GULISTAN SPINNING MILLS LIMITED

ANNUAL REPORT 2018

CONTENTS

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. Muhammad Asif Akram Mr.Abid Sattar Mr. Muhammad Arif
AUDIT COMMITTEE	Mr. Akhtar Aziz (Chairman) Mr. Muhammad Akhtar Mirza Mr.Abid Sattar
HR & REMUNERATION COMMITTEE	Mr. Muhammad Asif Akram (Chairman) Mr. Muhammad Akhtar Mirza Mr.Abid Sattar
CHIEF FINANCIAL OFFICER	Mr. Salman Ali Riaz
COMPANY SECRETARY	Mr.Muhammad Junaid Akhtar
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

LISTAN SPINNING MILLS LIMITED

PORATE 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 Conpany 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 2^{nd} Floor Finlay House, I.I. Chundrigar Road, Karachi on **Saturday 27^{th} October, 2018 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, 2018 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the next financial year 2018-2019 and fix their remuneration. The retiring Auditors M/s Baker Tilly Mehmood Idress Qamar, Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the company.
4. To transact any other business with the permission of the Chairman.

By Order of the Board
Muhammad Junaid Akhtar
Company Secretary

Lahore
October 06, 2018

NOTES:

1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **20^{th} October, 2018 to 27^{th} October, 2018 (both days inclusive).**

2- A member entitled to attend and vote at the general meeting may appoint any other member as proxy in writing to attend the meeting and vote on his/her behalf. Duly completed form(s) of proxy must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.

3- CDC Account Holders are requested to bring with them their CNIC along with participant I.D &their account number at the time of meeting in order to facilitate identification. In case of corporate entity, a certified BOD resolution/ valid power of attorney with specimen signature of the nominee be produced at the time of meeting.

4- Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

گلستان سپننگ ملز لمیٹڈ

اطلاع برائے سالانہ مجلس عاملہ

اطلاع دی جاتی ہے کہ گلستان سپننگ ملز لمیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو مورخہ 27 اکتوبر 2018 بروز ہفتہ کو بوقت 11:30 بجے صبح بمقام سیکنڈ فلور فنلے ہاؤس آئی آئی چندریگر روڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

1- پچھلے سالانہ مجلس عاملہ کا اجلاس کے منٹس پر عملدرآمد کا جائزہ لیا جائیگا۔

2- کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دورانیہ مالی سال 30 جون 2018 بمعہ ڈائریکٹرز آڈیٹرز کی رپورٹس کو وصول کیا جائے گا۔ (انکی نقول بورڈ ارکان کو بانٹی جائیں گی) اور ان میں مو سفارشات، مشاہدات اعتراضات پر جائزہ/غور اور فیصلے کئے جائیں گے۔

3- اگلے مالی سال 2019 - 2018 کے لئے کمپنی کے اڈیٹرز کو مقرر کیا جائے گا اور ان کی معاون تعین کیا جائے گا۔ برخاست شدہ اڈیٹرز میسرز باقر ٹلی محمود، ادریس قمر، چارٹرڈ اکاؤنٹس نے اپنی کمپنی 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۔

5 اکتوبر 2018، لاہور

جاری کیا گیا بذریعہ آرڈر از ان بورڈ آف ڈائریکٹرز

محمد جنید اختر (کمپنی سیکرٹری)

اہم اطلاع۔

1- کمپنی کے شیئر ٹرانسفر بکس بند کر دیئے جائیں گے اور 20 اکتوبر 2018 تا 27 اکتوبر 2018 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 پروکسی مقرر کر سکتا ہے جو اس کے بدلے/اس کی جگہ ووٹ دے۔ جس کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کا اجلاس سے 48 گھنٹے قبل متعلقہ پروکسی فارم پُر کر کے جمع کروانا ہوگا۔

3- سی ڈی سی شیئرز ہولڈرز سے گذارش ہے کہ وہ سالانہ مجلس عاملہ/میٹنگ میں ووٹ دیتے وقت اپنے اصل شناختی کارڈ/ پاسپورٹ پیش کریں۔ تا کہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کاپوریٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرار داد کا سٹیفکیٹ/ قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے/مختار کنندہ کے specimen دستخط ثبت ہوں پیش کیا جائے۔

4- ارکان سے گذارش 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 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, 2018 at the Annual General Meeting of Company.

Overview

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

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

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

Operating & Financial Performance

Operating indicators	2018	2017
	(Rupees)	(Rupees)
Sales	-	11,700,000/-
Cost of goods sold	(43,905,441)/-	(55,070,749)/-
Financial cost	(130,833)/-	(4,493,413)/-
Pre tax Loss	(43,150,938)/-	(49,051,322)/-
Provision for taxation	10,565,379/-	16,277,777/-
Loss after taxation	(32,585,559)/-	(32,773,545)/-

Future Outlook

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

The high cost of production resulting from higher cotton prices, rising energy costs, increasing prices of imported inputs due to depreciation of Pakistani rupee, double digit inflation, and prolonged power cuts are posing serious threats to textile sector. On these fronts the situation is expected to remain volatile in the future.

Going forward, the Company is focusing on strategy to consolidate its customer base, rationalize production volume and achieve pricing targets to increase profitability. Bottle neck in achieving these miles stones was non-availability of working capital lines. This impediment is expected to be over in near future as the restructuring process is expected to be completed soon and this would result in better utilization of production capacities. Once the ongoing reconciliation & restructuring process is completed, we would be in better position to embark upon timely better priced procurement of the required raw materials. To increase profitability and improve performance, wide ranging and significant measures are being implemented by the Company focusing on cost reduction and increase in margins.

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

Auditors' Observations

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

The Management is making utmost efforts to recover from the present financial crises and has made its best and maximum possible efforts to come out from the prevailing 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.

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

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

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. Iftikhar Ali	3
Mr.Maqsood ul Haq	0
Mr.Muhammad Yousaf	3
Mr. Akhtar Aziz	1
Mr. Abid Sattar	4
Mr.Muhammad Akhtar Mirza	4
Mr Ashraf Khan	4

Mr. Muhammad Arif	1
Mr Muhammad Asif Akram	0

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

Audit Committee

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

Name of Members	No of meeting attended
Mr.Abid Sattar	4
Mr.M Akhtar Mirza	4
Mr.Muhammad Yousaf	3
Mr. Akhtar Aziz	1

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, 2017 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, 2018 was Rs. (0.39) as compared to the previous year of Rs. (2.24)

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2018.

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 01.07.2017	Purchases	Sales	Closing Balance as on 30.06.2018
	NIL	NIL	NIL	NIL

Statement on Value of Staff Retirement Benefit

As on June 30, 2018 deferred liability for gratuity is Rs.511,751/-

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 2018 - 2019.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2018 including the information under the code of corporate of governance is annexed.

Acknowledgement

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

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

On behalf of the Board

Lahore Oct 5, 2018

SOHAIL MAQSOOD
CHIEF EXECUTIVE

گلستان سپننگ ملزلمیٹڈ

شیئرز ہولڈرز کودی گئی ڈائریکٹر کی رپورٹ

گلستان سپننگ ملزلمیٹڈ کی سالانہ جنرل میٹنگ کے موقع پر کمپنی کے ڈائریکٹرز کمپنی کے مالی بیانات کی رپورٹ پیش کرر ہے ہیں جو کہ اڈیٹرز کی رپورٹ کے ساتھ منسلک ہے یہ کہ رپورٹ زیر جائزہ مالی سال مورخہ 30 جون 2018 پیش کا جارہا ہے۔

مجموعی جائزہ۔

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

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

ان حالات نے مطلوبہ پیداوار کے اہداف کو حاصل کرنے کے لئے کمپنی کی منصوبہ بندی کو روک دیا۔نتیجتاً ہماری سیلز ٹرن اوور پر اور کمپنی کے منافع کی صلاحیت پر بری طرح اثر پڑا۔جبکہ اس کے برعکس موجودہ بدترین حالات کے باوجود انتظامیہ کمپنی کی ملز کو چلانے کی ہرممکن سرتوڑ کوشس کررہی ہے

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

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

اس سلسلہ میں کمپنی نے معروف قانونی فرم کو بطور مالی امور کی وکیل مقرر کیا ہے اور شرائط وضوابط اور منصوبہ بندی کی دستاویزی شکل مین تیاری اپنے خری مراحل میں ہے اور بیشتر مالی اداروں نے ہمارے قرض کے حصول کی منصوبہ

بندی کو سراہا/منظور کیا ہے۔ اگر ایک دفعہ ہم اپنی اس منصوبہ بندی کو پورا کرنے میں کامیاب ہو گئے تو اس سے کمپنی کو مالی حیثیت اور دیگر حساب کتاب میں بہتری آئیگی۔

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

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

2017	2018	کام کی نوعیت
11,700,000/-	Nil	سیلز
(55,070,749)/-	(43,905,441)/-	فروخت کئے گئے سامان پر اٹھنے والی لاگت (اخراجات)
(4,493,413)/-	(130,833)/-	مالیاتی لاگت
(49,051,322)/-	(43,150,938)/-	ٹیکس دینے سے پہلے کا نقصان
(16,277,777)/-	10,565,379	ٹیکس
(32,773,545)/-	(32,585,559)/-	ٹیکس دینے کے بعد کا نقصان

مستقبل کی تصویر کشی/منصوبہ بندی

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

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

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

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

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

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

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

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

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

آڈیٹرز کی طرف سے اٹھائے گئے اعتراضات

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

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

بینک ہائے/قرض دہندگان کی طرف سے پیش کردہ ایک سکیم خری مراحل میں ہے اور جس کا ڈرافٹ ہمارے مالی

قرضہ کمپنی اور متعلقہ بینک ہائے کے درمیان طے پا جائے گا۔

اور اس معاہدہ کی شرائط وضوابط کے مطابق کمپنی اور اسکی مخالف اداروں کے درمیان جاری تمام قانونی کاروائیاں ختم ہو جائیں گی اور فریقین ہر طرح کی قانونی کاروائی سے دستبردار ہو جائیں گے۔

انتظامیہ ہر ممکن کوشس 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 تا کہ وسائل کے تحفظ قدرتی وسائل اور خام مال کے موثر استعمال کے لئے کئے گئے ہر ممکن اقدامات کی کامیابی کو یقینی بنایا جائے۔

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

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

کارپوریٹ گورنینس

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

بورڈ میٹنگز اور حاضر لوگ

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

نام ڈائریکٹر	میٹنگ میں حاضری
سہیل مقصود	4
افتخار علی	3
مقصود الحق	0
محمد یوسف	3
اشرف خان	4
اختر عزیز	1
اختر مرزا	4
عابد ستار	4
محمد آصف اکرم	0
محمد عارف	1

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

آڈٹ کمپنی

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

رکن کا نام	میٹنگ میں شرکت کی تعداد
عابد ستار	4
اختر مرزا	4
محمد یوسف	3
اختر عزیز	1

انسانی وسائل اورانکے معاوضے کی کمیٹی

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

انٹرنل آڈٹ کاطریقہ کار (فرائض)

بورڈ آف ڈائریکٹرز نے مناسب اور موثر داخلی مالی کنٹرول سسٹم بنایا ہے اوراس پرسختی سے عمل پیرا ہیں جس میں، پریشنل، فنانشنل اور کمپنی کے کاروباری معاملات سے متعلقہ حکمت عملی پرمناسب طریقے سے عملدرآمد بنایا جاسکے تا کہ کمپنی کے بنیادی اصول کے مقاصد کوحاصل کیا جاسکے۔انٹرنل آڈٹ کی سفارشات اورمشاہدات کوآڈٹ کمپنی نے نظرثانی کی اور جہاں پرضروری سمجھاانہوں نے دی گئی سفارشات اورمشاہدات کی روشنی مین مناسب کاروائی کی۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کےفریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹرز کوبخوش اسلوبی مندرجہ ذیل امورسرانجام 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 پریشن کے نتائج / ماحاصل/ منافع/نقصان، کیش فلواورایکوٹی 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 اوراسکی روشنی میں مالی امور کے بیان اور مالی تخمینہ جات کی تیاری اوراس سلسلہ میں معقول اوردانشمندانہ فیصلے کئے جائیں۔

4- بین الاقوامی اکاؤنٹنگ سٹینڈرڈ جو کہ پاکستان میں لاگو ہیں کے مطابق مالی امور کا بیان تیار کیا جائے۔

5- اندرونی مالی ونظم وضبط کا کنٹرول کاسسٹم موثر اور مستحکم ہواسکا نفاذ کا مناسب مانیٹرنگ سسٹم موجود ہو۔

6- بورڈ کے ڈائریکٹرز کو مالی امور کے بیان کے پیرانمبر 1-3 میں دیئے گئے ضابطہ کے سلسلہ میں کسی قسم کی کوئی خلاف ورزی نہ ہو۔

7- کارپوریٹ گورننس کے سلسلہ میں بہترین طریقوں کو اختیار کیا جائے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔

8- گزشتہ 6 سالوں کا پریٹنگ اور مالی امور کا کلیدی ڈیٹا لف ہذا ہے۔

9- ٹیکسز، ڈیوٹیز، محصولات اور دیگر چارجز کی مد میں کوئی اضافی یا غیر قانونی ادائیگیاں نہیں کی گئیں۔

10- حالیہ مالی سال کے اختتام پر جو بیلنس شیٹ اور ڈائریکٹرز رپورٹ پیش کی گئی اسکے مطابق کمپنی کی مالی پوزیشن کے مواد میں کسی قسم کی کوئی کلیدی یا بنیادی تبدیلی نہیں کی گئی جو ایک کمپنی کی مالیاتی صورتحال کو متاثر کرے سوائے ان کے جو مالی امور کے بیان میں اشکار کی گئیں۔

نفع/نقصان بمطابق شیئرز کی قیمت

بمطابق شیئرز کی حالیہ قیمت، کمپنی کا نقصان برائے اختتامی دورانیہ 30 جون 2018، فی شیئر (2.23) روپے ہے جو کہ پچھلے سال (2.24) روپے فی شیئر تھا۔

منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ 30 جون 2018 کے لئے کسی منافع کی سفارش نہیں کی ہے۔

ضابطہ اخلاق

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

کارپوریٹو سماجی ذمہ داری

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

ویب/سماجی رابطہ کے ذرائع پر موجودگی

کمپنی کی سالانہ اور متواتر مالی امور کا بیان کمپنی کی ویب سائٹ www.gulshan.com.pk شیئرز ہولڈرز

متعلقہ فریقین کے ساتھ لین دین

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

کمپنی کے شیئرز کی ٹریڈنگ

زیر جائزہ سال میں چیف ایگزیکٹو آفیسران، چیف فنانشل آفیسر، کمپنی سیکرٹری، ڈائریکٹرز اوران کی ازواج/خاوند اور بچوں کی طرف سے کمپنی کے شیئرز کا کاروبار کیا گیا جس کی تفصیل درج ذیل ہے۔

نام	اوپننگ بیلنس 01.07.2017	خریداری	فروخت	کلوزنگ بیلنس 30.06.2018
			کوئی نہیں	

عملہ کے ریٹائرمنٹ کے بینفٹ کی قیمت کا بیان۔

دورانیہ برائے مورخہ 30 جون 2018 ڈیفرڈ لائبلٹی برائے گریجویٹی کی رقم 511,751 روپے مختص کی گئی ہے۔

آڈیٹرز

میسرز باقر تلی محمود، ادریس قمر، چارٹرا کاؤنٹنٹس 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 2019-2018 بناتی کی سفارش/منظوری کی ہے۔

شیئرز ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق 30 جون 2018 اشیئر ہولڈنگ کا پیٹرن لف رپورٹ ہذا ہے

تحسینی اعترافات

خر میں ہم اس موقع کا فائدہ اٹھاتے ہوئے چاہیں گے کہ اپنے کسٹمرز، اور مالی ادارے/بینکرز کا شکرایہ 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

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 تا کہ ہماری کمپنی پہلے سے بھی زیادہ بہتر نتائج حاصل کرے۔

خر میں (لیکن بالکل خری نہیں) انتظامیہ اپنے بورڈ کی ہر دفعہ کی طرح اس دفعہ بھی بھر پر تعاون اور رہنمائی کا شکرایہ 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

Sohail.M

سہیل مقصود چیف ایگزیکٹو

مورخہ 05/10/2018

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, 2018**

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 expect three (under process of registration) 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. Casual vacancies occurring in the Board during the period under review were filled statutory period given in the code.
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) ere 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: October 05, 2018

Sohail . M
(Sohail Maqsood)
Chief Executive

BTLHR/AA/GTSM-69/2018/12

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBER OF GULISTAN SPINNING MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017, ("the Regulations") prepared by the Board of Directors of *Gulistan Spinning Mills Limited* for the year ended **June 30, 2018** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirement(s) of the Regulations were observed which are not stated in the Statement of Compliance:

1. The Company has not appointed any female director on its board.
2. The Company has appointed only one independent director.
3. During the year, no orientation courses were arranged for its directors to apprise them of their duties and responsibilities. The board has ensured arrangement of orientation courses for its directors by the end of June 30, 2019.
4. Nomination committee and risk management committee are not formed by the board.
5. The Company has not prepared, circulated and filed quarterly unaudited financial statements and half yearly financial statements subject to a limited scope review as required by clauses (xviii and xix) of the Code.

Based on our review, except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2018.

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

Lahore
Date: October 05, 2018

BTLHR/AA/GTSM-69/2018/11

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, 2018*, 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 for 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, 2018, 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) as described in note 1.3 to the financial statements, the financial statements have been prepared on going concern basis. The Company has accumulated loss of Rs. 1,689.53 million as at June 30, 2018, shareholder's equity is negative by Rs. 1,169.97 million and as of that date the Company's current liabilities exceed its current assets by Rs. 1,805.19 million. The Company has closed its operations due to working capital constraints indicating facing financial problems. Further, various banks and financial institutions have filed recovery suits against the Company as detailed in note 29.1 to the financial statements and the ultimate outcome of these suits cannot presently be determined because these matters are pending before various courts. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements and notes thereto do not disclose this fact. The management of the Company also did not provide us its assessment of going concern assumption used in the preparation of the financial statements and the future projections indicating the economic viability of the Company. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate.

b) Certain litigations have been filed by / against the Company as disclosed in note 29.1 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. Accordingly, the Company has not provided for the outcome of these litigations. The mark-up / interest on long-term finances, lease finances and short-term borrowings to the extent aggregating Rs. 943.25 million, including balance of Rs. 122.85 million for the current year, has not been accrued in these financial statements, thereby increasing shareholders' equity and current liabilities by Rs. 943.25 million, and reducing loss for the current year by Rs. 122.855 million as fully detailed in note 25.1 to the financial statements.

c) we have not received year end confirmations from banks and financial institutions in respect of bank balances aggregating Rs. 6.104 million (note 16.1) and short-term borrowings aggregating Rs. 1,144.495 million (note 26.4). No confirmations have been received in respect of lease deposits (note 8), long-term finances from banking companies (note 21 and 27), liabilities against assets subject to finance lease (note 22 and 27), payable against overdue letter of credit (note 24.2), and accrued mark-up / interest (note 25 and 14). Further, year-end bank statements from various banks and financial institutions in respect of bank balances and short-term borrowings were also not available.

d) as discussed in note 6 and 19 to the accompanying financial statements, freehold and leasehold land, buildings on freehold and leasehold land, plant and machinery, electric installation and mills equipment are carried at revaluation model. The Company has not carried out revaluation exercise of the said items of property, plant and equipment. Accordingly, we remained unable to ascertain whether the carrying value of the items of property, plant and equipment and related surplus on revaluation of property, plant and equipment and disclosures thereof, is sufficient in the financial statements.

e) Stock-in-trade aggregating Rs. 52.379 million has not been verified; and

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.
1. Valuation of trade debts Refer to note 11 to the financial statements and accounting policy in note 5.15 to the financial statements. The company has significant balance of trade debts. Provision against doubtful trade debts is based on management judgment to determine the appropriate level of provision against balances	Our audit procedure to assess the valuation of trade debts amongst others, include the following: – Obtaining an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process.

which may not ultimately be recovered. We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts.	– On sample basis, closing balances confirmed by circularization of confirmation and compared the responses received with balances as per clients' record. – For a sample trade debts, tested the adequacy of the provision for the doubtful debts recorded against the trade debts while taking into account the ageing of receivables at year end and cash receivable after year end as well as assessing the judgment made by the management in relation to the credit worthiness of the debtors. – Testing the accuracy of the data on sample basis extracted from the Company accounting systems which is used to calculate the ageing of trade receivables; and – Assessing the historical accuracy of provisions for doubtful debts recorded by examining the utilization or release of previously recorded provisions.
2. **Change in accounting policy as a result of changes in the Companies Act, 2017.** As referred to in note 5.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. Due to the above, the Company has changed its accounting policy to account for surplus on revaluation of plant and machinery (refer note 6) with retrospective effect. Previously, surplus on revaluation was presented in the financial statements below the equity and change in surplus was taken directly to equity. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income. The impact of said change in accounting policy has been disclosed in note 5.1 to the accompanying financial statements.	Our audit procedures include the following: – We assessed the procedures applied by the management for identification of changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements; – Re-performed the calculations based on the working and valuation reports of the respective year to ensure that values of plant and machinery, and surplus on revaluation of plant and machinery have been properly restated in the financial statements; and

