

**GULSHAN SPINNING
MILLS LIMITED**

ANNUAL REPORT 2021

GULSHAN SPINNING MILLS LTD

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GULSHAN SPINNING MILLS LIMITED
COMPANY INFORMATION

| | |
|--|--|
| BOARD OF DIRECTORS | Mr. Muhammad Akhtar Mirza (Chairman) Mr. Sohail Maqsood (Chief Executive) Mr. Muhammad Ashraf Khan Mr. Abid Sattar Mr. Muhammad Arif Mrs. Zarqa Asif Mr. Muhammad Junaid |
| AUDIT COMMITTEE | Mr. Muhammad Junaid (Chairman) Mr. Abid Sattar Mr. Muhammad Akhtar Mirza |
| HR & REMUNERATION COMMITTEE | Mr. Muhammad Arif (Chairman) Mr. Abid Sattar Mr. Muhammad Akhtar Mirza |
| CHIEF FINANCIAL OFFICER | Mr. Muhammad Shahid |
| COMPANY SECRETARY | Mr. Muhammad Ijaz |
| AUDITORS | M/s. Malik Haroon Shahid Safdar & Co Chartered Accountants Lahore. |
| LEGAL ADVISOR | Akhtar Javed-Advocate |
| SHARE REGISTRAR OFFICE | M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 32424826, 32412754, Fax. 32424835 |
| REGISTERED OFFICE | 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi. |
| REGIONAL OFFICE | 2nd Floor, Garden Heights, 8Aibak Block, New Garden Town, Lahore. |
| MILLS | Unit-I Tibba Sultanpur, Dist. Vehari Unit-II Jumber Khurd Tehsil Chunnian Dist. Kasur Unit-III Warburton Dist. Nankana Sahib |
| WEB PRESENCE | http://www.gulshan.com.pk/corporate/gulshan.html |

Gulshan Spinning Mills Limited

CORPORATE VISION / MISSION STATEMENT



Vision:

We aim to re-build the Company.



Mission:

To become again a quality manufacturer of textile products.

GULSHAN SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of **Gulshan Spinning Mills Limited** (the "Company") will be held at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Friday 31st March, 2023 at 11:45 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, 2021 together with Directors' and Auditors' Reports thereon and endorsement of 2020 audited accounts from members of the company.
3. To appoint auditors of the company for the next financial year 2021-2022 and fix their remuneration. The retiring Auditors M/s Malik Haroon Shahid Safder & Co, 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.

Lahore:
March 10, 2023
NOTES:

By Order of the Board
Muhammad Ijaz
Company Secretary



1. The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **24th March, 2023 to 31st March, 2023 (both days inclusive).**
2. A member entitled to attend and vote at the general meeting may appoint any other member as proxy in writing to attend the meeting and vote on his/her behalf. Duly completed form(s) of proxy must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. CDC Account Holders are requested to bring with them their CNIC along with participant I.D & their account number at the time of meeting in order to facilitate identification. In case of corporate entity, a certified BOD resolution/ valid power of attorney with specimen signature of the nominee be produced at the time of meeting.
4. Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

گلشن اسپینگ ملز لمیٹڈ

سالانہ عام اجلاس کا نوٹس

اطلاع دی جاتی ہے کہ گلشن اسپینگ ملز لمیٹڈ ("کمپنی") کا سالانہ اجلاس 2dn فلور فنلے ہاؤس، I.I میں منعقد ہوگا۔ چندریگر روڈ، کراچی 31 مارچ 2023 بروز جمعہ صبح 11:45 بجے، درج ذیل کاروبار کے لیے:

1. کمپنی کی آخری سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔
2. 30 جون 2021 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو وصول کرنے، ان پر غور کرنے اور اپنانے کے لیے اس پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور کمپنی کے اراکین سے 2020 آڈٹ شدہ اکاؤنٹس کی توثیق۔
3. اگلے مالی سال 2021-2022 کے لیے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز ملک ہارون شاہد صفدر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کے باعث، کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے خود کو پیش کر چکے ہیں۔
4. چیئرمین کی اجازت سے کوئی دوسرا کاروبار کرنا۔

بورڈ کے حکم سے
محمد اعجاز
لاہور: کمپنی سیکرٹری

10 مارچ 2023

نوٹس:

1. کمپنی کی حصص کی منتقلی کی کتابیں بند رہیں گی اور 24 مارچ 2023 سے 31 مارچ 2023 تک (دونوں دنوں سمیت) رجسٹریشن کے لیے حصص کی کوئی منتقلی قبول نہیں کی جائے گی۔
2. جنرل میٹنگ میں شرکت اور ووٹ دینے کا حقدار ممبر کسی دوسرے ممبر کو تحریری طور پر میٹنگ میں شرکت کرنے اور اپنی طرف سے ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے۔ پراکسی کے باضابطہ طور پر مکمل کیے گئے فارم کو کمپنی کے رجسٹرڈ آفس میں میٹنگ کے لیے مقررہ وقت سے 48 گھنٹے پہلے کمپنی کے پاس جمع کرانا چاہیے۔
3. CDC اکاؤنٹ بولڈرز سے درخواست کی جاتی ہے کہ وہ شناخت میں سہولت کے لیے میٹنگ کے وقت اپنے ساتھ اپنا شناختی کارڈ اور شریک شناختی کارڈ اور اکاؤنٹ نمبر لے کر آئیں۔ کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت ایک تصدیق شدہ BOD ریزولوشن/نمائندے کے دستخط کے ساتھ درست پاور آف اٹارنی پیش کیا جائے۔
4. ممبران سے درخواست ہے کہ وہ اپنے پتے کی تبدیلیوں (اگر کوئی ہیں) کو فوری طور پر ہمارے شیپرز رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیئمبر، حسرت موبانی روڈ، کراچی کو مطلع کریں۔

GULSHAN SPINNING MILLS LIMITED

CHAIRMAN REVIEW

It is my privilege to be serving as a chairman of Board of Directors of M/S Gulshan Spinning Mills Limited (the "Company"). I would like to thank our esteemed shareholders for entrusting me for guiding directions of the company.

The Company is very hopeful that with restructuring and settlement of amounts, the pending issues with financial institutions will be resolved, the financial health of the Company will be improved which will enable the Company to focus on new profitable avenues. The Scheme of Arrangement under section 279 of the Companies Act 2017 has been duly sanctioned by the Honorable Sindh High Court at Karachi. The liability of the Company will be settled in terms of the Scheme of Arrangement. All pending litigations with banks will be withdrawn as per the Scheme of Arrangement.

ACKNOWLEDGEMENTS

The performance of our Board and the services render by the management and staff of the Company is appreciated.



Muhammad Akhtar Mirza

Lahore :- 03.03.2023

گلشن اسپیننگ ملز لمیٹڈ

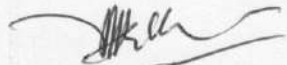
چیئرمین کا جائزہ

M/S گلشن اسپیننگ ملز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کے چیئرمین کے طور پر خدمات انجام دینا میرے لیے اعزاز کی بات ہے۔ میں اپنے معزز شیئر ہولڈرز کا شکریہ ادا کرنا چاہوں گا کہ انہوں نے مجھے کمپنی کی رہنمائی کی ذمہ داری سونپی۔ کمپنی کو بہت امید ہے کہ تنظیم نو اور رقوم کی تصفیہ کے ساتھ، مالیاتی اداروں کے ساتھ زیر التواء مسائل حل ہو جائیں گے، کمپنی کی مالی صحت بہتر ہو جائے گی جس سے کمپنی نئی منافع بخش راہوں پر توجہ مرکوز کر سکے گی۔ کمپنیز ایکٹ 2017 کے سیکشن 279 کے تحت ترتیب دینے کی اسکیم کو معزز سندھ ہائی کورٹ کراچی نے باضابطہ منظوری دی ہے۔ کمپنی کی ذمہ داری سکیم آف ارینجمنٹ کے لحاظ سے طے کی جائے گی۔ بینکوں کے ساتھ زیر التواء تمام قانونی چارہ جوئی کو سکیم آف ارینجمنٹ کے مطابق واپس لے لیا جائے گا۔

اعترافات

ہمارے بورڈ کی کارکردگی اور کمپنی کی انتظامیہ اور عملہ کی طرف سے فراہم کی جانے والی خدمات کو سراہا جاتا ہے۔

محمد اختر مرزا


لاہور: 03.03.202



Gulshan Spinning Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)
Tel: (92-42) 37175831

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, 2021 at the Annual General Meeting of Company.

The previous auditors of the company (Retiring Auditor) appointed for the financial year ending June 30, 2020 failed to comply with its statutory duties by not signing the financial statements for the year ending June 30, 2020. Therefore, audit for the year ended 30 June 2020 was delayed due to the actions and inactions of the retiring auditor. Due to this reason subsequent audit are also delayed.

Overview

The litigation with financial institutions forced the Company to initiate restructuring of its debt obligations subject to reconciliation to discharge its commitments to its lenders. The Company has initiated the debt restructuring process with the help of the key lending financial institutions. In this regard a Scheme of Arrangement under section 279 to 283 & 285 of the Companies Act 2017 (Scheme of Arrangement) has already been sanctioned by the Hon'ble Sindh High Court at Karachi (the "Court"). The Scheme will be implemented in letter and spirit as sanctioned by the Court. As per the Scheme of Arrangement all the litigation will be withdrawn by the creditors of the Company.

Operating & Financial Performance

| Operating indicators | 2021 | 2020 |
|------------------------|--------------|--------------|
| | (Rupees) | (Rupees) |
| Sales | - | - |
| Cost of goods sold | - | - |
| Financial cost | (9,402) | (19,745) |
| Pre-tax Loss | (88,936,284) | (19,157,723) |
| Provision for taxation | - | - |
| Loss after taxation | (88,946,284) | (19,157,723) |

Future Outlook

The restructuring process is expected to be completed soon, once the Scheme of Arrangement is implemented, the Company will be in a better position to structure the way forward.

Auditors' Observations

- Stock in trade is not verifiable because various go-downs have been sealed as per the court order(s). Therefore, the go-down will be de-sealed with the permission of the concerned court(s).



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- The auditor shows their reservation only that they have not received the confirmation directly from the Banks to them due to pending litigation with banks as per their normal audit procedure. However, it is relevant to mention here that in annexed financial statement, the amount of loan has been taken from the Scheme of Arrangement which was confirmed by the secured creditors and was submitted before the Court. In the annexed financial statement, the amount of loan has taken from the Scheme of Arrangement which is confirmed by all the creditors and submitted in Court for the approval of the Scheme. The auditor shows their reservation only that they have not received the confirmation directly from the banks to them as per their normal audit procedure.
- Trade and others payable include Electric duty and Sindh development funds as reported in Note No.17

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

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. Muhammad Junaid | 4 |
| Mr. Abid Sattar | 4 |
| Mr. Muhammad Akhtar Mirza | 4 |

HR & Remuneration Committee

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

Internal Audit Function



Gulshan Spinning Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)
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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.
- 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, 2020 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, 2021 was Rs. (4.00) as compared to the previous year of Rs. (0.86)

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2021.

Corporate Social Responsibility

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

Web presence

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

Related Party Transactions

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

Trading in Company's Shares



Gulshan Spinning Mills Limited

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During the year under review, there is no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children.

Statement on Value of Staff Retirement Benefit

As on June 30, 2021 deferred liability for gratuity is Rs. 14,786,336/-

Auditors

Messrs Malik Haroon Shahid Safder & Co., 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 2021-2022.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2021 including the information under the code of corporate of governance is annexed.

Acknowledgement

The Board 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 who have accepted the Scheme of Arrangement in the meeting held pursuant to the orders of the Sindh High Court.

On behalf of the Board

Lahore

March 03, 2023

Muhammad Akhtar Mirza
Chairman

Sohail Maqsood
Chief Executive

گلشن اسپیننگ ملز لمیٹڈ

شیئر ہولڈرز کو ڈائریکٹر کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کو کمپنی کی سالانہ جنرل میٹنگ میں 30 جون 2021 کو ختم ہونے والے سال کے لیے آڈیٹر کی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی بیانات کے ساتھ اپنی رپورٹ پیش کرنے پر خوشی ہے۔

30 جون 2020 کو ختم ہونے والے مالی سال کے لیے مقرر کردہ کمپنی کے سابقہ آڈیٹرز (ریٹائرنگ آڈیٹر) 30 جون 2020 کو ختم ہونے والے سال کے مالیاتی گوشواروں پر دستخط نہ کر کے اپنے قانونی فرائض کی تعمیل کرنے میں ناکام رہے۔ جون 2020 ریٹائر ہونے والے آڈیٹر کے اقدامات اور غیر فعالیوں کی وجہ سے تاخیر کا شکار ہوا۔ اسی وجہ سے بعد کے آڈٹ میں بھی تاخیر ہوتی ہے۔

جائزہ

مالیاتی اداروں کے ساتھ قانونی چارہ جوئی نے کمپنی کو مجبور کیا کہ وہ اپنے قرض دہندگان کے ساتھ اپنے وعدوں کو پورا کرنے کے لیے مفاہمت سے مشروط اپنی قرض کی ذمہ داریوں کی تنظیم نو شروع کرے۔ کمپنی نے اہم قرض دینے والے مالیاتی اداروں کی مدد سے قرض کی تنظیم نو کا عمل شروع کیا ہے۔ اس سلسلے میں کمپنیز ایکٹ 2017 کے سیکشن 279 سے 283 اور 285 کے تحت ایک اسکیم آف ارینجمنٹ (اسکیم آف ارینجمنٹ) کو پہلے ہی کراچی ("عدالت") میں معزز سندھ ہائی کورٹ نے منظوری دے دی ہے۔ اسکیم کو عدالت کی طرف سے منظوری کے مطابق مکمل طور پر لاگو کیا جائے گا۔ بندوبست کی اسکیم کے مطابق کمپنی کے قرض دہندگان کے ذریعہ تمام قانونی چارہ جوئی واپس لے لی جائے گی۔

آپریٹنگ اور مالیاتی کارکردگی

| Operating indicators | 2021 | 2020 |
|------------------------|--------------|--------------|
| | (Rupees) | (Rupees) |
| Sales | - | - |
| Cost of goods sold | - | - |
| Financial cost | (9,402) | (19,745) |
| Pre-tax Loss | (88,936,284) | (19,157,723) |
| Provision for taxation | - | - |
| Loss after taxation | (88,946,284) | (19,157,723) |

مستقبل کا آؤٹ لک

تنظیم نو کا عمل جلد مکمل ہونے کی امید ہے، ایک بار ترتیب کی اسکیم کے نفاذ کے بعد، کمپنی آگے کے راستے کی ساخت کے لیے بہتر پوزیشن میں ہوگی۔

آڈیٹرز کے مشاہدات

— تجارت میں اسٹاک قابل تصدیق نہیں ہے کیونکہ عدالتی حکم (حکموں) کے مطابق مختلف گوداموں کو سیل کر دیا گیا ہے۔ لہذا، متعلقہ عدالت (عدالتوں) کی اجازت سے گو ڈاون کو ڈی سیل کر دیا جائے گا۔

— آڈیٹر اپنی ریزرویشن صرف یہ ظاہر کرتا ہے کہ انہیں بینکوں سے ان کے عام آڈٹ طریقہ کار کے مطابق بینکوں کے ساتھ زیر التواء قانونی چارہ جوئی کی وجہ سے براہ راست تصدیق نہیں ملی ہے۔ تاہم، یہاں یہ بتانا ضروری ہے کہ منسلک مالیاتی بیان میں، قرض کی رقم سکیم آف ارینجمنٹ سے لی گئی ہے جس کی تصدیق محفوظ قرض دہندگان نے کی تھی اور اسے عدالت میں پیش کیا گیا تھا۔ منسلک مالی بیان میں، قرض کی رقم سکیم آف ارینجمنٹ سے لی گئی ہے جس کی تصدیق تمام قرض دہندگان نے کی ہے اور اسکیم کی منظوری کے لیے عدالت میں جمع کرائی گئی ہے۔ آڈیٹر اپنی ریزرویشن صرف یہ ظاہر کرتا ہے کہ انہیں ان کے عام آڈٹ طریقہ کار کے مطابق بینکوں سے براہ راست تصدیق نہیں ملی ہے۔

— تجارت اور دیگر قابل ادائیگی میں الیکٹریک ڈیوٹی اور سندھ کے ترقیاتی فنڈز شامل ہیں جیسا کہ نوٹ میں بتایا گیا ہے۔

نمبر 17

کارپوریٹ گورننس

کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قواعد و ضوابط کی تعمیل کر رہی ہے اور مزید سخت چیک اینڈ بیننس کے ساتھ بہتر اندرونی کنٹرول کی پالیسیوں پر عمل درآمد کر رہی ہے۔

بورڈ کے اجلاس اور حاضری

بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے اور ان میں ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

اجلاس میں شریک ڈائریکٹر کا نام نمبر

جناب محمد اختر مرزا 4

جناب سہیل مقصود 4

جناب محمد جنید 4

جناب محمد اشرف خان 3

جناب محمد آصف اکرم 3

جناب عابد ستار 4

جناب محمد عارف 3

اجلاس میں شرکت نہ کرنے والے ارکان کو غیر حاضری کی چھٹی دے دی گئی۔

حساب کتاب کا گروہ یا لوگ

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک آڈٹ کمیٹی قائم کی

ہے۔ آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے اور ان میں ہر ممبر کی حاضری حسب ذیل ہے:

اجلاس میں شرکت کرنے والے ممبران کے نام

جناب محمد جنید 4

جناب عابد ستار 4

جناب محمد اختر مرزا 4

HR اور معاوضہ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں کمپنی کے بورڈ آف ڈائریکٹرز نے HR اور معاوضے کی

کمیٹی بھی قائم کی ہے۔ اس کے اراکین کے نام کمپنی کی معلومات میں دیے گئے ہیں۔

اندرونی آڈٹ فنکشن

بورڈ نے ایک مضبوط اور موثر اندرونی کنٹرول سسٹم نافذ کیا ہے جس میں کمپنی کے بنیادی مقاصد

کو پورا کرنے کے لیے کمپنی کے کاروبار کو کنٹرول شدہ ماحول میں آگے بڑھانے کے لیے آپریشنل،

مالیاتی اور تعمیل کنٹرول شامل ہیں۔

اندرونی آڈٹ کے نتائج کا آڈٹ کمیٹی جائزہ لیتی ہے، جہاں ضروری ہو، اندرونی آڈٹ رپورٹس میں

موجود سفارشات کی بنیاد پر کارروائی کی جاتی ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

جیسا کہ کارپوریٹ گورننس کے ضابطہ کی ضرورت ہے، ڈائریکٹرز یہ بتاتے ہوئے خوش ہیں کہ:

• کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حقیقی حالت، اس کے آپریشنز کے

نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔

• کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔

• مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ

کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

• مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے۔

اندرونی کنٹرول کا نظام درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

• کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے جیسا کہ اسٹاک ایکسچینج کے فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

• پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

• ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2020 تک بقایا ہیں سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔

• مالیاتی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان آپ کی کمپنی کی مالی حالت کو متاثر کرنے والی کوئی بھی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں، سوائے مالی بیانات میں ظاہر ہونے والے کے۔

آمدنی/نقصان) فی شیئر

30 جون 2021 کو ختم ہونے والی مدت کے لیے کمپنی کا فی شیئر نقصان روپے تھا۔ (4.00) پچھلے سال کے مقابلے روپے (0.86)

منافع

اوپر زیر بحث آنے والے حالات کی وجہ سے، بورڈ آف ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے لیے منافع کی سفارش نہیں کرتا ہے۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی ذمہ دار کارپوریٹ شہری ہے اور کمیونٹی، ملازمین اور ماحول کے تئیں اپنی ذمہ داری کو پوری طرح سے تسلیم کرتی ہے۔

ویب کی موجودگی

حصص یافتگان اور دیگر کی معلومات کے لیے کمپنی کے سالانہ اور متواتر مالی بیانات کمپنی کی ویب سائٹ www.gulshan.com.pk پر بھی دستیاب ہیں۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے درمیان لین دین آرمز لینتھ قیمتوں پر کیے گئے تھے جن کا تعین "موازنہ بے قابو قیمت کے طریقہ کار" کے مطابق کیا گیا تھا۔ کمپنی نے پاکستان میں اسٹاک ایکسچینج کی فہرست سازی کے ضوابط کے مطابق ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل تعمیل کی ہے۔

کمپنی کے حصص میں تجارت

زیر نظر سال کے دوران، ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور

ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں کوئی لین دین نہیں ہوا۔

اسٹاف ریٹائرمنٹ بینیفٹ کی قدر پر بیان

30 جون 2021 تک گریجویٹی کی موخر ذمہ داری روپے ہے۔ -14,786,336/

آڈیٹرز

میسرز ملک ہارون شاہد صفدر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کے باعث دوبارہ تقرری کے لیے خود کو پیش کر چکے ہیں۔ آڈٹ کمیٹی نے اگلے مالی سال 2021-2022 کے لیے کمپنی کے بیرونی آڈیٹرز کے طور پر ان کی تقرری کی بھی سفارش کی ہے۔

شینئر ہولڈنگ کا نمونہ

30 جون 2021 تک شینئر ہولڈنگ کا پیٹرن جس میں کارپوریٹ آف گورننس کے کوڈ کے تحت معلومات شامل ہیں۔

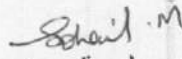
اعتراف

بورڈ ملازمین، انتظامی ٹیم کے اراکین کو ان کی کاوشوں، عزم اور محنت کے لیے اور ان شینئر ہولڈرز کی تعریف ریکارڈ پر رکھنا چاہتا ہے جنہوں نے سندھ ہائی کورٹ کے حکم کے مطابق منعقدہ میٹنگ میں انتظامات کی اسکیم کو قبول کیا۔

بورڈ کی جانب سے

لاہور

03 مارچ 2023


محمد انور
چیف ایگزیکٹو


محمد اختر
چینر مین



Gulshan Spinning Mills Limited

2nd Floor , Garden Heights, 8-Aibak Block, New Garden Town ,
Lahore (Pakistan)
Tel: (92-42) 37175831

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS-2019

Year Ended

June 30, 2021

The company has complied with the requirements of listed Companies (Code of Corporate Governance) Regulation-2019 (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. Muhammad Junaid and Muhammad Asif Akram |
| Executive Directors | Mr. Sohail Maqsood and Muhammad Ashraf Khan |
| Non-Executive Directors | Mr. Muhammad Arif, Mr. Muhammad Akhtar Mirza, Mr. Abid Sattar |

* With reference to Regulation 6 (1), in a Board comprising 7 members, one-third works out to 2.33. Since the fraction is below half (i.e. 0.5) the fraction contained in such one-third is not rounded up to one. Further, the two elected independent directors have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently, as per applicable laws and regulations, hence, appointment of a third independent director is not warranted. Furthermore, the independent directors are not selected from data bank.

2. The directors have confirmed that none of them is serving as a director in more than Seven listed companies, including this Company;
3. 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;
4. 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;
5. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations;
6. 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;
7. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
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 financial statements of the company were duly endorsed by CEO and CFO before approval of the board;



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10. The Board has formed a committees, comprising of members are given below:-

A) Audit Committee

| | |
|---------------------------|----------|
| Mr. Muhammad Junaid | Chairman |
| Mr. Abid Sattar | Member |
| Mr. Muhammad Akhtar Mirza | Member |

B) HR & Remuneration Committee

| | |
|---------------------------|----------|
| Mr. Muhammad Asif Akram | Chairman |
| Mr. Abid Sattar | Member |
| Mr. Muhammad Akhtar Mirza | Member |

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

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

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

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

13. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company;

14. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, 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 Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not the close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

15. 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.

16. We confirm that all requirements of the regulations 3, 6, 8, 27, 32, 33 and 36 of the regulations have been complied with, except the requirement of the regulation 7 which is explained as follows:

| Sr. No. | Mandatory Requirement | Reg. No. | Explanation |
|---------|--|----------|---|
| 1 | Subject to section 154 of the Act, it is mandatory that the Board shall have at least one female director. | 7 | The Company has appointed female director as per CCG Regulation-2019 in the year 2022-2023. |



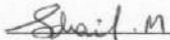
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17. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

| Sr. No. | Non-Mandatory Requirement | Reg. No. | Explanation |
|---------|---|----------|--|
| 2 | The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances. | 29(1) | The company has no nomination committee because all its mills' operations have been closed. |
| 3 | The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. | 30(1) | The company has no risk management committee because all its mills' operations have been closed. |
| 4 | It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. | 19(1) | The Company may conduct training program before the next election of directors. |

On behalf of the board of Directors


Chief Executive Officer
Lahore:- 03.03.2023


Chairman

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



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Independent Auditor's Review Report To the Members of "Gulshan Spinning Mills Limited"

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gulshan Spinning Mills Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 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. 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 draw attention to paragraph 16 of the statement of compliance, which states that the Company will appoint the female director as per CCG regulation-2019 within the due course. Our conclusion is not modified in respect of this matter.

Based on our review, 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.



Malik Haroon Shahid Safder
Malik Haroon Shahid Safder & Co.
Chartered Accountants

Lahore
March 03, 2023

Head Office: 25-G, Gulberg II
Lahore - 54660 Pakistan.

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INDEPENDENT AUDITORS REPORT to the Members of Gulshan Spinning Mills Limited Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Gulshan Spinning Mills Limited** (the Company), which comprise the statement of financial position as of **June 30, 2021**, and the statement of profit or loss, the statement of 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.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as applicable in Pakistan.

Basis for Qualified Opinion

1. We were unable to satisfy ourselves regarding the existence and valuation of property, plant, and equipment having carrying values as of June 30, 2021 amounting to Rs. 6.658 million.
2. We were unable to obtain sufficient appropriate audit evidence about investment amounting to Rs. 141.387 million as of June 30, 2021. We were unable to determine whether any adjustment to this amount is necessary.
3. We did not observe the counting of physical inventories at the end of the year and accordingly, we were unable to satisfy ourselves by alternative means concerning the inventory quantities held on June 30, 2021, which is stated in the financial statements at a cost of Rs. 97.195 million.
4. Due to the litigations with banks we did not receive confirmations from banks and other financial institutions. Accordingly, we are unable to verify bank balances as of June 30, 2021 amounting to Rs.17.171 million.
5. We were unable to satisfy ourselves regarding balances payable in respect of trade and other payables, post-employment benefits payables, and unclaimed dividends amounting to Rs. 19.919 million, Rs. 14.786 million and Rs. 1.037 million, respectively.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MHSS & CO

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Emphasis of Matter

We draw attention to notes 1.2 and 2.2 of the financial statements, which state that the Company along with its restructuring agent - United Bank Limited, and the majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") and the directors have determined that the going concern basis of preparation is no longer appropriate. Accordingly, the financial statements have been prepared on a liquidation/break-up value basis. Our opinion is not modified in respect of this matter.

Key Audit Matters

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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

| Sr. No | Matter | How the matter was addressed in our audit |
|--------|--|--|
| 1 | Valuation of disposal group under the scheme of arrangement | |
| | <p>Refer to in note 12 to the accompanying financial statements, the directors have decided to settle the Company's liabilities to secured creditors through the sale of items of property, plant, and equipment under the scheme of arrangement.</p> <p>We identified this area as a key audit matter because the disposal group under the scheme of arrangement constitutes 84% of the total assets of the Company as of June 30, 2021, and determining an appropriate carrying value as a result of impairment involves management judgment and estimation.</p> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none">• Inquired and discussed with management to develop an understanding of management for classification of items of property, plant, and equipment as disposal group under the scheme of arrangement;• Read minutes of the meeting of the board of directors for the approval of items of property, plant, and equipment as disposal group under the scheme of arrangement;• Obtained copy of the scheme of the arrangement, duly signed by a majority of secured creditors (banking companies) to establish a complete understanding of the Scheme;• Obtained and reviewed the sales agreements of as entered into by the restructuring agent - United Bank Limited subsequent to the year end and ascertain that the recoverable value of these assets does not exceed the carrying value. |

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| Sr. No | Matter | How the matter was addressed in our audit |
|--------|--|--|
| 2. | Contingencies and commitments | |
| | <p>Refer to note 20 to the financial statements; The Company has significant litigations in respect of claims lodged by various banks regarding loan facilities. Given the nature and amount involved in such cases and the appellate forums at which these are pending and the non-receipt of confirmation from a legal advisor, the outcome and resultant accounting in financial statements are subject to significant judgment, which can change over time as new fact emerged and each legal case progresses, and therefore, we have identified this as key matter.</p> | <p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> • Read the scheme of arrangement and ensure that all the litigation as mentioned in the scheme and approved by the banks are properly disclosed in the financial statements. • Read the minutes of the meeting and evaluate whether the provision of the scheme regarding the withdrawal of the filed litigations is still appropriate. |
| 3. | Payable to banking companies under the scheme of arrangement and accrued mark up. | |
| | <p>Refer to notes 19 to the financial statements; We identified payable to banking companies under the scheme of arrangement as a key matter as it constitutes 94% of total liabilities and involves multiple litigations.</p> | <p>Our audit procedures include the following;</p> <ul style="list-style-type: none"> • Discuss the matter with management and understand the matter. • Collaborate the figures with the amounts disclosed in the scheme of arrangement. • Read the scheme to ensure that no further liability in respect of this balance is expected to arise. |

Information Other than the Financial Statements and Auditor's 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 auditor's 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.

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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 the requirements of the Companies Act, 2017 (XIX of 2017) and 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 related 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.

The Board of directors is 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 on 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.

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- 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 during 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the matters stated in Basis for Qualified Opinion above:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Usher ordinance, 1980 (XVIII 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Malik Haroon Ahmad, FCA.**

Lahore
March 03, 2023



Malik Haroon Shahid Safder & Co.
Malik Haroon Shahid Safder & Co.
Chartered Accountants

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GULSHAN SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021



| | Note | 2021 Rupees | 2020 Rupees |
|--|------|----------------------|----------------------|
| ASSETS | | | |
| Property, plant and equipment | 5 | 6,658,289 | 7,580,916 |
| Investments | 6 | 141,387,348 | 141,387,348 |
| Security deposits | | 500,000 | 500,000 |
| Stock-in-trade | 7 | 97,194,845 | 97,194,845 |
| Trade debtors | 8 | 6,849,390 | 12,835,272 |
| Loans and advances | 9 | - | 1,040,867 |
| Tax refund due from Government | 10 | 11,686,514 | 11,671,849 |
| Cash and bank balances | 11 | 17,171,003 | 16,259,838 |
| Disposal group under scheme of arrangement | 12 | 1,448,051,524 | 1,531,409,057 |
| TOTAL ASSETS | | 1,729,498,913 | 1,819,879,992 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 13 | 222,250,380 | 222,250,380 |
| Reserves | 14 | 272,000,000 | 272,000,000 |
| Sub-ordinated loan | 15 | 250,000,000 | 250,000,000 |
| Surplus on revaluation of property, plant and equipment | | 732,032,293 | 732,032,293 |
| Accumulated losses | | (4,448,054,865) | (4,359,108,581) |
| Total equity | | (2,971,772,192) | (2,882,825,908) |
| LIABILITIES | | | |
| Loan from associates and others | 16 | 269,352,722 | 564,163 |
| Trade and other payables | 17 | 19,919,944 | 22,089,838 |
| Post employment benefits payables | 18 | 14,786,336 | 16,431,796 |
| Unclaimed dividend | | 1,037,103 | 1,037,103 |
| Payable to banking companies under scheme of arrangement | 19 | 4,396,175,000 | 4,662,583,000 |
| | | 4,701,271,105 | 4,702,705,900 |
| CONTINGENCIES AND COMMITMENTS | | | |
| TOTAL EQUITY AND LIABILITIES | 20 | 1,729,498,913 | 1,819,879,992 |

The annexed notes from 1 to 34 form an integral part of these financial statements.

MASS & CO

Gulshan
CHIEF EXECUTIVE

M. Shohid
CHIEF FINANCIAL OFFICER

Abid Latif
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|---|------|--------------|--------------|
| | | Rupees | Rupees |
| Sales | | - | - |
| Cost of sales | | - | - |
| Gross Profit | | - | - |
| Administrative expenses | 21 | (16,207,212) | (27,072,640) |
| Other operating expenses | 22 | (83,357,533) | (18,138,669) |
| | | (99,564,745) | (45,211,309) |
| Loss from operations | | (99,564,745) | (45,211,309) |
| Other income | 23 | 10,627,863 | 26,073,331 |
| Finance cost | 24 | (9,402) | (19,745) |
| Loss before taxation | | (88,946,284) | (19,157,723) |
| Taxation | | - | - |
| Loss after taxation | | (88,946,284) | (19,157,723) |
| Loss per share - basic and diluted | 25 | (4.00) | (0.86) |

The annexed notes from 1 to 34 form an integral part of these financial statements.

Schaid M
CHIEF EXECUTIVE

M. Ghosh
CHIEF FINANCIAL OFFICER

Ashish Kumar
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
 STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|------|---------------------|---------------------|
| | | Rupees | Rupees |
| Loss after taxation | | (88,946,284) | (19,157,723) |
| Other comprehensive income; | | | |
| Impairment loss on operating fixed assets | | - | - |
| Reversal of deferred tax liability related to surplus on revaluation | | - | - |
| Derecognition of deferred tax liability on surplus on revaluation | | - | - |
| Effect of change of rate enacted | | - | - |
| | | - | - |
| Total comprehensive loss for the year | | (88,946,284) | (19,157,723) |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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S. J. M.
 CHIEF EXECUTIVE

M. Akbar
 CHIEF FINANCIAL OFFICER

Abid Sattar
 DIRECTOR

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021



| | Capital reserve | | Revenue reserve | | Sub-ordinated loan | Total |
|---|-----------------|---------------------|-----------------|--------------------|--------------------|-----------------|
| | Share premium | Revaluation surplus | General reserve | Accumulated losses | | |
| | Rupees | | | | | |
| Balance as at July 01, 2019 | 222,250,380 | 66,000,000 | 732,032,293 | 206,000,000 | (4,339,950,858) | (2,863,668,185) |
| Loss for the year - restated | - | - | - | - | (19,157,723) | (19,157,723) |
| Other comprehensive income | - | - | - | - | - | - |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax | - | - | - | - | (19,157,723) | (19,157,723) |
| Balance as at July 01, 2020 | 222,250,380 | 66,000,000 | 732,032,293 | 206,000,000 | (4,359,108,581) | (2,882,825,908) |
| Loss for the year | - | - | - | - | (88,946,284) | (88,946,284) |
| Other comprehensive Income | - | - | - | - | (88,946,284) | (88,946,284) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax | - | - | - | - | - | - |
| Balance as at June 30, 2021 | 222,250,380 | 66,000,000 | 732,032,293 | 206,000,000 | (4,448,054,865) | (2,971,772,192) |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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Shahid M
 CHIEF EXECUTIVE

Ahmad Sattar
 DIRECTOR

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 Rupees | 2020 Rupees |
|--|------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before taxation | | (88,946,284) | (19,157,723) |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 922,627 | 1,070,844 |
| Impairment loss | | 83,357,533 | 16,826,591 |
| Finance cost | | 9,402 | 19,745 |
| Interest income | | (12,583) | (2,190,073) |
| Cash flows before working capital changes | | (4,669,305) | (3,430,616) |
| Net changes in working capital | 26 | 4,866,512 | 1,070,474 |
| Cash generated from operations | | 197,207 | (2,360,142) |
| Interest received | | 12,583 | 33,012 |
| Finance cost paid | | (9,402) | (19,745) |
| Staff retirement benefits - gratuity paid | | (1,645,460) | (418,570) |
| Income tax paid | | (24,322) | (11,095) |
| Net cash flows from operating activities | | (1,469,394) | (2,776,540) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Security deposits | | - | (500,000) |
| Proceeds from disposal of property, plant and equipment | | - | - |
| Net cash flows from investing activities | | - | (500,000) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of lease liabilities | | (266,408,000) | - |
| Loan from associates and others | | 268,788,559 | 3,364,188 |
| Net cash used in financing activities | | 2,380,559 | 3,364,188 |
| Net increase in cash and cash equivalents during the year | | 911,165 | 87,648 |
| Cash and cash equivalents at the beginning of year | | 16,259,838 | 16,172,190 |
| Cash and cash equivalents at the end of year | 11 | 17,171,003 | 16,259,838 |

The annexed notes from 1 to 34 form an integral part of these financial statements.

MHS & CO

Shail m
CHIEF EXECUTIVE

M. Shalim
CHIEF FINANCIAL OFFICER

Abidbatter
DIRECTOR



Notes

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Gulshan Spinning Mills Limited ("the Company") was incorporated on June 13, 1979, as a public limited company in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange (PSX). Its main business was manufacturing and sale of yarn.

Geographical location and addresses of all business units and offices are as follows:

| Sr.# | Manufacturing units | Address |
|------|---------------------|--|
| 1 | Spinning unit - I | Multan-Vehari Road, Opposite Maaz Filling Station, Malsi, Vehari, Pakistan. |
| 2 | Spinning unit - II | 64 Km, Lahore-Multan Road, Jamber Khurd, Kot Umer, Pattoki, Pakistan. |
| 3 | Spinning unit - III | Nankana Sahib-Warburton Road, Kot Shah Mehmood, Nankana Sahib, Pakistan. |
| 4 | Registered office | 2nd Floor, Finlay House, I.I. Chundryghar Road, Karachi, Pakistan. |
| 5 | Regional office | 2nd Floor, Garden Heights, 8 Aibak Block, New Garden Town, Lahore, Pakistan. |

1.2 Scheme of arrangement with secured creditors

The Company along with its restructuring agent - United Bank Limited and majority of the lending financial institutions signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The Scheme of Arrangement has been sanctioned by the Hon'ble High Court of Sindh at Karachi vide order dated February 06, 2020, passed in J. C. M. Petition No. 14 of 2019. The Scheme of Arrangement, after its sanction by the Court has become binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. Under the Scheme of Arrangement, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of property, plant and equipment ("charged assets") of the Company and payment of the proceeds thereof shall be paid to the secured creditors as contemplated under the Scheme of arrangement. All the pending litigation shall be withdrawn in terms of the Scheme of Arrangement

1.3 Summary of significant transactions and events affecting the Company's financial position and performance

- There are no significant transaction and event affecting the Company's financials position and performance during the year, other then those which are disclosed in notes to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

Due to the Scheme described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate. Accordingly, the financial statements have been prepared on net realizable value basis, under the "guideline on the basis of preparation of financial statements for companies that are not considered going concern" issued by Institute of Chartered Accountants of Pakistan.

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Notes

2.3 Impact of adopting the net realizable value basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report.

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

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

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

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

| Sr. # | Account head | Basis for measurement |
|-------|---|---|
| 1 | Property, plant and equipment | Net book value which approximate the fair market value at reporting date. |
| 2 | Long-term investments | Estimated fair value |
| 3 | Long term deposits | Realizable value based on probability of recovery |
| 4 | Stock-in-trade | Lower of cost or net realizable value |
| 5 | Trade debtors | Realizable value based on probability of recovery |
| 6 | Loans and advances | Realizable value based on probability of recovery |
| 7 | Short-term investments | Estimated market value |
| 8 | Other receivable | Realizable value based on probability of recovery |
| 9 | Tax refund due form Government | Realizable value based on probability of recovery |
| 10 | Bank balances | Undisputed / recoverable balances |
| 11 | Disposal group under scheme of arrangement | Expected realizable value |
| 12 | Subordinated loan | On expected settlement value |
| 13 | Surplus on revaluation of operating fixed asset | On net book value |
| 14 | Loan from associates and others | On expected settlement value |
| 15 | Post employment benefits payables | On expected settlement value |
| 16 | Trade and other payables | On expected settlement value |
| 17 | Accrued mark-up / interest | On expected settlement value |
| 18 | Unclaimed dividend | On expected settlement value |
| 19 | Payable to banking companies under scheme of arrangements | As given in scheme of arrangement |

2.4 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.

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Notes

3 STANDARDS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

New standards, amendments and improvements which are effective during the year and standards, amendments and improvements which are not yet effective

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but, pursuant to paragraphs 1.2 and 2.2, above are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements. The standards, amends and improvements which are not yet effective are also not considered relevant and accordingly are not detailed in these financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied over previous years before preparing financial statements on net realizable value basis are;

4.1 Property, plant and equipment - owned

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

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

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

Major renewals and improvements to an item of property, plant and equipment are recognized 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 recognized 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 recognized 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-recognized 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 recognized in profit and loss in the year in which the asset is derecognized.

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Notes

4.2 Right of use asset

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on reducing balance method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right to use assets equal to the present value of lease payments.

4.3 Assets classified as disposal group

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

4.4 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognized 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 recognized at cost and the carrying amounts are increased or decreased to recognize 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 recognized 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 recognized in the associated companies' profit or loss. The Company's share of those changes is recognized 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 recognizing 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 recognizing its share of those profits only after its share of

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 recognized in other comprehensive income until disposal at which time these are recycled to profit or loss. Impairment loss on investments available for sale is recognized in the profit or loss.

Other investments

Other investments like defense 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 derecognized 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.

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Notes

4.5 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.

4.6 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realizable value (NRV) except waste, which is valued at NRV.

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale. Cost of raw materials, packing materials and components represent invoice values plus other charges paid thereon.

Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads.

Goods in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the reporting date.

4.7 Trade debts and other receivables

Trade debts are initially recognized at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

4.8 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.

4.10 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 recognized 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 recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date.

4.11 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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Notes

4.12 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.

4.13 Revenue recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis;
- Local sales are recognized on dispatch of goods to customers and export sales are recognized on bill of lading date.
- Dividend income from the investments is recognized, 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.

4.14 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 recognized in the profit and loss account.

4.15 Financial instruments

Non-derivative financial assets

The Company classifies non-derivative financial assets as available for sale and 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 recognized 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 recognized 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.

4.16 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 recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

4.17 Related party transactions

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

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Notes

4.18 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 recognized 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 recognized in revaluation surplus and remaining loss, if any shall be recognized in profit and loss account. Reversal of impairment loss is restricted to the original

4.19 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the period in which these are approved.

4.20 Significant accounting estimates and judgments

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

- (i) Estimate of useful lives, residual values of property, plant and equipment and recoverable values to account for impairment loss. (note 4.1)
- (ii) Net realisable values of stores, spares and loose tools and stock-in-trade.(note 4.5 and 4.6)
- (iii) Provision for impairment of trade debts.(note 4.7)
- (iv) Provision for staff retirement benefit - gratuity.(note 4.8)
- (v) Provision for taxation (note 4.10)

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GULSHAN SPINNING MILLS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021



| 5 | PROPERTY, PLANT AND EQUIPMENT | 2021 | 2020 |
|---|--------------------------------------|------------------|-----------|
| | | -----Rupees----- | |
| | Property, plant and equipment | 6,658,289 | 7,580,916 |

| Particulars | Office Equipment | Furniture and fixtures | Vehicles | Total |
|---|------------------|------------------------|------------------|------------------|
| 2021 | | | | |
| As at July 01, 2020 | | | | |
| Opening net book value | 2,583,567 | 3,352,007 | 1,645,342 | 7,580,916 |
| Disposals/Transfer | - | - | - | - |
| Depreciation charge | (258,357) | (335,201) | (329,069) | (922,627) |
| Closing net book value June 30, 2021 | 2,325,210 | 3,016,806 | 1,316,273 | 6,658,289 |
| Revaluation /Cost | 18,609,402 | 22,015,174 | 39,628,228 | 80,252,804 |
| Less: accumulated depreciation | (16,284,192) | (18,998,368) | (38,311,955) | (73,594,515) |
| Net book value June 30, 2021 | 2,325,210 | 3,016,806 | 1,316,273 | 6,658,289 |
| | 10% | 10% | 20% | |

| Particulars | Office Equipment | Furniture and fixtures | Vehicles | Total |
|---|------------------|------------------------|------------------|------------------|
| 2020 | | | | |
| As at July 01, 2019 | | | | |
| Opening net book value | 2,870,630 | 3,724,452 | 2,056,678 | 8,651,760 |
| Disposals/Transfer | - | - | - | - |
| Depreciation charge | (287,063) | (372,445) | (411,336) | (1,070,844) |
| Closing net book value June 30, 2020 | 2,583,567 | 3,352,007 | 1,645,342 | 7,580,916 |
| Revaluation /Cost | 18,609,402 | 22,015,174 | 39,628,228 | 80,252,804 |
| Less: accumulated depreciation | (16,025,835) | (18,663,167) | (37,982,886) | (72,671,888) |
| Net book value June 30, 2020 | 2,583,567 | 3,352,007 | 1,645,342 | 7,580,916 |
| | 10% | 10% | 20% | |

| 5.1 | Depreciation charged during the year has been allocated as follows; | 2021 | 2020 |
|-----|--|----------------|------------------|
| | Cost of sales | - | - |
| | Administrative expenses | 922,627 | 1,070,844 |
| | | 922,627 | 1,070,844 |

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GULSHAN SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--------------------------------|------|--------------------|--------------------|
| | | Rupees | Rupees |
| 6 INVESTMENTS | | | |
| Investments in: | | | |
| - Joint venture | 6.1 | - | - |
| - Defence saving certificate | 6.2 | 66,103,420 | 66,103,420 |
| - Investment on order of court | 6.3 | 75,283,928 | 75,283,928 |
| | | <u>141,387,348</u> | <u>141,387,348</u> |

6.1 Investments in a Joint venture -
under equity method

Gujranwala Energy Limited

7,500,000 (2020:7,500,000) ordinary shares of Rs.10 each - cost

Accumulated share of post acquisition loss

- | | | | |
|--|-------|---------------------|---------------------|
| | 6.1.1 | 75,000,000 | 75,000,000 |
| | | <u>(75,000,000)</u> | <u>(75,000,000)</u> |
| | | - | - |
- 6.1.1** This represent 50% interest in Gujranwala Energy Limited (GEL) , a joint venture , between the Company and Energy Infrastructure Holdings Limited for setting up 200 MW power project at Sungo-Wali, Tehsil Wazirabad, District Gujranwala. Un-audited financial statements for the year ended June 30, 2021, of GEL have been used by the management to determine the value of its investments in joint venture under the equity method. Further, the audited financial statements of GEL were also not available and values of this investment of that years are based on un-audited financial statements. Following disclosures are also based on the above mentioned un-audited financial statements. Further detail are given in note no 20.1.4.
- 6.2** This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 21.00 million (2020: Rs. 21.00 million). These certificates have matured on March 5, 2020. Accrued mark-up aggregating Rs. 45.103 million (2020: Rs. 45.103 million) is included in the carrying value. These are under lien with a bank against guarantee amounting Rs. 19.504 million (2020: Rs. 19.504 million).
- 6.3** The Honorable High Court of Sindh via its order against suite no. B-64 of 2012 dated July 04, 2015 allowed a plaintiff bank the sale of cotton bales and stocks through public auction at the best market rate available. The Court assigned Official Assignee to sell the stocks through the public auction conducted August 28, 2015 in accordance with the law/rules and ordered the sales proceeds to be invested in some government profitable scheme upon realization. The Official Assignee via its report dated December 15, 2015 informed the Court of the sale of stock and investment of sale proceeds in government profitable scheme.

7 STOCK-IN-TRADE

| | | |
|----------------|-------------------|-------------------|
| Raw material | 61,706,635 | 61,706,635 |
| Finished goods | 35,488,210 | 35,488,210 |
| | <u>97,194,845</u> | <u>97,194,845</u> |

- 7.1** All of the stock in trade of the Company is under banks' charge as security of borrowings as disclosed in note to these financial statements. The Company filed a global suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before banking courts and high courts for recovery of their financial assets through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 20.1.2.

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GULSHAN SPINNING MILLS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|-------------|-------------------|------------|
| | | Rupees | Rupees |
| 8 TRADE DEBTS - unsecured | | | |
| Local - considered good | 8.1 | 6,849,390 | 12,835,272 |
| Local - considered doubtful | | - | - |
| | | 6,849,390 | 12,835,272 |
| 8.1 This includes following amounts which pertain to related parties; | | | |
| Paramount Spinning Mills Limited | | 22,301 | 97,706 |
| Gulistan Spinning Mills Limited | | - | 5,910,478 |
| | | 22,301 | 6,008,184 |
| 9 LOANS AND ADVANCES - unsecured | | | |
| Considered good | | | |
| Advances to: | | | |
| - Employees | | - | 904 |
| - Others | 9.1 | - | 1,039,963 |
| | | - | 1,040,867 |
| 9.1 This represents advances to Gulistan Spinning Mills Limited, a related party. The maximum amount due as at the end of any month during the year was Rs. 1,039,963/- (2020: Rs. 41,458,602/-). | | | |
| 10 TAX REFUND DUE FROM GOVERNMENT | | | |
| Income tax | | 35,416 | 11,095 |
| Sales tax | | 11,651,098 | 11,660,754 |
| | | 11,686,514 | 11,671,849 |
| 11 CASH AND BANK BALANCES | | | |
| Cash-in-hand | | 1,032,000 | - |
| Balances with banks in; | | | |
| - current accounts | 11.1 | 7,317,072 | 7,437,907 |
| - deposit accounts | | 63,522 | 63,522 |
| - term deposit receipts | 11.2 | 8,758,409 | 8,758,409 |
| | | 16,139,003 | 16,259,838 |
| | | 17,171,003 | 16,259,838 |

11.1 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 20.1 to these financial statements.

11.2 These are under lien regarding guarantees provided to different government departments.

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GULSHAN SPINNING MILLS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|------|----------------------|----------------------|
| | | Rupees | Rupees |
| 12 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT | | | |
| Owned: | | | |
| Freehold land | | 324,384,000 | 324,384,000 |
| Factory buildings | | 545,154,237 | 545,154,237 |
| Residential buildings | | 52,986,636 | 52,986,636 |
| Plant and machinery | | 501,291,905 | 501,291,905 |
| Electric installations | | 40,005,434 | 40,005,434 |
| Gas power generators | | 60,642,547 | 60,642,547 |
| Mills equipment | | 10,637,310 | 10,637,310 |
| Leased: | | | |
| Plant and machinery | | 54,824,579 | 54,824,579 |
| Impairment: | | | |
| Impairment of plant and machinery | | (141,875,124) | (58,517,591) |
| | | <u>1,448,051,524</u> | <u>1,531,409,057</u> |

12.1 Particulars of immovable fixed assets are as follows:

| Particulars | Address | Area of land (Kanals) | |
|---------------------|---|-----------------------|--------|
| Land | Qutab Pur, Lodhran, Pakistan. | 71.40 | 71.40 |
| Spinning unit - I | Multan-Vehari Road, Opposite Maaz Filling Station, Malsi, Vehari, Pakistan. | 90.90 | 90.90 |
| Spinning unit - II | 64 Km, Lahore-Multan Road, Jamber Khurd, Kot Umer, Pattoki, Pakistan. | 130.00 | 130.00 |
| Spinning unit - III | Nankana Sahib-Warburton Road, Kot Shah Mehmood, Nankana Sahib, Pakistan. | 198.00 | 198.00 |

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

12.3 Subsequent to the reporting date the company and the restructuring agent (United Bank Limited) entered into a sale agreement with Sapphire Textile Mills Limited and Bajaj Enterprises for the sale of its Unit 2 and Unit 3 on 25.08.2021 and 19.01.2022, respectively. Impairment amounting to Rs. 83 million, being difference of carrying value of assets and the agreed sale price, is charged to statement of profit or loss.

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GULSHAN SPINNING MILLS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2021 Numbers | 2020 Numbers | | 2021 Rupees | 2020 Rupees |
|---|-------------------|--|--------------------|--------------------|
| Authorized capital | | | | |
| 25,000,000 | 25,000,000 | Ordinary shares of Rs. 10 each | 250,000,000 | 250,000,000 |
| Issued, subscribed and paid-up capital | | | | |
| 9,300,000 | 9,300,000 | Ordinary shares of Rs. 10 each issued as fully paid in cash | 93,000,000 | 93,000,000 |
| 12,925,038 | 12,925,038 | Ordinary shares of Rs. 10 each issued as fully bonus shares | 129,250,380 | 129,250,380 |
| <u>22,225,038</u> | <u>22,225,038</u> | | <u>222,250,380</u> | <u>222,250,380</u> |

| 13.1 Ordinary shares held by the related parties at the year end; | 2021 | 2020 |
|---|---------------|---------------|
| Gulistan Spinning Mills Limited - Number | <u>10,302</u> | <u>10,302</u> |

14 RESERVES

| | | |
|------------------------|------|--------------------|
| Capital reserve | | |
| Share premium | 14.1 | 66,000,000 |
| Revenue reserve | | |
| General reserve | | 206,000,000 |
| | | <u>272,000,000</u> |

15 SUB-ORDINATED LOAN - unsecured

| | |
|--------------------|--------------------|
| <u>250,000,000</u> | <u>250,000,000</u> |
|--------------------|--------------------|

This is an interest-free loan obtained from Ex - Director of the Company in previous years. This loan is subordinated to the finances provided by secured creditors and does not carry mark-up. The loan shall not be repaid without obtaining consent from the secured creditors subject to availability of resources and at discretion of the Company. This loan has been classified in equity as per technical release 'Accounting Directors' Loan (TR-32) of the Institute of Chartered Accountants of Pakistan.

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GULSHAN SPINNING MILLS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|---|--------------------|-------------------|
| | | Rupees | Rupees |
| 16 LOAN FROM ASSOCIATES AND OTHER PARTIES | | | |
| Gulshan Weaving Mills Limited | | 300,000 | 300,000 |
| Interest free loan from other parties - unsecured | 16.1 | 269,052,722 | 264,163 |
| | | <u>269,352,722</u> | <u>564,163</u> |
| 16.1 Interest free loans from other parties - unsecured | | | |
| Balance at beginning of the year | | 264,163 | 37,318,614 |
| Add: funds received during the year | | 268,788,559 | 3,364,188 |
| Less: Adjusted under tri-party agreement | 16.3 | - | (40,418,639) |
| | | <u>269,052,722</u> | <u>264,163</u> |
| 16.2 | These loans were advanced by the ex-Chief Executive and his other relatives in order to meet working capital requirements. | | |
| 16.3 | During the year 2020 the company entered into a tri-party agreement with Gulistan Spinning Mills Limited and other related parties. According to the terms of agreement the company has adjusted the liability against balance receivable from Gulistan Spinning Mills Limited amounting to Rs. 40,418,639. | | |
| 17 TRADE AND OTHER PAYABLES | | | |
| Accrued expenses | | 1,415,394 | 3,308,289 |
| Sindh development fund payable | | 18,504,550 | 18,781,549 |
| | | <u>19,919,944</u> | <u>22,089,838</u> |
| 18 POST EMPLOYMENT BENEFITS PAYABLES | | | |
| Post employment benefits payables | 18.1 | 14,786,336 | 16,431,796 |
| 18.1 Movement in post employment benefits payable | | | |
| Net liability at beginning of the year | | 16,431,796 | 16,850,366 |
| Less: Benefits paid | | (1,645,460) | (418,570) |
| Net liability at end of the year | | <u>14,786,336</u> | <u>16,431,796</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|------|----------------------|----------------------|
| | | Rupees | Rupees |
| 19 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT | | | |
| United Bank Limited | | 116,918,000 | 116,918,000 |
| Faysal Bank Limited | | 190,203,000 | 190,203,000 |
| Habib Bank Limited | | 576,194,000 | 576,194,000 |
| Askari Bank Limited | | 317,533,000 | 317,533,000 |
| Bank Alfalah Limited | | 297,882,000 | 297,882,000 |
| MCB Bank Limited | | 93,762,000 | 93,762,000 |
| Al-Babaka Bank (Pakistan) Limited | | 197,160,000 | 197,160,000 |
| Allied Bank Limited | | 299,434,000 | 299,434,000 |
| Standard Chartered Bank (Pakistan) Limited | | 347,263,000 | 347,263,000 |
| Silk Bank Limited | | 111,755,000 | 111,755,000 |
| Habib Metropolitan Bank Limited | | 47,900,000 | 47,900,000 |
| Bank Islami Pakistan Limited | | 67,000,000 | 67,000,000 |
| The Meezan Bank | | 246,006,000 | 246,006,000 |
| Bank of Punjab Limited | | 184,120,000 | 450,528,000 |
| National Bank of Pakistan | | 194,012,000 | 194,012,000 |
| JS Bank Limited | | 106,325,000 | 106,325,000 |
| First National Bank Modaraba | | 45,000,000 | 45,000,000 |
| Mark-up payable under scheme of arrangement | 19.2 | 957,708,000 | 957,708,000 |
| | | 4,396,175,000 | 4,662,583,000 |

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

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

The said Scheme was approved by the requisite majority of the secured creditors and shareholders of the Company as required in the Act, in their respective meeting held on August 07, 2019. The Honorable High Court of Sindh at Karachi (SHC) has approved the said "Scheme of Arrangement" vide judgement dated February 06, 2020, and now the Scheme has become binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as mentioned in note 1.2 to these financial statements.

19.2 Due to the long outstanding multiple litigations with banks the mark up expense for the year can not be reliably estimated, hence no provision for the markup for one and half year is recognised in these financial statements.

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies due to litigation with banks and financial institutions

On the conclusion of scheme of arrangement all the below-mentioned litigations with banks / financial institutions will be withdrawn in manner as provided under the scheme.

- 20.1.1** On approval of the Scheme from the Honorable High Court of Sindh as detailed in note 1.2 to these financial statements inter alia, all the below-mentioned litigation with banks / financial institutions will be withdrawn subject to the sale of Assets and Charged Stocks and completion of all relevant formalities, in accordance with the provisions of the Scheme. This Scheme, inter alia, affects the outcome of following litigation by or against the Company with various financial institutions.
- 20.1.2** Various banks and financial institutions have filed recovery suits before various Banking Courts in Pakistan for recovery of their alleged long-term, short-term and lease liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 4,662.583 million (2020: Rs. 4,662.583 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. In case of any adverse decision, the management of the Company moves to appellate court for relief/appeal/ review. However, all these cases will be withdrawn in terms of the scheme. Since, all the cases are pending before various Courts, therefore, the ultimate outcome of these cases can not be established to the dates of these financial statements. Among all the case referred above, the most notable cases by or against the Company are explained in the following sub-notes.
- 20.1.3** The Company filed a suit in the Honorable Lahore High Court (LHC) against all banks / financial institutions it was dealing with under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 ("the Ordinance") for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The LHC vide its interim order dated October 25, 2012, ordered not to disturb the present position of current assets and fixed assets of the Company and no coercive action shall be taken against the Company. The LHC through its order dated September 11, 2013, dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned order. The Divisional Bench passed an order, dated November 27, 2013 that respondent banks will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013, will remain suspended meanwhile. The appeal filed by the company was accepted vide order dated November 11, 2020, whereby the learned Division Bench directed that "the matter shall be placed before the learned Single Judge exercising powers under Financial Institutions (Recovery of Finances) Ordinance, 2001 to proceed in the suit and to decide the application for leave to defend".

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

- 20.1.4** Gujranwala Energy Limited (GEL) through Standard Chartered Bank Limited ("the Bank had provided a commitment guarantee of Euro € 3.00 million in favor of Wartsila Finland OY and performance guarantee of US \$ 1.00 million in favor of Private Power and Infrastructure Board (PPIB). The Company being 50% joint venture partner in GEL is responsible to the extent of 50% of the said guarantees only. GEL had obtained stay orders against encashment of these guarantees, later after vacation of stay orders both the guarantees were encashed. However, the suit No. 795/09 filed by GEL against PPIB and Wartsiala Finland OY and others before the Honorable High Court of Sindh at Karachi is still sub-judice wherein the suit will be decided on merits after framing of issues and recording of evidences. The guarantee issued to Wartsila Finland OY was a conditional guarantee and could not have been encashed even after vacation of stay order for which GEL had written letters to the Bank that before fulfillment of the conditions guarantees cannot be encashed. Even otherwise the suits instituted by GEL before the Honorable High Court of Sindh is still pending. The Honorable High Court of Sindh via its order dated July 22, 2015 dismissed the stay order previously granted in favor of GEL against encashment of guarantees. The H.C.A No. 21 of 2016 filed by GEL against the order dated July 22, 2015 was also dismissed vide order dated May 06, 2016. The management of the Company has made necessary adjustments to these financial statements in light of the above-mentioned court decision by booking its share of loss. Standard Chartered Bank Pakistan Limited has filed suite # B-18 of 2018 against GEL, in Honorable High Court of Sindh for recovery of Rs. 246. 939 million along-with liquidated damages, cost of funds, charges and costs till realization of whole amount. As the management of the Company has proposed a Scheme of arrangement, provision of above stated amount has been recognized in these financial statements to amount expected for settlement along with existing financial obligations / liabilities of the Company towards the respective bank as detailed in note 1.2, and 19 and will be settled in terms of scheme of arrangement.
- 20.1.5** Askari Bank Limited has filed a suit COS No. 37/2013 for recovery of Rs. 295.797 million on account of two facilities i.e. cash finance facility and running finance facility provided to the Company. The Honorable Lahore High Court decreed in favor of the plaintiff bank to the extent of Rs. 295.797 million together with the cost of funds. The Company has filed appeal against the impugned judgment, which is pending adjudication before the Division Bench of the Honorable Lahore High Court. At the same time, the plaintiff bank has filed an execution petition before the single bench of the Lahore High Court, which is pending adjudication.
- 20.1.6** Meezan Bank Limited has filed a suit COS No. B-09/2013 for recovery of Rs. 46.492 million on account of Murabaha finance facilities provided to the Company. The Honorable Banking Court No. II, Karachi decreed the suit vide its judgment dated December 20, 2016, in favor of the plaintiff bank to the extent of Rs. 46.492 million together with the cost of funds. The Company has filed appeal before the Honorable High Court of Sindh against the impugned judgment and the same is pending adjudication before the Honorable High Court of Sindh at Karachi.

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

- 20.1.7** First National Bank Modaraba filed a suit hearing # 122/15 against the Company for recovery of Rs. 45.905 million. The Honorable Banking Court Lahore vide its judgement dated September 19, 2017, decreed against the Company in favor of First national Bank Modaraba for recovery of Rs. 45.905 million. The execution proceedings under the said judgement were started under section 19 of the Financial Institutions (Recovery of Finance Ordinance, 2001. The management has not recognized the impact of the said decree and execution proceedings in these financial statements, since the same is pending adjudication.
- 20.1.8** Habib Metropolitan Bank Limited has filed a suit against the Company for recovery of Rs.57.605 million with the Honorable Lahore High Court, Lahore. The Honorable Lahore High Court vide its judgement dated May 27, 2016 decreed the suit against the Company and the same was converted into execution proceedings by the Court under section 19 of the Financial Institutions (Recovery of Finance) Ordinance, 2001. The Company has not recognized any adjustment to these financial statements. The execution proceeding is pending for adjudication at the Banking Court, Lahore.
- 20.1.9** Habib Bank Limited (previously First Habib Bank Modaraba) filed a suit against the Company for recovery of Rs. 2,633,486 in the Honorable Banking Court no. 1, Karachi. The said Court decreed suit against the Company vide its judgment dated April 21, 2016. The same was converted into execution proceedings by the court under section 19 of the Financial Institution (Recovery of Finance) Ordinance, 2001. The management of the Company has not recognized any adjustment to these financial statements. The execution proceeding is pending adjudication at the Banking Court, Lahore.
- 20.1.10** The Company has instituted a suit against MCB Bank Limited vide COS No. 22/15 wherein along with other prayers, the Company has also prayed for recovery of Rs. 413.094 million on account of acts and omissions committed by the Bank against the Company. The matter is pending adjudication before Lahore High Court, Lahore (LHC). MCB Bank Limited had also instituted a suit for recovery against the Company and others vide COS No. 104/13, before the LHC. However, the suit was returned vide order dated April 05, 2016 on account of lack of jurisdiction. Thereafter, the Bank instituted a suit bearing No. B-42/16 for recovery before the Sindh High Court at Karachi (SHC) which is also pending adjudication.
- 20.1.11** AlBaraka Bank Limited has filed a suit under section 20 of the Financial Institution Recovery of Finance Ordinance, 2001, ("the Ordinance") against the Company and its management before the Banking Court Lahore and the same is pending adjudication.
- 20.1.12** Bank of Punjab instituted a suit for recovery of Rs. 501.719 million before the Honorable Lahore High Court, Lahore ("LHC") under section 9 of the Financial Institution Recovery of Finance Ordinance, 2001, ("the Ordinance") against the Company and others bearing COS No. 48/13. The suit was decreed vide judgment and decree dated March 28, 2018. However, the Company has filed an appeal before the LHC against the Judgment and decree dated March 28, 2018, which is also pending adjudication before the LHC. The Execution Petition No. 233642/18 for the same amount as decreed is also pending adjudication before the LHC.

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

20.2 Contingencies due to litigation with parties other than banks and financial institutions

20.2.1 The Company has not provided for Rs. 12.519 million (2020: Rs. 12.519 million) in respect of infrastructure cess levied by the Government of Sindh. The case was decided against the Company by a single judge of the Honorable High Court of Sindh. The decision was challenged before division bench of the same high court and stay for collection of cess was granted. The Honorable 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 Honorable Supreme Court of Pakistan against the above-mentioned judgement of the Honorable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them. The above appeals were disposed-off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence, which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Honorable Supreme Court of Pakistan with the right to appeal. Accordingly, the petition was filed in the Honorable High Court of Sindh in respect of the above view. During the pendency of this appeal an interim arrangement was agreed, whereby bank guarantees furnished for consignments cleared up to December 27, 2006, were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006, while payment was made against the balance amount. As at reporting date the Company has provided bank guarantees aggregating Rs. 19.504 million (2020: Rs. 19.504 million) in favor of the Excise and Taxation Department. The bank guarantees given by various banks on behalf of the Company to various parties are remain with the respective banks. The petition was disposed off in terms of the consolidated judgment dated June 04, 2021. The Company has challenged the impugned order dated June 04, 2021 before the honorable Supreme Court of Pakistan wherein the operation of the impugned judgement of Sindh High Court and recovery the levy has been suspended by the court.

20.2.2 Vide judgment dated August 22, 2014, the Hon'ble Supreme Court of Pakistan, has declared the Gas Infrastructure Development Cess Act, 2011, ultra-vires to the Constitution and also directed that the entire amount so far recovered from the consumers be refunded. In order to nullify the legal effect of the above judgment of the Supreme Court of Pakistan, the Federal Government promulgated the Gas Infrastructure Development Cess Ordinance, 2014, whereby not only the cess was imposed fresh but all the judgments passed earlier were declared to have no legal effect against the previous recovery of the arrears of Gas Infrastructure Development Cess from the year 2011. The Gas Infrastructure Development Cess Ordinance, 2014, was also challenged before different high courts of Pakistan and in the meanwhile the Gas Infrastructure Development Cess Act, 2015, was imposed to the same effect as that of Gas Infrastructure Development Cess Ordinance, 2014. Yet again, the Gas Infrastructure Development Cess Act, 2015, was challenged before the Honorable Lahore High Court as well as before the Honorable High Court of Sindh. The Honorable High Court of Sindh vide its judgment dated October 26, 2016, decreed the suits in favor of the consumer, whereby the Gas Infrastructure Development Cess Act, 2015, was held to be ultra vires and unconstitutional and further directed Sui Southern Gas Company Limited as well as Sui Northern Gas Pipelines Limited to refund the amounts received under the head of Gas Infrastructure Development Cess from 2011 till date.

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

However later on the Honorable Supreme Court of Pakistan in its judgment dated August 13, 2020, passed in Civil Appeals No. 1113 to 1155 of 2017 etc. have given directions to gas utility companies (SNGPL) for the calculation of GIDC wherein the Hon'ble Supreme Court of Pakistan was pleased to waive off the Late Payment Surcharge and to recover GIDC in 24 equal monthly installments after making proper calculations. However, in the light of the Judgment dated August 13, 2020, read with Sub-section 2 of Section 8 of the GIDC Act 2015, SNGPL is not entitled to recover GIDC from the Company as the company has not neither collected the GIDC from its clients / customers and even not passed on to its clients / customers. Accordingly the company has filed a suit before Sindh High Court at Karachi wherein the honorable court was pleased to give stay order on GIDC. SNGPL has also filed a suit for recovery before Gas Utility Court Sheikhpura on account of GIDC / tariff difference and interest thereon. Similarly the Company has also file a suit for recovery before Gas Utility Court Lahore on account of GIDC and tariff difference payments made in excess to SNGPL.

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

20.3 Other contingencies

20.3.1 The scheme of arrangement specify that mark up liability shall be updated on the asset sale date. As mentioned in note 20.2 that due to litigation with banks the mark up expense can not be reliably estimated and accordingly, the mark up expense relating to one and a half year has not been accounted for in these financial statements.

20.3.2 Counter guarantees of Rs. 78.363 million (2020: Rs. 78.363 million) were given by the Company to various banks / financial institutions as at reporting date, in respect of guarantees issued in favor of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited. The bank guarantees given by various banks on behalf of the Company to various parties are remain with the respective banks.

20.4 Commitments

20.4.1 There is no capital commitment as at June 30, 2021 (2020: Nil).

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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|------|---------------------|---------------------|
| | | Rupees | Rupees |
| 21 ADMINISTRATIVE EXPENSES | | | |
| Salaries, wages and other benefits | | 10,127,310 | 11,005,406 |
| Fee and subscriptions | | 526,450 | 6,647,720 |
| Rent, rates and taxes | | 2,117,851 | 600,000 |
| Printing and stationery | | 13,889 | 16,828 |
| Communication | | 28,329 | 144,446 |
| Electricity, gas and water | | 730,222 | 109,867 |
| Repair and maintenance | | 84,010 | 447,816 |
| Advertising | | 25,600 | 388,820 |
| Entertainment | | 179,273 | 74,910 |
| Insurance Expense | | - | 136,986 |
| Office running expenses | | 114,582 | 79,746 |
| Travelling and conveyance | | 977,069 | 3,089,251 |
| Legal and professional | | - | 2,850,000 |
| Auditor's remuneration | 21.1 | 360,000 | 410,000 |
| Depreciation | | 922,627 | 1,070,844 |
| | | <u>16,207,212</u> | <u>27,072,640</u> |
| 21.1 Auditor's remuneration | | | |
| Annual audit | | 350,000 | 400,000 |
| Compliance report on Code of Corporate Governance | | 10,000 | 10,000 |
| | | <u>360,000</u> | <u>410,000</u> |
| 22 OTHER OPERATING EXPENSES | | | |
| Payment against liabilities previously written off | | - | 1,312,078 |
| Impairment loss | | 83,357,533 | 16,826,591 |
| | | <u>83,357,533</u> | <u>18,138,669</u> |
| 23 OTHER INCOME | | | |
| Interest of bank deposits & saving account | | 12,583 | 2,190,073 |
| Liabilities written off | | 1,961,030 | - |
| Receipts from bad debts | | 8,654,250 | 23,883,258 |
| | | <u>10,627,863</u> | <u>26,073,331</u> |
| 24 FINANCE COST | | | |
| Bank charges | | 9,402 | 19,745 |
| Other financial charges | | - | - |
| | | <u>9,402</u> | <u>19,745</u> |
| 25 LOSS PER SHARE - BASIC AND DILUTED | | | |
| Loss after taxation - (Rupees) | | <u>(88,946,284)</u> | <u>(19,157,723)</u> |
| Weighted average number of ordinary shares Outstanding during the year - (Number) | | <u>22,225,038</u> | <u>22,225,038</u> |
| Loss per share - basic and diluted - (Rupees) | | <u>(4.00)</u> | <u>(0.86)</u> |

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

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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021



| | Note | 2021 | 2020 |
|--|------|--------------------|--------------------|
| | | Rupees | Rupees |
| 26 CHANGES IN WORKING CAPITAL | | | |
| Decrease / (increase) in current assets: | | | |
| Trade debts | | 5,985,883 | 600,000 |
| Loans and advances | | 1,040,867 | (904) |
| Sales tax | | 9,656 | (19,102) |
| | | 7,036,406 | 579,994 |
| Decrease in trade and other payables | | (2,169,894) | 490,480 |
| | | <u>4,866,512</u> | <u>1,070,474</u> |
| 27 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES | | | |
| No remuneration was paid to chief executive officer and 07 directors (2020: 07). The Company have 2 executives during the year (2020: 2) and their remuneration is 4.581 million (2020: 4.581 million). | | | |
| 28 CAPACITY AND PRODUCTION | | | |
| Numbers of spindles installed | | 44,784 | 44,784 |
| Numbers of rotors installed | | 1,440 | 1,440 |
| Due to non-availability of working capital and shortage of funds, the Company had closed its all units since long. | | | |
| 29 FINANCIAL INSTRUMENTS BY CATEGORY | | | |
| <i>Financial assets - amortized cost</i> | | | |
| Investments | | 75,283,928 | 75,283,928 |
| Security deposits | | 500,000 | 500,000 |
| Trade debtors | | 6,849,390 | 12,835,272 |
| Loans and advances | | - | 1,040,867 |
| Cash and bank balances | | 17,171,003 | 16,259,838 |
| | | <u>99,804,321</u> | <u>105,919,905</u> |
| <i>Financial liabilities - amortized cost</i> | | | |
| Loan from associates and others | | 269,352,722 | 564,163 |
| Trade and other payables | | 19,919,944 | 22,089,838 |
| Unclaimed dividend | | 1,037,103 | 1,037,103 |
| | | <u>290,309,769</u> | <u>23,691,104</u> |
| 29.1 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. | | | |
| 29.2 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. | | | |
| 29.3 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. | | | |

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

29.4 **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.

29.5 **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.

30 FINANCIAL RISK MANAGEMENT

The Company may have exposures to credit risk, liquidity risk and market risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

30.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date, if counter parties fail completely to perform as contracted/fail to discharge an obligation/commitment that it has entered into with the Company.

Credit risk mainly arises from deposits, trade debts, loans and advances, other receivables and balances with banks. The carrying amounts of financial assets that represent the Company's maximum credit exposure as at the reporting date are as follows:

| | | |
|------------------------|-------------------|--------------------|
| Investments | 75,283,928 | 75,283,928 |
| Security deposits | 500,000 | 500,000 |
| Trade debtors | 6,849,390 | 12,835,272 |
| Loans and advances | - | 1,040,867 |
| Cash and bank balances | 16,139,003 | 16,259,838 |
| | <u>98,772,321</u> | <u>105,919,905</u> |

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

| Bank | Rating Agency | Rating | |
|-----------------------------------|---------------|------------|-----------|
| | | Short term | Long term |
| United Bank Limited | JCR-VIS | A-1+ | AAA |
| Habib Bank Limited | JCR-VIS | A-1+ | AAA |
| Bank Islami Limited | PACRA | A1 | A+ |
| MCB Bank Limited | PACRA | A1+ | AAA |
| Bank Al Habib Limited | PACRA | A1+ | AAA |
| Askari Bank Limited | PACRA | A1+ | AA+ |
| Habib Metropolitan Bank Limited | PACRA | A1+ | AA+ |
| