revaluation /Cost	121,888,000	295,943,592	432,883,437	15,702,917	53,745,065	58,873,815	65,456,500	160,000	4,842,384	4,378,524	6,230	6,318,035	33,457,920	3,435,000	975,203,419
Less: accumulated depreciation	-	(47,960,392)	(91,447,316)	(4,940,594)	(19,961,817)	(35,670,648)	(39,680,570)	(153,223)	(3,583,299)	(3,704,253)	(5,859)	(6,185,712)	(10,526,834)	(3,063,008)	(266,883,525)
impairment	(16,920,125)	-	(78,293,389)	(2,477,494)	(7,797,203)	(5,426,052)	(6,027,692)	-	-	-	-	-	(5,278,750)	-	(122,220,705)
classified as held for sale	(104,967,875)	(247,983,200)	(263,142,732)	(8,284,829)	(25,986,045)	(17,777,115)	(19,748,238)	-	-	-	-	-	(17,652,336)	-	(705,542,370)
Net book value	-	-	-	-	-	-	-	6,777	1,259,085	674,271	371	132,323	-	482,266	2,444,819
Depreciation rate - per annum (%)	2.5%	2.5%	2.5%	4%	5%	10%	10%	10%	10%	10%	10%	20%	4%	20%	20%

Rupees

	Note	2019 Rupees	2018 Rupees
4.2 Depreciation charge has been allocated as follows;			
Cost of sales		14,161,568	24,400,673
Administrative expenses		340,896	434,500
		<u>14,502,464</u>	<u>24,835,173</u>

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

Particulars of Assets	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of Purchase
.....Rupees.....							
Suzuki Alto	469,000	455,973	13,027	297,329	284,302	Negotiation	Sold to Sohail Maqsood
Suzuki Cultus	25,000	495,436	29,564	265,000	235,436	Negotiation	Sold to Celetial Motors
Honda Civic	1,059,000	948,726	110,274	657,836	547,562	Negotiation	Sold to Sohail Maqsood
30 June, 2019	<u>2,053,000</u>	<u>1,900,135</u>	<u>152,865</u>	<u>1,220,165</u>	<u>1,067,300</u>		

4.4 The Company revalued its freehold land, buildings on freehold land, plant and machinery, power house, electric installation, factory equipment, air conditioning plant and leased power house on June 30, 2012 and October 22, 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 assets			
Freehold land		3,180,032	3,180,032
Buildings on freehold land		54,870,303	56,277,234
Plant and machinery		229,264,469	235,143,045
Power house		16,666,891	17,361,345
Electric installation		26,508,667	27,903,860
Factory equipment		8,319,746	9,244,162
Air conditioning plant		327,121	363,468
Leased assets			
Power house		23,697,945	24,685,359
		<u>362,835,174</u>	<u>374,158,505</u>

5 DISPOSAL GROUP UNDER SCHEME OF ARRANGMENT

Owned			
Freehold land		104,967,875	-
Building on freehold land		247,983,200	-
Plant and machinery		263,142,732	-
Power house		8,284,829	-
Electric installation		25,986,045	-
Factory equipment		17,777,115	-
Air conditioning plant		19,748,238	-
Leased			
Power house		17,652,336	-
		<u>705,542,370</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			
Investment in associate - under equity method	6.1	-	-
Other investments - available for sale	6.2	-	-
Defence saving certificates	6.3	21,831,611	19,466,439
		<u>21,831,611</u>	<u>19,466,439</u>
6.1 Investments in associates - under equity method			
Quoted companies			
Gulshan Spinning Mills Limited	6.1.1	-	-
6.1.1 Gulshan Spinning Mills Limited (GSML)			
10,303 (2018: 10,303) ordinary shares of Rs. 10 each - cost		238,887	238,887
Equity held 0.046% (2015: 0.046%)			
Accumulated share of post acquisition loss		(1,133,913)	(1,133,913)
Share of surplus on revaluation of property, plant and equipment		1,146,108	1,146,108
		<u>12,195</u>	<u>12,195</u>
		<u>251,082</u>	<u>251,082</u>
Impairment charged on investment			
Opening balance		(251,082)	(251,082)
Charged / (adjusted) in the year		-	-
		<u>(251,082)</u>	<u>(251,082)</u>
Carrying value of shares		-	-

The impairment charge represents the writing down of the carrying value of the investment to its recoverable amount in accordance with the International Accounting Standard (IAS) 36, Impairment of Assets. The recoverable amount is the higher of fair value less cost to sell or the value in use. The recoverable amount has been calculated as the value in use which equates to Rs. nil (2018: Rs. nil) per share aggregating to Rs. nil (2018: Rs. nil) after considering the company's share of present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment as opposed to the fair value less cost to sell. Principal assumptions and critical judgements regarding the valuation of the investment have been discussed in note 37 of the financial statements.

The market value of investment in Gulshan Spinning Mills Limited is Rs. nil (2018: Rs. nil) as the equity of the company is negative.

6.1.2 Summarized financial information of the associated company as at June 30, based on unaudited financial statements is as follows;

	Note	2019 Rupees	2018 Rupees
Gulshan Spinning Mills Limited			
Liabilities		4,740,207,524	4,550,113,331
Assets		1,873,874,996	2,557,559,454

	Note	2019 Rupees	2018 Rupees
Revenue		-	-
Loss after tax		659,091,514	176,937,602
6.2 Other investments - available for sale			
Gulistan Textile Mills Limited	6.2.1	-	-
Gulshan Weaving Mills Limited		-	-
6.2.1 Gulistan Textile Mills Limited			
Opening balance		-	-
Fair value adjustment		-	-

The market value of investment in Gulistan Textile Mills Limited as at year end is not available as trading in shares of the company has been suspended on the stock exchanges for the time being. The fair value adjustment is computed on the basis of latest available rates pertaining to June 30, 2013.

- 6.3 It represents investment in defence saving certificate purchased from the Government of Pakistan under ten years maturity scheme. The certificates are encashable at par at any time. However, no profit is paid if encashment is made before completion of one year. It carries effective rate of return 12.15% percent per annum. The certificates of investments are under lien regarding guarantees provided by various financial institutions.

	Note	2019 Rupees	2018 Rupees
7 LONG-TERM DEPOSITS			
Lease key money	7.1	-	3,038,662
Other security deposits	7.2	-	2,061,925
		-	5,100,587

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

7.2 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.

	Note	2019 Rupees	2018 Rupees
8 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		-	7,808,531
Spare parts		-	4,166,097
Loose tools		-	656,857
		-	12,631,485
Less: provision for slow moving stores		-	(10,080,495)
		-	2,550,990

Store, spare parts and loose tools has been fully written down on account of obsolence as mills operations has been blocked since May 2014.

	Note	2019 Rupees	2018 Rupees
9 STOCK-IN-TRADE			
Raw material	9.1	43,644,278	43,644,278
Finished goods	9.2	8,735,265	8,735,265
		<u>52,379,543</u>	<u>52,379,543</u>

9.1 Raw material stock has been stated at their replacement cost of Rs. 43,644,277 (2018: Rs. 43,644,277). The amount charged to profit and loss in respect of stock written down to their replacement cost is Rs. nil (2018: Rs. 14,548,093).

9.2 Finished goods has been stated at their net realizable value of Rs. 8,735,265 (2018: Rs. 8,735,265). The amount charged to profit and loss in respect of stocks written down to their net realizable value Rs. nil (2018: Rs. 2,911,755).

9.3 All of the current assets of the Company are under banks' charge as security of short-term borrowings. 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 Court, Sindh High Court and Lahore High Court for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully explained in note 26.1.1.

	Note	2019 Rupees	2018 Rupees
10 TRADE DEBTS - unsecured			
Considered good			
Processing party		-	598,178
Considered doubtful			
Yarn debtors		-	3,170,292
		-	3,768,470
Provision for doubtful debts	10.2	-	(219,637)
		<u>-</u>	<u>3,548,833</u>

10.1 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
10.2 Movement in provision for doubtful debts			
Balance at beginning of the year		219,637	219,637
Less: reversal during the year		(219,637)	-
		<u>-</u>	<u>219,637</u>

	Note	2019 Rupees	2018 Rupees
11 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Short-term prepayments		-	891,655
Other receivables	11.1	456,097	456,097
		<u>456,097</u>	<u>1,347,752</u>

11.1 This includes an amount of Rs. 456,097 (2018: Rs. 456,097) receivable from Gulistan Textile Mills Limited, ex-associated company, on account of sale of fixed assets.

	Note	2019 Rupees	2018 Rupees
12 ACCRUED MARK-UP / INTEREST			
Interest accrued on;			
- PLS term deposits		-	349,994

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

	Note	2019 Rupees	2018 Rupees
13 TAX REFUNDS DUE FROM GOVERNMENT			
Advance income tax	13.1	-	-
Export rebate	13.2	-	556,681
Sales tax		9,411,245	6,050,686
		<u>9,411,245</u>	<u>6,607,367</u>

13.1 Advance income tax

Opening balance		-	-
Deducted during the year		2,385	-
		2,385	-
Adjusted against provision for taxation	25	(2,385)	-
Closing balance		-	-

13.2 Export rebate has been written-off as time for recoverability has lapsed.

14 CASH AND BANK BALANCES

Cash-in-hand		-	1,500
Balance with banks in;			
- current accounts		75,687	1,689,585
- saving accounts		42,951	52,687
- certificates of deposit	14.2	4,362,370	4,362,370
		<u>4,481,008</u>	<u>6,106,142</u>

14.1 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 the financial statements. Further, due to the litigation and blockage of bank accounts, bank statements and balance confirmation for the year ended June 30, 2019 from various banks having balances aggregating to Rs. 4,481,008/- (2018: Rs. 6,104,642/-) is not available to ensure balances held with these banks.

14.2 These are under lien regarding guarantees provided by various financial institutions and carry mark-up ranging from 5.6% to 10.50% (2018: 5.6% to 10.50%) per annum.

15 SHARE CAPITAL

2019 Numbers	2018 Numbers		2019 Rupees	2018 Rupees
<u>15,000,000</u>	<u>15,000,000</u>	Authorized share capital		
		Ordinary shares of Rs. 10 each	<u>150,000,000</u>	<u>150,000,000</u>
		Issued, subscribed and paid-up capital		
6,838,330	6,838,330	Ordinary shares of Rs. 10 each issued as fully paid in cash	68,383,300	68,383,300
7,802,670	7,802,670	Ordinary shares of Rs. 10 each issued as fully bonus shares	78,026,700	78,026,700
<u>14,641,000</u>	<u>14,641,000</u>		<u>146,410,000</u>	<u>146,410,000</u>

	Note	2019 Number	2018 Number
15.1 Ordinary shares held by the related party at the year end: Paramount Spinning Mills Limited		<u>202,777</u>	<u>202,777</u>
16 RESERVES			
Capital reserve			
Share premium	16.1	25,000,000	25,000,000
Un-realised loss on re-measurement of available for sale investment		<u>(16,832)</u>	<u>(16,832)</u>
		<u>24,983,168</u>	<u>24,983,168</u>

16.1 This represents share premium received on 5,000,000 ordinary shares of Rs. 10 each issued in 1994 at a premium of Rs. 5 per share.

	Note	2019 Rupees	2018 Rupees
17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at the beginning of the year		471,876,015	484,832,494
Transfer to unappropriated profit in respect of incremental depreciation for the year		<u>(6,962,416)</u>	<u>(9,199,100)</u>
Less: impairment charged		<u>(113,452,152)</u>	<u>(3,757,379)</u>
		(120,414,568)	(12,956,479)
Surplus on revaluation at the end of the year - gross		351,461,447	471,876,015
Related deferred tax liabilities on:			
- revaluation at the beginning of the year		120,081,622	127,468,496
- incremental depreciation on revalued assets		<u>(2,019,101)</u>	<u>(3,757,379)</u>
- on impairment on fixed assets		<u>(32,901,124)</u>	-
- derecognition of deferred tax liability		<u>(85,161,397)</u>	-
- effect of change of rate enacted		-	<u>(3,629,495)</u>
		-	120,081,622
Surplus on revaluation at the end of the year - net of tax		<u>351,461,447</u>	<u>351,794,393</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 22, 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.

	2019 Rupees	2018 Rupees
18 SUB-ORDINATED LOAN - unsecured		
Sub-ordinated loan	<u>103,000,000</u>	<u>103,000,000</u>

This is an interest-free loan obtained from Director of the Company in previous years, This loan is sub-ordinated to the finances provided by secured creditors and does not carry mark-up. The loan shall not be repaid without obtaining consent from the secured creditors. During the year ended June 30, 2015 this loan has been reclassified in equity as per technical release (TR-32) of the Institute of Chartered Accountants of Pakistan (ICAP).

	Note	2019 Rupees	2018 Rupees
19 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT			
United Bank Limited		28,184,000	26,837,773
Faysal Bank Limited		128,420,000	128,420,292
Habib Bank Limited		47,123,000	43,664,650
Askari Bank Limited		151,397,000	132,869,932
Bank Alfalah Limited		161,359,000	161,359,087
MCB Bank Limited		70,911,000	69,600,000
Al-Baraka Bank Limited		153,610,000	153,150,000
Habib Metropolitan Bank Limited		48,079,000	46,713,956
Bank Islami Pakistan Limited		17,000,000	14,719,729
Pair Investment Company Limited		350,000,000	350,000,000
The Bank of Punjab		148,058,000	153,904,807
National Bank of Pakistan		167,914,000	167,913,851
First National Bank Modaraba		50,000,000	50,000,000
		<u>1,522,055,000</u>	<u>1,499,154,077</u>

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 21, 2019 and submitted to the Honorable High Court of Sindh on May 08, 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 mentioned in note 1.2 to these financial statements.

		2019 Rupees	2018 Rupees
20 LOAN FROM ASSOCIATES AND OTHERS			
Gulistan Fibres Limited	20.1	74,818,341	74,818,341
Paramount Spinning Mills Limited		-	558,836
Gulshan Spinning Mills Limited		47,369,080	46,590,280
Gulshan Weaving Mills Limited		14,999,930	14,999,930
Interest free loan from other parties - unsecured	20.2	142,947,183	142,947,183
		<u>280,134,534</u>	<u>279,914,570</u>

20.1 This loan has been created in accordance with the settlement agreement and agreement to sell dated December 30, 2013, executed between Silk Bank Limited (the Lender), Gulshan Spinning Mills Limited (an associated company), Paramount Spinning Mills Limited (an associated company), Gulistan Fibres Limited (an associated company) and the Company. As per these agreements, short-term borrowings and outstanding bills payables aggregating Rs. 99.00 million of the Company have been adjusted by the Lender against mortgaged property of the Gulistan Fibres Limited, under the debt-property swap arrangement.

This loan is unsecured and was repayable within period of two years from the date of creation i.e. April 18, 2014. This loan carries mark-up at the rate of 3 months KIBOR plus 2% plus 50 bps.

20.2 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.

		2019 Rupees	2018 Rupees
21 POST EMPLOYMENT BENEFITS PAYABLES			
Post employment benefits payable	21.1	<u>425,451</u>	<u>511,751</u>
21.1 Movement in post employment benefits payable			
Net liability at beginning of the year		511,751	511,751
Add: charge to profit and loss account		-	-
Less: benefits paid		<u>(86,300)</u>	-
Net liability at end of the year		<u>425,451</u>	<u>511,751</u>

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

22 DEFERRED TAXATION - net

The liability for deferred taxation comprises of timing differences relating to;

- accelerated tax depreciation - owned assets	-	81,120,865
- surplus on property, plant and equipment	-	101,575,401
- assets subject to finance lease	-	6,976,819
- staff retirement benefits - gratuity	-	(148,408)
- provisions and allowances	-	(57,086,968)
- liabilities against assets subject to finance lease	-	(4,259,441)
	<u>-</u>	<u>128,178,268</u>

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

	Note	2019 Rupees	2018 Rupees
23 TRADE AND OTHER PAYABLES			
Creditors		-	37,954,201
Advance from processing party		-	2,023,857
Accrued liabilities	23.1	4,424,516	7,275,764
Tax deducted at source		-	64,714
Other payable		8,469,384	8,756,602
		<u>12,893,900</u>	<u>56,075,138</u>

23.1 Accrued liabilities includes the amount of Electric duty payable amounting to Rs. 1,906,625 (2018: Rs. 1,906,625). The Company has obtained stay order from the Honourable Lahore High Court against the payment of electric duty to LESCO as detailed in note 26.1.3.

	Note	2019 Rupees	2018 Rupees
24 ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on :			
- long-term financing from associated undertaking	24.1	-	16,923,158
- payables to associated undertaking	24.2	-	22,855,237
Mark-up / interest payable under scheme of arrangement	24.3	397,535,999	342,703,448
		<u>397,535,999</u>	<u>382,481,843</u>

24.1 This amount represented mark-up payable to Gulistan Fibres Limited, an Associated Company, on long-term loan as per note 20.1.

24.2 This represents amount of mark-up payable to associated undertakings on balances due over the normal credit terms. The mark-up is charged on the basis of average borrowing rate of the lender, effective rate of 8.10% (2018: 8.10).

24.3 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	<u>54,832,551</u>	<u>54,832,551</u>
Increase in accumulated loss	<u>54,832,551</u>	<u>54,832,551</u>
Impact on Statement of Profit or Loss;		
Increase in finance cost	<u>54,832,551</u>	<u>54,832,551</u>
Increase in loss after taxation	<u>54,832,551</u>	<u>54,832,551</u>
Increase in loss per share - basic and diuted	<u>3.75</u>	<u>3.75</u>

25 PROVISION FOR TAXATION

	Note	2019 Rupees	2018 Rupees
Opening balance		5,068,299	5,068,299
Provided during the year		(2,385)	-
		<u>5,065,914</u>	<u>5,068,299</u>
Tax adjusted		(5,065,914)	-
Closing balance		<u>-</u>	<u>5,068,299</u>

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Liabilities towards banks and financial institutions disclosed in note 19 and 24.

- (a) Various banks and financial institutions have filed recovery suits before the banking courts, the Honourable High Court of Sindh and the Honourable Lahore High Court for recovery of their long-term and short-term liabilities and lease liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 1,862.081 million (2018: Rs. 1,862.081 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.

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

- 26.1.2 The Company has not provided for Rs. 6.8 million (2018: Rs. 6.8 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 Sindh High Court. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed. The Honourable High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006 was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Honourable Supreme Court of Pakistan against the above-mentioned judgement of the Honourable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them.

The above appeals were disposed-off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law came 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 upto 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.8.95 million (2018: Rs. 8.95 million) in favour of the Excise and Taxation Department.

- 26.1.3 The Company has obtained stay order from Honourable Lahore High Court against the payment of electric duty to LESCO. However, an amount of Rs. 1,906,625 (2018: Rs. 1,906,625) had been provided in the accounts on account of electric duty.

26.1.4 The Bank of Punjab has filed a suit COS No. 50/ 2013 for recovery of Rs. 168.426 million on account of working capital facilities provided to the Company. The Company filed PLA No. 148-B/2013, in response to the summons issued by the Honourable Lahore High Court. The learned counsel of defendant in application to leave for defence raised many questions i.e. legality of plaintiff's claim and the authority of person, who filed the suit. After due consideration of PLA filed by the Company, it was established that objections raised by the Company's learned counsel were baseless and unreasonable. The Honourable Lahore High Court dismissed the application and decreed in favour of the plaintiff bank to the extent of Rs. 159.286 million.

The Company has filed appeal in the divisional bench of the Honourable Lahore High Court, and the case is being contested on merit. The execution order of impugned judgement have not been received by the Company during the reporting period.

26.1.5 Askari Bank Limited has filed a suit COS No. 40/2013 for recovery of Rs. 148.25 million. The Company filed PLA No. 105-B /2013, in response to the summon issued by the Honourable Lahore High Court. The court refuted all objections raised by the Company's learned counsel, and dismissed their application for leave to defend. Section 10 (1) of Financial Institutions (Recovery of Finances) Ordinance, 2001, states that. "the dismissal of the application for leave to defend means that all the allegations made in the plaint shall be deemed to be accepted and the banking court is obliged to pass a decree thereon". Therefore, the Honourable Banking Court decreed in favour of Plaintiff Bank, together with the costs of funds as contemplated by section 3 of above mentioned ordinance. The Company has filed appeal in the Divisional Bench of the Honourable Lahore High Court, and the case is still subjudice.

26.1.6 First Tree Manufacturing Modaraba has filed suit J.Misc. No. 02 of 2015 for winding-up of the Company. The said petition was disposed of by the Honourable High Court of Sindh, through its order dated April 18, 2017, since the parties have resolved the dispute amicably in an out-of-court settlement agreement dated February 28, 2016 executed at Lahore. All the parties to this agreement settled that outstanding amount will be paid in monthly installments till the entire payment is made. The management has not recognised the impact of the said agreement in these financial statements.

26.1.7 First National Bank Modarba has filed a suit against the Company for recovery of Rs. 51.842 million. The said suit was decreed vide judgment dated August 01, 2017 against the Company and the same was converted into execution proceedings by the court under section 19 of Financial Institutions (Recovery of Finances) Ordinance, 2001. Appropriate legal actions are being taken by the Company against the judgment and decree as well as the execution proceedings on the appropriate forums. The management has not recognised the impact of the said decree in these financial statements.

	Note	2019 Rupees	2018 Rupees
26.1.8 Bank guarantees issued on behalf of the company;			
Sui Northern Gas Pipelines Limited		19,862,200	19,862,200
Director of Excise and Taxation		8,957,572	8,957,572
		<u>28,819,772</u>	<u>28,819,772</u>

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

26.2 Commitments

There is no capital commitment as at June 30, 2019 (2018: nil).

	Note	2019 Rupees	2018 Rupees
27 SALES - NET			
Sales		-	-
28 COST OF SALES			
Raw material written-off / consumed	28.1	-	14,548,093
Stores provided for	28.2	2,550,990	850,330
Fuel and power consumed		50,000	636,000
Salaries, wages and benefits	28.3	142,800	-
Depreciation	4.2	14,161,568	24,400,673
Others		55,000	155,386
		<u>16,960,358</u>	<u>40,590,482</u>
Finished goods stocks			
Stocks at beginning of the year		8,735,265	12,050,223
Stocks at end of the year		(8,735,265)	(8,735,265)
		-	3,314,958
		<u>16,960,358</u>	<u>43,905,440</u>
28.1 Raw material consumed			
Stocks at beginning of the year		43,644,278	58,192,370
Stocks at the end of the year		(43,644,278)	(43,644,278)
		-	14,548,092
28.2 Store and spare parts consumed includes the provision for slow moving items amounting to Rs. 2,550,990 (2018: Rs. 850,330).			
28.3 Salaries, wages and benefits include staff retirement benefits amounting to Rs. nil (2018: Rs. nil).			

	Note	2019 Rupees	2018 Rupees
29 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	29.1	636,000	142,800
Rent, rates and taxes		788,925	-
Printing and stationery		31,000	40,000
Postage and telephone		73,619	-
Advertising		35,400	-
Traveling and conveyance		6,300	-
Legal and professional		102,500	100,000
Auditor's remuneration	29.2	610,000	250,000
Fee and subscription		48,915	65,000
Depreciation	4.2	340,896	434,500
Others		745,493	191,304
		<u>3,419,048</u>	<u>1,223,604</u>
29.1 Staff salaries and benefits include staff retirement benefits amounting to Rs. nil (2018: Rs. nil).			
29.2 Auditor's remuneration			
Annual audit		600,000	240,000
Compliance report on code of corporate governance		10,000	10,000
		<u>610,000</u>	<u>250,000</u>

	Note	2019 Rupees	2018 Rupees
30 OTHER EXPENSES			
Doubtfull debts written-off		3,036,919	-
Other receivables written-off		2,663,536	-
Impairment loss		8,768,553	-
		<u>14,469,008</u>	<u>-</u>
31 OTHER INCOME			
Income from financial assets			
Profit on defence saving certificates		2,365,172	2,108,940
Reversal of bad debts		219,637	-
Income from non-financial assets			
Gain on sale of property, plant and equipment		1,067,300	-
Liabilities written-off		91,862,966	-
		<u>95,515,075</u>	<u>2,108,940</u>
32 FINANCE COST			
Mark-up under scheme of arrangement		54,832,552	54,832,551
Bank charges		1,253	130,833
Mark-up on lease liability		40,000	-
Other financial charges		27,954,086	-
		<u>82,827,891</u>	<u>54,963,384</u>
33 TAXATION			
Current	33.1	-	-
Deferred			
- charged to profit or loss		10,115,747	10,565,379
- charged to other comprehensive income		-	3,629,495
		<u>10,115,747</u>	<u>14,194,874</u>

33.1 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.

	Note	2019 Rupees	2018 Rupees
34 LOSS PER SHARE - BASIC AND DILUTED			
Loss after taxation		<u>(12,045,483)</u>	<u>(87,418,109)</u>
		----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the period		<u>14,641,000</u>	<u>14,641,000</u>
		2019 Rupees	2018 Rupees
Loss per share - basic and diluted		<u>(0.82)</u>	<u>(5.97)</u>

There is no dilutive effect on the basic loss per share of the Company.

	2019 Rupees	2018 Rupees
35 CHANGES IN WORKING CAPITAL		
Decrease / (increase) in current assets:		
Trade debts	731,551	5,847,205
Loans and advances	-	104,004
Trade deposits and short-term prepayments	-	130,086
Tax refunds due from Government	-	(12)
	<u>731,551</u>	<u>6,081,283</u>
(Decrease)/increase in trade and other payables	<u>258,499</u>	<u>(4,758,114)</u>
	<u>990,051</u>	<u>1,323,169</u>

**36 REMUNERATION OF CHIEF EXECUTIVE OFFICER,
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)

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.1 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

37.2 Methods of determining fair values

Fair values of financial instruments, with the exception of investment in associates, for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market and those of investments in subsidiaries are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

37.3 Discount / interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

37.4 Significant assumptions used in determining fair values

Fair values of financial asset and liabilities that are measured at fair value subsequent to initial recognition are determined by using discounted cash flow analysis. This analysis requires management to make significant assumptions and estimates which may cause material adjustments to the carrying amounts of financial assets and financial liabilities in future periods. These assumptions are not fully supportable by observable market prices or rates. The Company uses various significant assumptions for determining fair value of financial assets and liabilities and incorporates information about other estimation uncertainties as well.

37.5 Significance of fair value accounting estimates to the Company's financial position and performance

The Company uses fair value accounting for its financial instruments in determining its overall financial position and in making decisions about individual financial instruments. This approach reflects the judgement of the Company about the present value of expected future cash flows relating to an instrument. The management believes that fair value information is relevant to many decisions made by users of financial statements as it permits comparison of financial instruments having substantially the same economic characteristics and provides neutral basis for assessing the management's stewardship by indicating effects of its decisions to acquire, sell or hold financial assets and to incur, maintain or discharge financial liabilities.

38 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company has exposure to the following risk from its use of financial statements;

- 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 is also responsible for developing and monitoring the Company's risk management policies.

38.1 Credit risk

38.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the long-term deposits, trade debts, trade deposits and other receivable, accrued mark-up and cash and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows;

	2019	2018
Note	Rupees	Rupees
Long-term deposits	-	2,061,925
Trade debts	-	3,548,833
Trade deposits and other receivables	456,097	3,494,759
Accrued mark-up	-	349,994
Bank balances	4,481,008	6,106,142
	<u>4,937,105</u>	<u>15,561,653</u>
38.1.2 Concentration of risk - geographical dispersion		
Local debtors	-	3,548,833
	<u>-</u>	<u>3,548,833</u>
38.1.3 Concentration of risk - type of customer		
Yarn	-	2,950,655
Processing	-	598,178
	<u>-</u>	<u>3,548,833</u>
38.1.4 Ageing of trade debts at the reporting date:		
Not past due	-	-
More than one year	-	3,768,470
	<u>-</u>	<u>3,768,470</u>

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

38.2 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.

	2019			2018		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
Rupees						
Payable under scheme of arrangement	1,522,055,000	1,522,055,000	-	1,499,154,077	1,499,154,077	-
Loan from associates and other parties	280,134,534	280,134,534	-	279,914,570	279,914,570	-
Trade and other payables	12,893,900	12,893,900	-	56,075,138	56,075,138	-
Accrued mark-up / interest	397,535,999	397,535,999	-	382,481,843	382,481,843	-
	2,212,619,433	2,212,619,433	-	2,217,625,628	2,217,625,628	-

In order to manage liquidity risk, the management along with 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.

38.3 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

(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:

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Financial assets	21,831,611	19,466,439
Financial liabilities	-	-
Variable rate instruments		
Financial assets	4,405,321	4,415,057
Financial liabilities	-	1,159,782,951

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its 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.

38.4 Fair value of financial assets and liabilities

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.

	2019 Rupees	2018 Rupees
38.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	<u>28,819,772</u>	<u>28,819,772</u>

38.6 The effective rate of interest / mark-up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

38.7 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 change 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.

39 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 36. 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
Gulshan Spinning Mills Limited	Common directorship	Advance / loan provided	778,800	778,800

40 CAPACITY AND PRODUCTION

	2019	2018
Number of spindles installed	24,096	24,096
Installed capacity in kilograms after conversion into 20/s counts	Kg. 8,029,854	8,029,854

- 40.1 The Company has not carried out any operations during the current reporting financial year due to the circumstances disclosed in note 1.3 resulting in cessation of operations.
- 40.2 It is difficult to precisely describe production capacity and the resultant production in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed, twist etc.
- 40.3 Severe energy crisis in the form of unscheduled and unprecedented gas and electricity load shedding catastrophically impaired the production of the company resulting in a major production short fall. Financial institutions have also curtailed the short-term limits and froze the funds in current accounts to clear the mark-up and other dues. All these factors caused production short fall in previous reporting periods.


	2019	2018
Number.....	
41 NUMBER OF EMPLOYEES		
Number of employees as at June 30:		
- Permanent	<u>2</u>	<u>2</u>
Average number of employees:		
- Permanent	<u>2</u>	<u>2</u>


42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on _____ by the board of directors of the Company.

43 CORRESPONDING FIGURES

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


Chief Executive


Chief Financial Officer


Director

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

Particulars	No. of Share Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer, Their Spouses and Minor Children	7	4,089	0.03
Associated Companies, Undertakings and Related Parties	1	202,777	1.38
NIT & ICP	2	964	0.01
Banks, Development Finance Institutions, Non- Banking Financial Institutions	3	426,492	2.91
Joint Stock Companies	5	78,550	0.54
General Public (Local)	1,728	8,386,971	57.28
Other Companies	9	5,541,157	37.85
	1,755	14,641,000	100.00

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

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	SHARES
Paramount Spinning Mills Limited	202,777
B) NIT & ICP	
IDBL (ICP UNIT)	464
Investment Corporation of Pakistan	500
C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	
<u>DIRECTORS</u>	
Mr. AKHTAR AZIZ	500
Mr. Sohail Maqsood	550
Mr. Muhammad Akhtar Mirza	500
Mr. Muhammad Ashraf Khan	986
Mr. Abid Sattar	500
Mr. Iftikhar Ali	500
MR. MUHAMMAD ARIF	553
<u>SPOUSES</u>	
D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
<u>BANKS</u>	
National Bank of Pakistan	148,992
The Bank of Punjab, Treasury Division	277,500
E) OTHER COMPANIES	5,541,157
F) JOINT STOCK COMPANIES	78,550
G) GENERAL PUBLIC (LOCAL)	8,386,971
	<u>14,641,000</u>
H) SHAREHOLDERS HOLDING 05% OR MORE	
Mr. Tanveer Ahmed	2,584,136
Mr. Abdul shakoor	1,101,822
Mrs. Naureen Tanveer	1,366,910
Peridot Products (Pvt) Limited	1,350,655
BLESSED CORPORATION (PVT.) LTD.	1,450,000
OPAL (SMC-PRIVATE) LIMITED	1,400,000
I) 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

Gulistan Spinning Mills Limited

I/We _____ being member of **Gulistan 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 **Gulistan 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 **Gulistan 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 24 October 2019 at 11:30 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 نمبر

﴿گلشن سپنگ ملز میٹڈ﴾

میں گلستان سپنگ ملز میٹڈ کے _____ عدو عام شیئرز کا مالک / رکھتا ہوں جو کہ شیئرز رجسٹر کے فولیو

نمبر _____ پر درج ہے اور یا سی آر سی کے امیدوار شناختی کارڈ نمبر _____

اکاؤنٹ نمبر _____ کے مطابق درج ہے۔ میں مسمی _____

جو کہ بھی بذریعہ نمبر _____ یا سی ڈی سی امیدوار شناختی کارڈ نمبر _____

اکاؤنٹ نمبر _____ گلشن سپنگ ملز میٹڈ 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 میٹڈ 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 2019 کو بوقت 11:30 بجے یا کسی دیگر وقت وجگہ پر منعقد ہوگی پیش / شرکت کرے گا اور میری جگہ

بیان اور ووٹ دے گا۔

دعوت نمبر برائے کسی نمبر

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 مثبت 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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