We have considered the above as a key audit matter due to the significant amount of surplus on revaluation of plant and machinery, requirements to apply changes retrospectively in compliance with IAS 8 - Accounting Policies and Changes in Accounting Estimates and Errors, and involvement of expert for valuation of plant and machinery by management.	– In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to in note 5.1, 6 and 19 to the accompanying financial statements; we assessed the accounting implications and disclosures in the financial statements in accordance with the applicable accounting and reporting standards.
3. Current and deferred tax As discussed in note 5.10, 23 and 36 to the accompanying financial statements, the Company has recorded reversal of temporary difference that resulted in reduction of tax expense amounting to Rs. 10.565 million. We considered the above matters to be a key audit matter due to the judgments and estimates inherent in the calculation of tax expense.	Our audit procedures included the followings: – Developed an understanding of management process for calculating tax expense; – Assessed the extent to which provisions are supported by underlying circumstances and determined that they are being made on basis consistent with previous years; – Assessed the appropriateness of provisions recorded in the financial statements by using our specialists tax knowledge and reviewing the latest tax returns filed by the Company; – Critically analyzed and challenged the assumptions used by the management in calculating tax expense; and – Ensured that the tax calculated is in accordance with the requirements of IAS 12 and the Income Tax Ordinance, 2001.
4. Preparation of financial statements under the Companies Act, 2017 The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribe the nature and contents of disclosures in relation to various elements of the financial statements.	Our procedures included, but were not limited to: – We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. – We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.

In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements. The above changes and enhancements in the financial statements or considered important and key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to note 3.1 to the financial statements.	–	We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Financial Statements and Auditors Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt in the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017;
b) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the

statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn-up in conformity with the Companies Act, 2017, and however, the same are in agreement with the books of accounts and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (VIII of 1980).

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

BAKER TILLY MEHMOOD IDREES QAMAR,
Chartered Accountants

Lahore
Date: October 05, 2018

GULISTAN SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Restated Rupees	2016 Restated Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	844,863,223	869,698,395	896,048,764
Long-term investments	7	19,466,439	17,357,499	15,471,666
Long-term deposits	8	2,061,925	2,061,925	2,780,500
		866,391,587	889,117,819	914,300,930
CURRENT ASSETS				
Stores, spare parts and loose tools	9	2,550,990	3,401,320	4,535,094
Stock-in-trade	10	52,379,543	70,242,593	93,522,390
Trade debts	11	3,548,833	9,396,038	12,075,000
Loans and advances	12	-	104,004	464,126
Trade deposits and short-term prepayments	13	4,386,414	4,516,500	4,813,105
Accrued mark-up / interest	14	349,994	349,994	349,994
Tax refunds due from Government	15	6,607,367	6,607,355	6,606,851
Cash and bank balances	16	6,106,142	6,502,337	6,118,962
		75,929,283	101,120,141	128,485,522
TOTAL ASSETS		942,320,870	990,237,960	1,042,786,452
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital	17	150,000,000	150,000,000	150,000,000
Issued, subscribed and paid-up capital	17	146,410,000	146,410,000	146,410,000
Reserves	18	24,983,168	24,983,168	24,983,168
Surplus on revaluation of property, plant and equipment	19	351,794,393	357,363,998	366,954,801
Accumulated losses		(1,693,166,719)	(1,669,780,261)	(1,646,597,518)
Total equity		(1,169,979,158)	(1,141,023,095)	(1,108,249,549)
Sub-ordinated loan	20	103,000,000	103,000,000	103,000,000
NON-CURRENT LIABILITIES				
Long-term finaning	21	-	-	-
Liabilities against assets subject to finance lease	22	-	-	-
Deferred liabilities	23	128,178,268	142,373,142	159,359,780
		128,178,268	142,373,142	159,359,780
CURRENT LIABILITIES				
Trade and other payables	24	430,220,759	434,978,873	441,178,373
Accrued mark-up / interest	25	39,778,395	39,778,395	35,775,002
Short-term borrowings	26	1,145,119,666	1,145,127,705	1,145,119,665
Current portion of non-current liabilities	27	260,934,641	260,934,641	261,534,122
Provision for taxation	28	5,068,299	5,068,299	5,069,059
		1,881,121,760	1,885,887,913	1,888,676,221
CONTINGENCIES AND COMMITMENTS	29	-	-	-
TOTAL EQUITY AND LIABILITIES		942,320,870	990,237,960	1,042,786,452

The annexed notes from 1 to 47 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, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	30	-	11,700,000
Cost of sales	31	(43,905,441)	(55,070,749)
Gross loss		(43,905,441)	(43,370,749)
Administrative expenses	32	1,223,604	3,066,218
Other expenses	33	-	390,123
		(1,223,604)	(3,456,341)
Loss from operations		(45,129,045)	(46,827,090)
Other income	34	2,108,940	2,269,180
Finance cost	35	(130,833)	(4,493,413)
Loss before taxation		(43,150,938)	(49,051,323)
Taxation	36	10,565,379	16,277,777
Loss after taxation		(32,585,559)	(32,773,546)
Loss per share - basic and diluted	37	(2.23)	(2.24)

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

Sohail . M
Chief Executive

Chief Financial Officer

Director

GULISTAN SPINNING MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Loss after taxation	(32,585,559)	(32,773,546)
Other comprehensive income	-	-
Total comprehensive loss for the year	(32,585,559)	(32,773,546)

The annexed notes from 1 to 47 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, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(43,150,938)	(49,051,32
Adjustments for non-cash charges and other items:			
Depreciation		24,835,173	26,152,27
Provision for slow moving stores and spares		850,330	1,133,77
NRV loss on stock-in-trade		17,863,050	23,279,79
Finance cost		130,833	4,493,41
Gain on disposal of property, plant and equipment		-	(383,34
Interest accrued		(2,108,940)	(1,885,83
Cash flows before working capital changes		(1,580,492)	3,738,75
Net changes in working capital	38	1,323,169	(3,376,06
Cash (used in) / generated from operations		(257,323)	362,69
Finance cost paid		(130,832)	(490,02
Staff retirement benefits - gratuity paid		-	(197,11
Income tax paid		-	(76
Net cash used in operating activities		(388,155)	(325,198)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	581,440
Receipt of security deposit		-	718,575
Net cash from investing activities		-	1,300,014
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		-	(599,481)
Net cash used in financing activities		-	(599,481)
Net (decrease) / increase in cash and cash equivalents during the year		(388,155)	375,335
Cash and cash equivalents at beginning of the year		5,870,374	5,495,039
Cash and cash equivalents at end of the year	40	5,482,219	5,870,374

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

Sohail M		
Chief Executive	Chief Financial Officer	Director

GULISTAN SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Reserves		Accumulated losses	Capital reserve - Revaluation surplus	Total
		Share premium	Un-realized loss on re-measurement of available for sale investment			
	Rupees					
Balance as at June 30, 2016 - as previusly reported	146,410,000	25,000,000	(16,832)	(1,646,597,518)	-	(1,475,204,350)
Effect of change in accounting policy	-	-	-	-	366,954,801	366,954,801
Balance as at July 1, 2016 - restated	146,410,000	25,000,000	(16,832)	(1,646,597,518)	366,954,801	(1,108,249,549)
Surplus on revaluation of property, plant and equipment realized the year on account of depreciation - net of tax	-	-	-	9,590,803	(9,590,803)	-
Total comprehensive loss for the year	-	-	-	(32,773,546)		(32,773,546)
Balance as at June 30, 2017 - restated	146,410,000	25,000,000	(16,832)	(1,669,780,261)	357,363,998	(1,141,023,095)
Surplus on revaluation of property, plant and equipment realized the year on account of depreciation - net of tax	-	-	-	9,199,100	(9,199,100)	-
Total comprehensive loss for the year	-	-	-	(32,585,559)		(32,585,559)
Balance as at June 30, 2018	146,410,000	25,000,000	(16,832)	(1,693,166,719)	348,164,898	(1,173,608,653)

The annexed notes from 1 to 47 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, 2018

1 LEGAL STATUS AND OPERATIONS

1.1 Gulistan Spinning Mills Limited ("the Company") was incorporated in Pakistan on February 2 1987, under the Companies Ordinance, 1984, as a public limited company and is quoted on stoc exchanges at Karachi and Lahore (now Pakistan Stock Exchange Limited). The registered office o the Company is situated at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi in the provin of Sindh, Pakistan. The principal business of the Company is to manufacture and sale of yarn. Th manufacturing unit is located at District Kasur in the Province of Punjab.

1.2 The Board of Directors of the Company in its meeting held on April 05, 2011, approved the schem of merger by amalgamation of Gulistan Spinning Mills Limited and Gulshan Spinning Mil Limited into Paramount Spinning Mills Limited along-with the approval of share swap ratio i relation thereto. The Company on orders of the Honourable Sindh High Court called Ext Ordinary General Meeting on August 01, 2011 in which the said scheme was approved b shareholders of the Company. The Company filed an application for withdrawal of merg petition. The Honourable High Court of Sindh vide order dated December 21, 2017, dismissed th merger petition as withdrawn on the application filed by the Company.

1.3 Going concern assumption

The Company has accumulated losses of Rs. 1,689.53 million as at June 30, 2018, and as at that dat its current liabilities exceed its current assets by Rs. 1,805.19 million. This is mainly due to unde utilization of capacity because of insufficiency of working capital lines. All the working capit lines and other finances have been blocked by respective banks and financial institutions due t litigations with these lenders as detailed in note 29.1.1 to these financial statements. Thes conditions along with other adverse key financial ratios and the pending litigations with th banking companies and financial institutions render the Company unable to operate it manufacturing facilities in normal manners. This indicates existence of material uncertainty, whic may cast significant doubt about the Company's ability to continue as a going concern. Thes financial statements, however, have been prepared under the going concern assumption due t following reasons;

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

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

- the existing facilities will be restructured and consolidated into a long-term finance facility and aggregate principal outstanding will be repaid over 8 years. The sponsors will inject equity amounting Rs. 200.00 million within one year of the effective date of debt restructuring through sale of various assets. Balance of the outstanding facility amount will be repaid in instalments over a period of 8 years on quarterly basis as per the agreed repayment schedule;

- total accrued and outstanding mark-up due/payable till June 30, 2018, by the Company to its existing lenders will be repaid starting immediately after the expiry of 8 years time period of principal repayment on quarterly basis over a 2 years period (accrued mark-up period); and

- mark-up rate shall be 5.00% per annum (referred as beginning tenor mark-up) for the first 2 years of repayment tenor, however, a mark-up of 0.25% per annum shall be paid by the Company during the first two years of the beginning tenor mark-up period; whereas the remaining differential mark-up amount i.e. 4.75% shall be accumulated and paid thereafter quarterly, starting immediately after the accrued mark-up period. For the remaining 6 years of the restructured facility, mark-up shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.

(ii) the management has made arrangements whereby third party cotton is being processed against processing fee for utilization of unutilized capacity.

(iii) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses. Such steps include, but not limited to, right sizing of the man power, resource conservation, close monitoring of other fixed cost etc.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.3 Functional and presentation currency

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

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR

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

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	**Effective from accounting period beginning on or after January 01, 2017.**
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.	**Effective from accounting period beginning on or after January 01, 2017.**

Certain annual improvements have also been made to a number of IFRSs

The Companies Act, 2017, (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of Property, Plant and Equipment. Further, the disclosure requirements contained in the Fourth Schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

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

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

Amendments to IFRS 2 – Share-based Payment - Clarification on the classification and measurement of share-based payment transactions.	**Effective from accounting period beginning on or after January 01, 2018.**
IFRS 4 'Insurance Contracts'. Amendments regarding the interaction of IFRS 4 and IFRS 9.	**An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018**
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 'Financial Instruments: Recognition and Measurement' upon its effective date.	**Effective from accounting period beginning on or after July 01, 2018.**
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	**Effective from accounting period beginning on or after January 01, 2019.**
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	**Effective from accounting period beginning on or after July 01, 2018.**
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	**Effective from accounting period beginning on or after January 01, 2019.**

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	**Effective from accounting period beginning on or after January 01, 2019.**
Amendments to IAS 28 'Investments in Associates and Joint Ventures'- Amendments regarding long-term interest in associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	**Effective from accounting period beginning on or after January 01, 2019.**
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property.	**Effective from accounting period beginning on or after January 01, 2018. Earlier application is permitted.**
Amendments to IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	**Effective from accounting period beginning on or after January 01, 2018. Earlier application is permitted.**
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	**Effective from accounting period beginning on or after January 01, 2019.**

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

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral accounts
- IFRS 17 Insurance Contracts

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Estimate of useful lives, residual values of property, plant and equipment and recoverable values to account for impairment loss (note 5.2 and 5.16);

(ii) Net realisable values of stores, spares and loose tools and stock-in-trade (notes 5.7 and 5.8);

(iii) Provision for impairment of trade debts (note 5.15);

(iv) Provision for staff retirement benefit - gratuity (note 5.9); and

(v) Provision for taxation (note 5.10).

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. Except for the changes as described in note 5.1 below, the accounting polices have been consistently applied to all the years presented.

5.1 Change in accounting policy

The promulgation of the Companies Act, 2017 (*the Act*) has repealed the Companies Ordinance 1984 (*the Ordinance*) and hence, Section 235 of the Ordinance relating to accounting treatment and presentation of the surplus on revaluation of Property, Plant and Equipment has not been carried forward in the Act. Consequently, in accordance with the requirements of the International Financial Reporting Standards (IFRSs) - IAS 16 "Property, Plant and Equipment", the said surplus on revaluation of Property, Plant and Equipment would be presented under equity.

As a result of this change, increases in the carrying amounts arising on revaluation of Property, Plant and Equipment to be recognised, net of tax, in other comprehensive income and accumulated reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase would first be recognised in profit or loss. Decreases that reverse previous increases of the same asset would first be recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases would be charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, would be reclassified from the revaluation surplus on Property, Plant and Equipment to retained earnings.

Surplus on revaluation of Property, Plant and Equipment would now form part of reserves and the change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	2017			2016		
	As previously stated	As restated	Restatement	As previously stated	As restated	Restatement
	Rupees					
Effect on Statement of Financial position						
Surplus on revaluation of Property, Plant and Equipment	357,363,998	-	(357,363,998)	366,954,801	-	(366,954,801)
Share capital and reserves	-	357,363,998	357,363,998	-	366,954,801	366,954,801
Effect on Statement of Changes in Equity						
Capital reserve	-	357,363,998	357,363,998	-	366,954,801	366,954,801

5.2 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.

5.3 Accounting for leases and assets subject to finance lease

Finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognised at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease.

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as a operating lease. Payments made under operating lease are charged to the income on straight line basis over the period of lease.

5.4 Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated once classified as held for sale. Assets classified as held for sale and liabilities directly associated with the assets classified as held for sale to be presented separately in the balance sheet. Any Impairment loss on reclassification is recognised in the profit and loss account and any gain on disposal is also recognised in profit and loss account.

5.5 **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.

5.6 **Long-term deposits**

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

5.7 **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.

5.8 **Stock-in-trade**

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows;

Raw material	
- in-hand	Weighted average cost.
- in-transit	Cost comprising invoice value plus other charges incurred thereon.
Finished goods and work-in-process	Raw material cost plus appropriate manufacturing overheads.
Waste	Net realizable value.

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales

5.9 **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.

5.10 **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.

5.11 **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.

5.12 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.

5.13 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.

5.14 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.

5.15 Financial instruments

Non-derivative financial assets

The Company classifies non-derivative financial assets as available for sale (note 7.2), 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.

5.16 Impairment loss

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

5.17 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 Act, 2017, (comparable uncontrolled price method) with the exception of loan taken from related parties which is interest / mark-up free.

5.18 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.

	Note	2018 Rupees	2017 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	6.1	**844,863,223**	869,698,395

Note 6.1

	Owned assets												Leased assets		
	Freehold land	Building on freehold land	Plant and machinery	Power house	Electric installation	Factory equipment	Air conditioning plant	Telephone installations	Office equipment	Furniture and fixtures	Arms and ammunitions	Vehicles	Power house	Vehicles	Total
								Rupees							
Cost															
Balance as at July 01, 2016	121,888,000	326,175,471	806,764,530	28,160,000	94,338,448	92,669,999	103,000,000	160,000	4,842,384	4,378,524	6,230	7,312,035	60,000,000	6,156,000	1,655,851,621
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-		-	(1,662,000)	(1,662,000)
Balance as at June 30, 2017	121,888,000	326,175,471	806,764,530	28,160,000	94,338,448	92,669,999	103,000,000	160,000	4,842,384	4,378,524	6,230	7,312,035	60,000,000	4,494,000	1,654,189,621
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2018	121,888,000	326,175,471	806,764,530	28,160,000	94,338,448	92,669,999	103,000,000	160,000	4,842,384	4,378,524	6,230	7,312,035	60,000,000	4,494,000	1,654,189,621
Depreciation															
Balance as at July 01, 2016	-	30,658,851	68,349,370	3,744,117	15,181,351	28,457,249	31,667,550	150,703	3,115,246	3,453,599	5,720	6,987,042	7,977,523	5,009,534	204,757,655
Charge for the year	-	6,632,119	9,113,352	478,352	1,928,186	3,041,657	3,378,915	930	172,714	92,493	51	64,999	1,019,216	229,293	26,152,277
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,463,907)	(1,463,907)
Balance as at June 30, 2017	-	37,290,970	77,462,722	4,222,469	17,109,537	31,498,906	35,046,265	151,633	3,287,960	3,546,092	5,771	7,052,041	8,996,739	3,774,920	229,446,025
Balance as at July 01, 2017	-	37,290,970	77,462,722	4,222,469	17,109,537	31,498,906	35,046,265	151,633	3,287,960	3,546,092	5,771	7,052,041	8,996,739	3,774,920	229,446,024
Charge for the year	-	6,466,316	8,885,518	459,218	1,831,776	2,737,491	3,041,024	837	155,442	83,243	46	51,999	978,447	143,816	24,835,173
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate of depreciation		2.5%	2.5%	4%	5%	10%	10%	10%	10%	10%	10%	20%	4%	20%	
Balance as at June 30, 2018	-	43,757,286	86,348,240	4,681,687	18,941,313	34,236,397	38,087,289	152,470	3,443,402	3,629,335	5,817	7,104,040	9,975,186	3,918,736	254,281,197
Impairment															
Balance as at June 30, 2016	-	30,231,879	373,881,093	12,457,083	40,593,383	33,796,184	37,543,500	-	-	-	-	-	26,542,060	-	555,045,202
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	-	30,231,879	373,881,093	12,457,083	40,593,383	33,796,184	37,543,500	-	-	-	-	-	26,542,060	-	555,045,202
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2018	-	30,231,879	373,881,093	12,457,083	40,593,383	33,796,184	37,543,500	-	-	-	-	-	26,542,060	-	555,045,202
Written down value as at June 30, 2017	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
Written down value as at June 30, 2018	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	749,189	413	[illegible]	[illegible]	[illegible]	[illegible]

	Note	2018 Rupees	2017 Rupees
6.2 Depreciation charge has been allocated as follows;			
Cost of sales		**24,400,673**	25,592,778
Administrative expenses		**434,500**	559,499
		24,835,173	26,152,277

6.3 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. 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	2018 Rupees	2017 Rupees
Owned assets			
Freehold land		**3,180,032**	3,180,032
Buildings on freehold land		**56,277,234**	57,720,240
Plant and machinery		**235,143,045**	241,172,354
Power house		**17,361,345**	18,084,734
Electric installation		**27,903,860**	29,372,484
Factory equipment		**9,244,162**	10,271,291
Air conditioning plant		**363,468**	403,853
		349,473,146	360,204,988
Leased assets			
Power house		**24,685,359**	25,713,916
		374,158,505	385,918,904

7 LONG-TERM INVESTMENTS

	Note	2018 Rupees	2017 Rupees
Investment in associate - under equity method	7.1	-	-
Other investments - available for sale	7.2	-	-
Defence saving certificates	7.3	**19,466,439**	17,357,499
		19,466,439	17,357,499

7.1 Investments in associates - under equity method

	Note	2018 Rupees	2017 Rupees
Quoted companies			
Gulshan Spinning Mills Limited	7.1.1	-	-
		-	-

7.1.1 Gulshan Spinning Mills Limited (GSML)

	2018 Rupees	2017 Rupees
10,303 (2017: 10,303) ordinary shares of Rs. 10 each - cost	**238,887**	238,887
Equity held 0.046% (2017: 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
	12,195	12,195
	251,082	251,082
Impairment charged on investment		
Opening balance	**(251,082)**	(251,082)
Charged / (adjusted) in the year	-	-
	(251,082)	(251,082)
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 (2017: Rs. nil) per share aggregating to Rs. nil (2017: 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 41 of the financial statements.

The market value of investment in Gulshan Spinning Mills Limited is Rs nil (2017: Rs. nil as the equity of the company is negative.

7.1.2 Summarized financial information of the associated company as at June 30, 2018, based on unaudited financial statements is as follows;

	Note	2018 Rupees	2017 Rupees
Gulshan Spinning Mills Limited			
Liabilities		2,557,565,397	2,656,978,479
Assets		2,557,565,397	2,656,978,479
Revenue		-	15,332,888
Loss after tax		36,553,711	26,735,446

7.2 **Other investments - available for sale**

	Note	2018 Rupees	2017 Rupees
Gulistan Textile Mills Limited	7.2.1	-	-
Gulshan Weaving Mills Limited	7.2.2	-	-
		-	-

7.2.1 **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.

	Note	2018 Rupees	2017 Rupees
7.2.2 **Gulshan Weaving Mills Limited**			
Opening balance		-	-
Fair value adjustment		-	-
		-	-

7.3 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	2018 Rupees	2017 Rupees
8	**LONG-TERM DEPOSITS**			
	Lease key money	**8.1**	**3,038,662**	3,038,662
	Other security deposits	**8.2**	**2,061,925**	2,061,925
			5,100,587	5,100,587
	Less: transfer to current assets	**13**	**(3,038,662)**	(3,038,662)
			2,061,925	2,061,925

8.1 These are interest-free deposits given to various leasing companies, modarabas and banking companies. As detailed in note 29.1.1 of the financial statements that the Company is in litigation with several banking companies and financial institutions and due to the pending litigations, but without prejudice to the Company's stance in the said litigations, the Company's financial arrangements with the banking companies and financial institutions are disputed and in line with the provisions of International Accounting Standard on Presentation of Financial Statements (IAS - 1), all liabilities under these lease agreements have been classified as current liabilities. Based on the above mentioned fact, lease deposits amounting Rs. 3.038 million relating to the lease liabilities have also been presented under the current assets. Due to on-going litigations the confirmation from financial institutions have not been received.

8.2 These are interest-free refundable deposits and are not receivable in the next year.

		Note	2018 Rupees	2017 Rupees
9	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		**7,808,531**	7,808,531
	Spare parts		**4,166,097**	4,166,097
	Loose tools		**656,857**	656,857
			12,631,485	12,631,485
	Less: provision for obsolete stores		**(10,080,495)**	(9,230,165)
			2,550,990	3,401,320
10	**STOCK-IN-TRADE**			
	Raw material	**10.1**	**43,644,278**	58,192,370
	Finished goods	**10.2**	**8,735,265**	11,647,020
	Waste		**-**	403,203
			52,379,543	70,242,593

10.1 Raw material stock costing Rs. 58,192,370 (2017: Rs. 77,589,827) has been written down at their replacement cost of Rs. 43,644,277 (2017: Rs. 58,192,370). The amount charged to profit and loss in respect of stock written down to their replacement cost is Rs. 14,548,093 (2017: Rs. 19,397,457).

10.2 Finished goods costing Rs. 11,647,020 (2017: Rs. 15,529,360) has been written down at their net realizable value of Rs. 8,735,265 (2017: Rs. 11,647,020). The amount charged to profit and loss in respect of stocks written down to their net realizable value Rs. 2,911,755 (2017: Rs. 3,882,340).

10.3 All of the current assets of the Company are under banks' charge as security of short-term borrowings (note 26.1). 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 29.1.1.

		Note	2018 Rupees	2017 Rupees
11	**TRADE DEBTS - unsecured**			
	Considered good			
	Processing party		598,178	5,383,778
	Considered doubtful			
	Yarn debtors		3,170,292	4,231,897
			3,768,470	9,615,675
	Provision for doubtful debts		(219,637)	(219,637)
			3,548,833	9,396,038
12	**LOANS AND ADVANCES - unsecured and considered good**			
	Advances to non-executive staff		-	104,004
13	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Short-term prepayments		891,655	1,021,741
	Current portion of long-term deposits	8.1	3,038,662	3,038,662
	Other receivables	13.1	456,097	456,097
			4,386,414	4,516,500

13.1 This represents receivable from Gulistan Textile Mills Limited, ex-associated company, on account of sale of fixed assets amounting to Rs. 456,097 (2017: Rs. 456,097).

		Note	2018 Rupees	2017 Rupees
14	**ACCRUED MARK-UP / INTEREST**			
	Interest accrued on;			
	- PLS term deposits		349,994	349,994

During the year Company has not charged any profit on term deposits because these are under lien regarding guarantees provided by various financial institutions and carry mark-up ranging from 5.6% to 10.50% per annum (2017: 5.6% to 10.50% per annum).

		Note	2018 Rupees	2017 Rupees
15	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Export rebate		556,681	556,681
	Sales tax		6,050,686	6,050,674
	Advance income tax	15.1	-	-
			6,607,367	6,607,355
15.1	**Advance income tax**			
	Opening balance		-	-
	Deducted during the year		-	760
			-	760
	Adjusted against provision for taxation	28	-	(760)
	Closing balance		-	-
16	**CASH AND BANK BALANCES**			
	Cash-in-hand		1,500	1,500
	Balance with banks in;			
	- current accounts		1,689,585	2,085,780
	- saving accounts		52,687	52,687
	- certificates of deposit	16.2	4,362,370	4,362,370
			6,106,142	6,502,337

16.1 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 29.1.1 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, 2018 from various banks having balances aggregating to Rs. 6,104,642 (2017: Rs. 6,391,729) is not available to ensure balances held with these banks.

16.2 These are under lien regarding guarantees provided by various financial institutions and carry mark-up ranging from 5.6% to 10.50% (2017: 5.6% to 10.50%) per annum.

17 SHARE CAPITAL

2018 Numbers	2017 Numbers		2018 Rupees	2017 Rupees
		Authorized share capital		
15,000,000	15,000,000	Ordinary shares of Rs. 10 each	150,000,000	150,000,000
		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
14,641,000	14,641,000		146,410,000	146,410,000

	Note	2018 Number	2017 Number
17.1 Ordinary shares held by the related party at the year end:			
Paramount Spinning Mills Limited		202,777	202,777

18 RESERVES

	Note	2018	2017
Capital reserve			
Share premium	18.1	25,000,000	25,000,000
Un-realised loss on re-measurement of available for sale investment		(16,832)	(16,832)
		24,983,168	24,983,168

18.1 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	2018 Rupees	2017 Rupees
19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at the beginning of the year	19.1	484,832,494	498,533,641
Transfer to unappropriated profit in respect of incremental depreciation on;			
- surplus on revaluation of property, plant and equipment		(9,199,100)	(9,590,803)
- related deferred tax liability		(3,757,379)	(4,110,344)
		(12,956,479)	(13,701,147)
Surplus on revaluation at the end of the year - gross		471,876,015	484,832,494
Related deferred tax liabilities on:			
- revaluation at the beginning of the year		127,468,496	131,578,840
- incremental depreciation on revalued assets		(3,757,379)	(4,110,344)
- effect of change of rate enacted		(3,629,495)	-
		120,081,622	127,468,496
Surplus on revaluation at the end of the year - net of tax		351,794,393	357,363,998

19.1 This represents surplus over book values resulting from the revaluation of property, plant and equipment (free hold land) carried out on June 30, 2006, December 31, 2008 and February 03, 2009 by an independent valuer "Consultancy Support and Services". Further, the Company has incorporated a surplus on revaluation amounting to Rs. 1,108,315,411 on freehold land, building on freehold land, plant and machinery and power house, electric installation, factory equipment, air conditioner and leased hold power house based on valuation report by an independent valuer "Maricon Consultants (Private) Limited" in the year ended June 30, 2012. The valuation was based on fair value.

	Note	2018 Rupees	2017 Rupees
20 SUB-ORDINATED LOAN - unsecured			
Sub-ordinated loan		**103,000,000**	103,000,000

This is an interest-free loan obtained from Director of the Company in previous years, This loan is sub-ordinated to the finances provided by secured creditors and does not carry mark-up. The loan shall not be repaid without obtaining consent from the secured creditors. 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	2018 Rupees	2017 Rupees
21 LONG-TERM FINANCING			
From banking company - secured			
Faysal Bank Limited	21.1	-	-
From financial institution company - secured			
PAJR Investment Company Limited	21.2	-	-
From related party - unsecured			
Gulistan Fibres Limited	21.5	-	-
		-	-

21.1 Faysal Bank Limited

Balance at beginning of the year		**21,428,572**	21,428,572
Less: current portion:			
- over due instalments		**(21,428,572)**	(21,428,572)
Balance at end of the year		-	-

The short-term borrowing of the Company were converted into long-term finance loan of Rs. 30 million from Faysal Bank Limited during the financial year ended June 30, 2012. The loan was repayable in 4 years in 7 equal semi-annual instalments including the grace period of six month commencing from July 30, 2012. It is secured by way of demand promissory note of Rs. 48,757,339, first pari passu equitable mortgage and hypothecation charge on fixed assets of Company and memorandum of constructive deposit of title deeds amounting to Rs.100.00 million. As an additional security measure the Sponsors/Directors loans was subordinated via formal subordination agreement. The loan carries mark-up at the rate of 3 month KIBOR plus 2.5% per annum payable quarterly. The charge is commonly shared for short-term borrowing also as detailed in note 26.1.

	Note	2018 Rupees	2017 Rupees
21.2 PAIR Investment Company Limited			
Balance at beginning of the year		**150,000,000**	150,000,000
Less: current portion:			
- over due instalments		**(150,000,000)**	(150,000,000)
Balance at end of the year		-	-

During the year ended June 30, 2012, the Company obtained long-term facility of Rs. 150.00 million from PAIR Investment Company Limited (formerly Pak Iran Joint Investment Company Limited) for the debt swap and balancing, modernizing and replacement (BMR). The said loan was repayable in 5 year, in 16 equal quarterly instalments including the grace period of 12 months commencing from June 30, 2013. The long-term facility carries mark-up at rate of 3 month KIBOR plus 350 bps.

The loan is secured by way of letter of hypothecation of Rs 467.00 million inclusive of margin of 25% over fixed asset of the Company and a letter of hypothecation of Rs. 267.00 million over current assets of the Company in favour of PAIR. These charges shall be subordinated to the existing charges created in favour of the existing creditors. The charge over the fixed assets shall be upgraded to pari passu charge ranking pari passu with the charges created in favour of the existing creditor within 90 day of the date of first draw down.

21.3 The Company filed a suit in the Honorable Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for rendition of accounts and damages and lending banks have also filed suits before different high courts for recovery of their long-term and short-term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 29.1.1. Due to these litigations, year-end confirmations amounting to Rs. 150.00 million from all lenders have not been received.

21.4 Due to the above mentioned litigations, the Company's financial arrangements with these banking companies are disputed and these liabilities have become payable on demand, so the entire amount of long-term finance has been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS-1) 'Financial Statement Presentation'.

	Note	2018 Rupees	2017 Rupees
21.5 Gulistan Fibres Limited			
Balance at beginning of the year		**74,818,341**	74,818,341
Less: current portion:			
- over due instalments		**(74,818,341)**	(74,818,341)
Balance at end of the year		**-**	-

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.

	Note	2018 Rupees	2017 Rupees
22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance at the beginning of year		**14,687,728**	15,287,209
Less: payments made during the year		**-**	(599,481)
		14,687,728	14,687,728
Less: current portion;			
- overdue instalment	22.2	**(14,687,728)**	(14,687,728)
Balance at end of the year		**-**	-

22.1 The Company had acquired plant and machinery and vehicles under finance lease arrangements from leasing companies, modaraba and banks. These liabilities, during the year, were subject to finance cost at the rates ranging from 7.00% to 16.77% (2017: 7.00% to 16.77%) per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. The lease finance facilities are secured against title of the leased assets in the name of lessors.

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

22.3 Due to the facts explained in note 22.2 above, the entire amounts of the lease finances have become payable on demand, therefore, the amount of future finance cost is not ascertainable as at June 30, 2018 and June 30, 2017. The disclosures of future minimum lease payments is prepared according to existing repayment schedules and provided only to comply with the disclosure requirement of IAS - 17 'Leases'. According to the existing repayment schedules, the future minimum lease payments under these lease finance agreements are due as follows;

	2018			2017		
	Minimum lease payments	Finance charges for future periods	Present value of minimum lease payments	Minimum lease payments	Finance charges for future periods	Present value of minimum lease payments
	Rupees			Rupees		
Payable within one year	15,599,823	912,095	14,687,728	15,599,823	912,095	14,687,728
Payable after one year but not later than five years	-	-	-	-	-	-
	15,599,823	912,095	14,687,728	15,599,823	912,095	14,687,728

23 DEFERRED LIABILITIES

	Note	2018 Rupees	2017 Rupees
Deferred taxation	23.1	128,178,268	142,373,142

23.1 Deferred taxation

	2018 Rupees	2017 Rupees
The net liability for deferred taxation comprises timing differences relating to;		
Taxable temporary differences (deferred tax liabilities)		
Accelerated tax depreciation - owned assets	81,120,865	83,935,526
Surplus on property, plant and equipment	101,575,401	108,884,851
Assets subject to finance lease	6,976,819	7,554,078
Deductible temporary differences (deferred tax assets)		
Staff retirement benefits - gratuity	(148,408)	(153,525)
Provisions and allowances	(57,086,968)	(53,441,470)
Liabilities against assets subject to finance lease	(4,259,441)	(4,406,318)
	128,178,268	142,373,142
Opening balance	142,373,142	158,650,919
Charged / adjusted during the year		
- Origination/reversal of temporary differences	9,449,103	11,160,005
- Effect of change of rate enacted	4,745,771	5,117,772
	(14,194,874)	(16,277,777)
Closing balance	128,178,268	142,373,142

Deferred tax asset in respect of the unused tax losses amounting Rs. 302,975,652 (2017: Rs. 234,916,312) has not been recognised in these financial statements, being prudent. The management of the Company is of view that recognition of deferred tax asset will be reassessed as at June 30, 2018.

		Note	2018 Rupees	2017 Rupees
24	**TRADE AND OTHER PAYABLES**			
	Creditors	24.1	163,784,624	172,084,623
	Foreign bills payable	24.2	57,087,619	57,087,619
	Advance from related parties	24.4	48,071,401	47,292,601
	Advance from processing party		2,023,857	2,023,857
	Accrued liabilities	24.3	7,275,764	7,625,653
	Gratuity payable	24.5	511,751	511,751
	Unclaimed dividend		619,529	619,529
	Tax deducted at source		64,714	64,714
	Other payable		150,781,500	147,668,526
			430,220,759	434,978,873

24.1 Creditors include Rs. 110,830,493 (2017: Rs. 110,830,493) against local LC payable. These amounts are overdue and under litigation with banking companies / financial institutions as disclosed in note 29.1.1. Financial institutions have not provided the confirmation of Rs. 110,830,493 (2017: Rs. 110,830,493) despite of repeated requests.

24.2 The amount is denominated in US dollar. The outstanding amount as at June 30, 2018 is US $ 546,293 (2017: US $ 546,293) aggregating to Rs. 57,087,619 (2017: Rs. 57,087,619). These amounts are overdue and under litigation with banking companies / financial institutions as disclosed in note 29.1.1. Financial institutions have not provided the confirmation despite of repeated requests.

24.3 Accrued liabilities includes the amount of Electric duty payable amounting to Rs. 1,906,625(2017: 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 29.1.3.

24.4 Advance from related parties include advances received from;

	Note	2018 Rupees	2017 Rupees
Gulshan Spinning Mills Limited,		46,590,280	45,811,480
Paramount Spining Mills Limited and		558,836	558,836
Mr. Tanveer Ahmed		922,285	922,285
		48,071,401	47,292,601

24.5 Gratuity payable

24.5.1 Movement in the net liability recognised in the balance sheet

	2018 Rupees	2017 Rupees
Net liability at beginning of the year	511,751	708,861
Benefits paid during the year	-	(197,110)
Closing net liability	511,751	511,751

		Note	2018 Rupees	2017 Rupees
25	**ACCRUED MARK-UP / INTEREST**			
	Mark-up / interest accrued on :			
	- long-term financing from banking companies	25.1		-
	- long-term financing from associated undertaking	25.2	16,923,158	16,923,158
	- liabilities against assets subject to finance lease	25.1	-	-
	- short-term borrowings	25.1	-	-
	- payables to associated undertaking	25.3	22,855,237	22,855,237
			39,778,395	39,778,395

25.1 During the year ended June 30, 2018, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 15.53 million, Rs. 0.149 million and Rs. 107.17 million respectively (2017: 15.53 million, Rs. 0.114 million and Rs. 105.711 million respectively) due to pending litigations with the financial institutions as detailed in note 29.1.1.

Further, as detailed in note 1.3, the management is in the process of finalisation of restructuring of its debts and as per indicative restructuring term sheet total accrued and outstanding mark-up due / payable till June 30, 2014 will be repaid on quarterly basis over a period of 2 years immediately after the completion of repayment term of principal i.e. 8 years. Un-provided mark-up / interest upto the balance sheet date aggregate to Rs. 943.25 million (2017: Rs. 820.40 million). This non-provisioning is in contravention with the requirements of IAS 23 - Borrowing Costs. The exact amount of un-provided mark-up / interest could not be ascertained because of non-availability of relevant information and documents due to on-going litigations with banks and financial institutions.

25.2 This amount represents mark-up payable to Gulistan Fibres Limited, an associated company, on long-term loan as per note 21.5

25.3 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% (2017: 8.10).

		Note	2018 Rupees	2017 Rupees
26	**SHORT-TERM BORROWINGS**			
	From banking companies and other financial institutions			
	Short-term borrowings - secured	**26.1**	**1,144,495,742**	1,144,495,742
	Bank overdraft	**26.2**	**623,923**	631,963
			1,145,119,666	1,145,127,705

26.1 The Company had obtained aggregate borrowing facilities of Rs. 1,307.00 million (2017: Rs. 1,307.00 million). Short-term borrowing are secured against charge of stocks with a margin of 10% to 25%, hypothecation, moveable and trade debts, work-in-process, stores, lien on export bills receivable, charge against fixed assets, current assets of the Company and personal guarantees of some of the directors. These carried mark-up at the rate of 11.29% to 12.40% (2017: 11.29% to 12.40%) per annum payable quarterly.

26.2 This represents cheques issued by the Company in excess of balance with banks which would have been presented for payments in subsequent period.

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

26.4 Year end balance confirmations aggregating Rs. 1,145,119,666 (2017: Rs. 1,145,127,705) of the lending banks / financial institutions have not been received due to above-mentioned litigation with them. Further, due to these litigations, bank statements for current financial year from all banks / financial institutions were also not available to ensure year end balances of these finance facilities.

		Note	2018 Rupees	2017 Rupees
27	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Long-term finances			
	Faysal Bank Limited	21.1	21,428,572	21,428,572
	PAIR Investment Company Limited	21.2	150,000,000	150,000,000
	Gulistan Fibres Limited	21.5	74,818,341	74,818,341
	Liabilities against assets subject to finance lease	22	14,687,728	14,687,728
			260,934,641	260,934,641
28	**PROVISION FOR TAXATION**			
	Opening balance		5,068,299	5,069,059
	Provided during the year		-	-
			5,068,299	5,069,059
	Tax adjusted		-	(760)
	Closing balance		5,068,299	5,068,299

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Liabilities towards banks and financial institutions disclosed in note 21, 22, 24, 25 and 26

(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 (2017: 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. Among all the case referred above, the most notables cases by or against the Company are explained in the following sub-notes.

(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 Lahore High Court 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 Lahore High Court through its order dated September 11, 2013 dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the Lahore High Court 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.

29.1.2 The Company has not provided for Rs. 6.8 million (2017: 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, 2018, the Company has provided bank guarantees aggregating Rs.8.95 million (2017: Rs. 8.95 million) in favour of the Excise and Taxation Department. The bank guarantees given by various banks on behalf of the Company to various parties remain intact with the respective banks.

29.1.3 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 (2017: Rs. 1,906,625) had been provided in the accounts on account of electric duty.

29.1.4 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

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.

29.1.5 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.

29.1.6 First Treet 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 orfer 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.

29.1.7 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. First National Bank Modaraba has filed an Execution petition which is now pending adjudication before the Banking Court No.1, Lahore, wherein we have already filed an objection petition. This case is being vigorously and diligently contested by the Company.

	Note	2018 Rupees	2017 Rupees
29.1.8 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
		28,819,772	28,819,772

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

29.2 Commitments

There is no capital commitment as at June 30, 2018 (2017: nil).

		Note	2018 Rupees	2017 Rupees
30	**SALES - NET**			
	Processing income		-	11,700,000
31	**COST OF SALES**			
	Raw material written-off	31.1	14,548,093	19,397,457
	Stores and spare parts provision	31.2	850,330	1,133,774
	Waste material written-off		403,203	-
	Salaries, wages and benefits	31.3	636,000	464,400
	Repair and maintenance		-	4,000,000
	Depreciation	6.2	24,400,674	25,592,778
	Others		155,386	600,000
			40,993,686	51,188,409
	Stocks at beginning of the year		12,050,223	15,932,563
	Stocks at end of the year		(9,138,468)	(12,050,223)
			2,911,755	3,882,340
			43,905,441	55,070,749

	2018 Rupees	2017 Rupees
31.1 Raw material consumed		
Stocks at beginning of the year	58,192,370	77,589,827
Stocks at the end of the year	(43,644,278)	(58,192,370)
	14,548,092	19,397,457

31.2 Store and spare parts provision represents the provision for obsolete items amounting to Rs. 850,330 (2017: Rs. 1,133,774).

31.3 Salaries, wages and benefits include staff retirement benefits amounting to Rs. nil (2017: Rs. nil).

		Note	2018 Rupees	2017 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Staff salaries and benefits	32.1	142,800	-
	Printing and stationery		40,000	-
	Postage and telephone		-	6,978
	Legal and professional		100,000	2,174,500
	Auditor's remuneration	32.2	250,000	250,000
	Fee and subscription		65,000	60,000
	Depreciation	6.2	434,500	559,499
	Others		191,304	15,241
			1,223,604	3,066,218

32.1 Staff salaries and benefits include staff retirement benefits amounting to Rs. nil (2017: Rs. nil).

	Note	2018 Rupees	2017 Rupees
32.2 Auditor's remuneration			
Annual audit		240,000	240,000
Compliance report on code of corporate governance		10,000	10,000
		250,000	250,000

	Note	2018 Rupees	2017 Rupees
33 OTHER EXPENSES			
Bad debt and other balances written off		-	390,123
34 OTHER INCOME			
Income from financial assets			
Profit on defence saving certificates		2,108,940	1,885,833
Income from non-financial assets			
Gain on disposal of property, plant and equipment		-	383,347
		2,108,940	2,269,180
35 FINANCE COST			
Mark-up / interest on;			
- liabilities against assets subject to finance lease		-	65,409
- overdue payable balances of associated undertaking		-	4,003,393
Bank charges		130,833	424,611
		130,833	4,493,413
36 TAXATION			
Current	36.1	-	-
Deferred	23.1	(14,194,874)	(16,277,777)
		(14,194,874)	(16,277,777)

36.1 The provision of minimum tax under section 113 of the Income Tax Ordinance, 2001 has not been provided in these financial statements because the Company has suffered gross loss before depreciation and other inadmissible expenses. Further, no provision for alternative corporate tax under section 113C of Income Tax Ordinance, 2001, is incorporated as the company has suffered an accounting loss. Numeric tax rate reconciliation is, therefore, not required.

	2018	2017
37 LOSS PER SHARE - BASIC AND DILUTED		
Loss after taxation (Rupees)	(32,585,559)	(32,773,546)
Weighted average number of ordinary shares outstanding during the period (Number)	14,641,000	14,641,000
Loss per share - basic and diluted (Rupees)	(2.23)	(2.24)

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

	2018 Rupees	2017 Rupees
38 CHANGES IN WORKING CAPITAL		
Decrease / (increase) in current assets:		
Trade debts	5,847,205	2,678,962
Loans and advances	104,004	360,122
Trade deposits and short-term prepayments	130,086	296,605
Tax refunds due from Government	(12)	(504)
	6,081,283	3,335,185
Decrease in trade and other payables	(4,758,114)	(6,711,251)
	1,323,169	(3,376,066)

39 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 (2017: Rs. nil)

	Note	2018 Rupees	2017 Rupees
40 CASH AND CASH EQUIVALENTS			
Cash-in-hand		1,500	1,500
Cash with banks;			
- current accounts		1,689,585	2,085,780
- saving accounts		52,687	52,687
- certificates of deposit		4,362,370	4,362,370
		6,104,642	6,500,837
Bank overdraft		(623,923)	(631,963)
		5,482,219	5,870,374

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 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

41.2 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.

41.3 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.

41.4 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.

41.5 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.

42 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.

42.1 Credit risk

42.1.1 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. Out of total financial assets of Rs. 15.5 million (2017: 21.8 million), the financial assets which are subject to credit risk aggregate to Rs. 9.45 million (2017: 15.30 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows;

	Note	2018 Rupees	2017 Rupees
Long-term deposits		**2,061,925**	2,061,925
Trade debts		**3,548,833**	9,396,038
Trade deposits and other receivables		**3,494,759**	3,494,759
Accrued mark-up		**349,994**	349,994
Bank balances		**6,106,142**	6,500,837
		15,561,654	21,803,553

42.1.2 Concentration of risk - geographical dispersion

	2018	2017
Local debtors	**3,548,833**	9,396,038

42.1.3 Concentration of risk - type of customer

	2018	2017
Yarn	**2,950,655**	4,012,260
Processing	**598,178**	5,383,778
	3,548,833	9,396,038

42.1.4 Ageing of trade debts at the reporting date:

	2018	2017
Not past due	**-**	5,383,778
More than one year	**3,768,470**	4,231,897
	3,768,470	9,615,675

42.2 Liquidity risk

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

	2018			2017		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees					
Non-derivative Financial liabilities						
Liabilities against asset subject to finance lease	14,687,728	14,687,728	-	14,687,728	14,687,728	-
Trade and other payables	430,220,759	430,220,759	-	434,978,873	434,978,873	-
Accrued mark-up / interest	39,778,395	39,778,395	-	39,778,395	39,778,395	-
Short-term borrowings	1,145,119,666	1,145,119,666	-	1,145,127,705	1,145,127,705	-
	1,629,806,548	1,629,806,548	-	1,634,572,701	1,634,572,701	-

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 1.3 to the financial statements and the management envisages that sufficient financial resources will be available to manage the liquidity risk.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30. The rates of mark-up have been disclosed in relevant notes to these financial statements.

42.3 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.

The Company is exposed to currency risk on import of raw material and stores that are denominated in currency other than the respective functional currency of the company, primarily in U.S.Dollar. The currencies in which these transaction primarily denominated in U.S.Dollar. The Company's exposure to foreign currency is as follows;

	US$	Others	Rupees
Trade and other payables 2018	546,293	-	57,087,619
Trade and other payables 2017	546,293	-	57,087,619

The following significant exchange rates applied during the year;

	2018	2017	2018	2017
	Average rates		Reporting date rates	
US Dollar to Pak Rupee	121.15	104.69	121.60	104.80

Sensitivity analysis

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

	2018 Rupees	2017 Rupees
Effect on loss for the year		
US Dollar to Rupees	5,822,936	5,889,038

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. Majority of the interest rate exposure arises from short and long-term borrowing from banks and term deposits in PLS saving accounts with banks. At the balance sheet date, the interest rate profile of Company's interest bearing financial instrument is as follows;

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial assets	19,466,439	17,357,499
Variable rate instruments		
Financial assets	4,415,057	4,415,057
Financial liabilities	1,159,183,470	1,159,183,470

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.

42.4 Fair value of financial assets and liabilities

As at June 30, 2018, 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.

	2018 Rupees	2017 Rupees
42.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	28,819,772	28,819,772

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

42.7 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.

43 Related parties comprise of associated companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the families of the directors and key management personnel are interested. The Company, in the normal course of business, carries out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 39. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Nature of transaction	2018 Rupees	2017 Rupees
Related parties due to significant influence		
Interest expense	-	4,003,393
Loan received	778,000	973,073
Loan paid	-	6,084,000

All material transactions with related parties are at arm's length.

44 CAPACITY AND PRODUCTION		2018	2017
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

44.1 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.

44.2 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.

44.3 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.

	2018	2017
	...........Number..........	
45 NUMBER OF EMPLOYEES		
Number of employees as at June 30,		
- Permanent	2	6
- Contractual	-	-
Average number of employees during the year		
- Permanent	2	6
- Contractual	-	-

46 EVENTS AFTER THE REPORTING DATE

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

47 CORRESPONDING FIGURES

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

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 05/10/2018 by the board of directors of the Company.

Shaif. M
Chief Executive

Chief Financial Officer

Director

GULISTAN SPINNING MILLS LIMITED

KEY OPERATIONG & FINANCIAL DATA
FOR THE LAST SIX YEAR

	2018 RUPEES	2017 RUPEES	2016 RUPEES	2015 RUPEES	2014 RUPEES	2013 RUPEES Restated
OPERATING RESULTS						
Total number of Spindles installed	24,096	24,096	24,096	24,096	24,096	24,096
Total number of Spindles shifts worked	0	0	0	0	12,640,903	16,734,898
Instal capacity 20's Count	8,029,854	8,029,854	8,029,854	8,029,854	8,029,854	8,029,854
Production converted into 20's Count	0	0	0	0	2,040,769	3,953,027
Number of shifts worked	0	0	0	0	906	695
Turnover	-	-	-	-	316,169,386	603,481,851
Gross Profit	(24,913,989)	(43,370,749)	(31,715,196)	(218,483,763)	(83,047,742)	(53,995,998)
Operating Expenses	896,620	3,456,341	5,938,515	22,557,019	27,434,865	53,913,080
Operating Profit	(25,810,609)	(46,827,090)	(37,653,711)	(241,040,782)	(110,482,606)	(107,841,712)
Other Income	1,885,833	2,269,180	14,022,009	6,449,717	6,058,009	9,190,855
Financial & Other Charges	981	4,493,413	10,671,391	9,821,331	5,897,274	14,329,639
Profit for the year before taxation	(23,925,757)	(49,051,323)	(34,303,093)	(244,412,396)	(110,351,599)	(116,337,870)
PROVISION FOR TAXATION						
Current year	-	-		-	-	1,570,088
Proir year	-	-		-	457,564	-
taxation	(18,157,641)	(16,277,777)	(3,212,374)	(7,055,004)	(13,058,558)	(13,147,379)
Profit for the year after taxation	(5,768,116)	(32,773,546)	(37,515,467)	(251,467,400)	97,293,041	(103,190,491)
Unappropraited Profit brought forward	(1,669,780,261)	(1,646,597,518)	(1,619,094,065)	(1,390,272,121)	(1,386,387,904)	(1,324,770,734)
Profit available for appropriation	(1,669,780,261)	(1,669,780,261)	(1,646,597,518)	(1,619,094,065)	(1,390,272,121)	(1,386,387,904)
APPROPRIATION						
Proposed Dividend	Nill	Nill	Nill	Nill	Nill	Nill
Unappropriated Profit Carried Forward	(1,708,339,907)	(1,669,780,261)	(1,646,597,518)	(1,619,094,065)	(1,390,272,121)	(1,386,387,904)
FINANCIAL POSITION						
Paid up Capital	146,410,000	146,410,000	146,410,000	146,410,000	146,410,000	146,410,000
Share Holder Equity	1,498,387,093	1,498,387,093	(1,475,204,350)	(1,447,700,897)	(1,218,863,218)	(1,214,977,904)
Long Term Loans	103,000,000	103,000,000	103,000,000	177,818,341	177,818,341	171,428,572
Obligation under Finance Leases	14,687,728	14,687,728	15,287,299	15,287,299	17,199,239	17,595,397
Deferred Liabilities	142,373,142	142,373,142	159,359,780	158,036,323	340,273,708	370,509,613
Current Liabilities	1,880,552,567	1,885,867,913	1,888,676,221	1,823,099,904	1,786,091,300	1,847,576,521
Fixed Assets	844,605,833	869,698,395	896,048,764	923,854,824	1,531,854,852	1,584,120,727
Long term Investments	19,243,332	17,357,499	15,471,666	13,769,021	10,735,485	9,838,228
Long term Deposit	2,061,925	2,061,925	2,780,500	2,780,500	2,780,500	1,273,000
Current Assets	94,735,633	101,120,141	128,485,522	148,115,841	316,992,301	368,854,776

an Spinning Mills Limited
n of Shareholding
JUNE 30, 2018

Number of Shareholders	Shareholding From	To	Shares Held	Percentage
995	1	100	14,739	0.10
269	101	500	59,061	0.40
255	501	1,000	195,070	1.33
136	1,001	5,000	348,664	2.38
46	5,001	10,000	346,292	2.37
7	10,001	15,000	88,253	0.60
6	15,001	20,000	106,439	0.73
1	20,001	25,000	21,961	0.15
5	25,001	30,000	133,823	0.91
1	30,001	35,000	31,376	0.21
2	35,001	40,000	74,879	0.51
4	40,001	45,000	168,639	1.15
2	45,001	50,000	96,609	0.66
2	50,001	55,000	103,091	0.70
1	55,001	60,000	60,000	0.41
1	65,001	70,000	67,618	0.46
2	70,001	75,000	146,500	1.00
1	75,001	80,000	76,859	0.52
1	80,001	85,000	81,625	0.56
1	85,001	90,000	89,395	0.61
1	90,001	100,000	92,082	0.63
2	100,001	150,000	298,828	2.04
1	150,001	200,000	169,103	1.15
1	200,001	250,000	202,777	1.38
1	250,001	275,000	254,500	1.74
1	275,001	600,000	277,500	1.90
1	600,001	680,000	619,543	4.23
1	680,001	1,100,000	680,806	4.65
1	1,100,001	1,160,000	1,101,822	7.53
1	1,160,001	1,350,000	1,162,251	7.94
1	1,350,001	1,365,000	1,350,655	9.23
1	1,365,001	1,395,000	1,366,910	9.34
1	1,395,001	1,445,000	1,400,000	9.56
1	1,445,001	1,900,000	1,450,000	9.90
1	1,900,001	1,905,000	1,903,330	13.00
1,754			14,641,000	100.00

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

GULISTAN SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2018

Particulars	No. of Share Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer, Their Spouses and Minor Children	9	3,955,135	27.01
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)	1,725	4,435,925	30.30
Other Companies	9	5,541,157	37.85
	1,754	**14,641,000**	**100.00**

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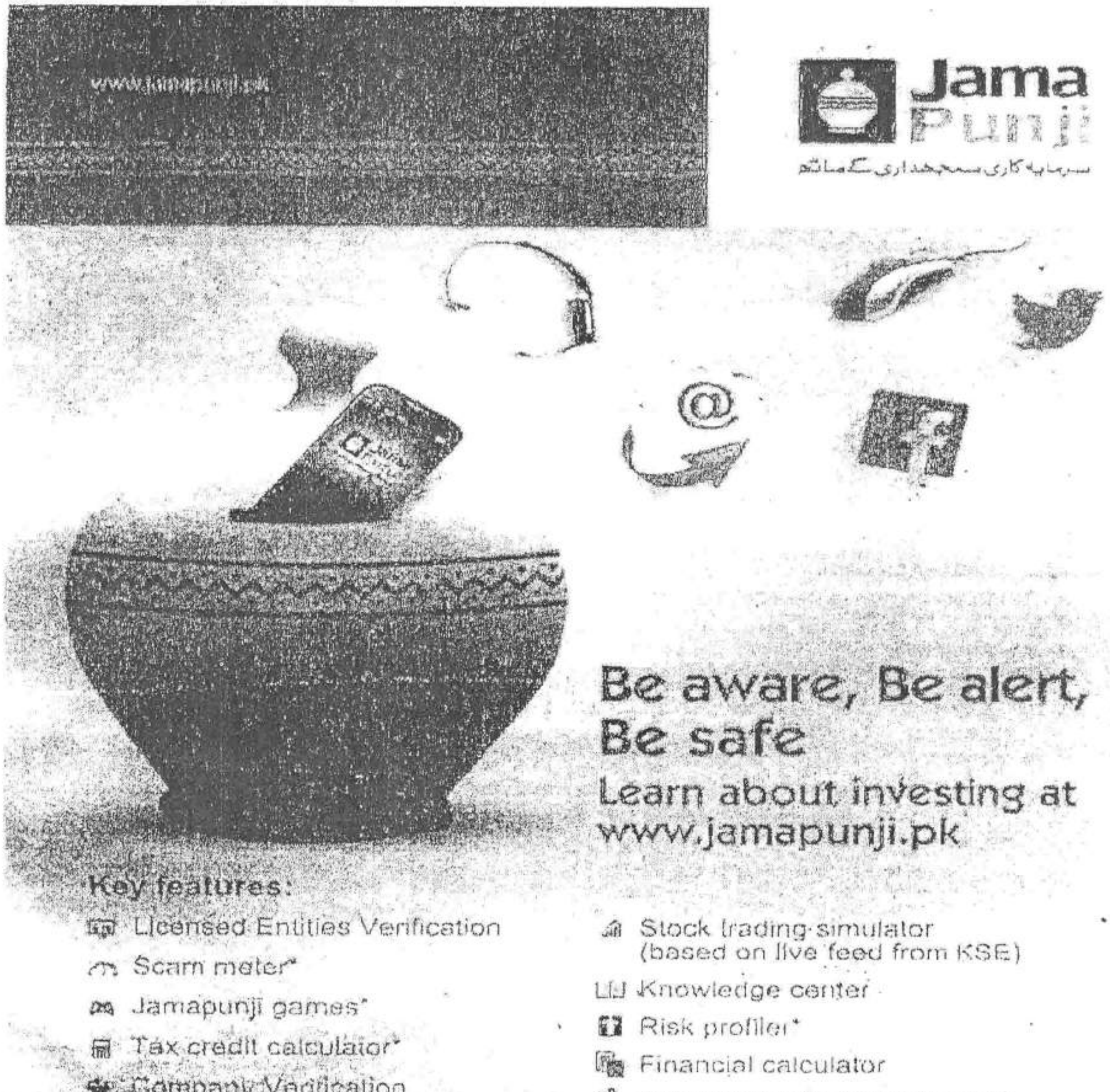
GULISTAN SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2018

		SHARES
A)	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**	
	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**	
	DIRECTORS	
	Mr. Tanveer Ahmed (Resigned on 10.04.2017)	2,584,136
	Mr. Riaz Ahmed (Resigned on 10.03.2017)	-
	Mr. MAQSOOD UL HAQ	500
	Mr. Sohail Maqsood	550
	Mr.Muhammad Akhtar Mirza	500
	Mr.Muhammad Ashraf Khan (appointed on 10.03.2017)	986
	Mr.Abid Sattar (appointed on 10.04.2017)	500
	Mr. Iftikhar Ali	500
	Mr. Muhammad Yousuf	553
	SPOUSES	
	Mrs. Naureen Tanveer up to 10.04.2107	1,366,910
	Mr.Ebrahim Shakoor up to 10.04.2017	169,103
D)	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS**	
	BANKS	
	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)**	4,266,822
		14,641,000

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



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فارم برائے پروکسی ممبر

گلستان سپننگ ملز لمیٹڈ

میں گلشن سپننگ ملز لمیٹڈ کے ____________ عدد عام شیئرز کا مالک/ رکھتا ہوں جو کہ شیئر 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 سپننگ ملز لمیٹڈ کا رکن/ شیئرز ہولڈر ہے، کو میں اپنا پروکسی/ شراکت کنندہ/ نمائندہ مقرر کرتا ہوں یا اسکے ناکام ہو جانے/ پیش ہونے میں ناکام ہونے کے بعد دوسرے شخص مسمی ____________ جو کہ بھی بذریعہ فولیو نمبر ____________ سی ڈی سی امیدوار شناختی کارڈ نمبر ____________ اکاؤنٹ نمبر ____________ گلشن سپننگ ملز لمیٹڈ کا رکن /شیئرز ہولڈرز ہے کو اپنا پروکسی/ شراکت کنندہ/ نمائندہ میں مقرر کرونگا جو میری جگہ سالانہ کمپنی کو مجلس عاملہ جو کہ

27 اکتوبر 2018 کو بوقت 11:30 بجے یا کسی دیگر وقت وجگہ پر منعقد ہو گی پیش/ شرکت کرے گا اور میری جگہ بیان اور ووٹ دے گا۔

دستخط وممبر پراکسی ممبر

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

گواہ نمبر 1	**گواہ نمبر 2**
نام________________	نام________________
پتہ________________	پتہ________________
شناختی کارڈ نمبر________________	شناختی کارڈ نمبر________________

نوٹ۔

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

2- پروکسی کنندہ کمپنی کا 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 کرینگے تاکہ ان کی شناخت ہوسکے۔ بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔

5- کارپوریٹ ممبرز کے نمائندے اپنے متعلقہ کاغذات پیش کرینگے۔

****

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 27 October 2018 at 11:30 a.m and at any adjournment thereof.

Appropriate Revenue Stamp

As witness my/our hand this________day of ____________2018

Signed by the said ______________________________

Witness 1:-

Name:-______________________________

Adress:-______________________________

CNIC:-______________________________

Witness 2:-

Name:-______________________________

Adress:-______________________________

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.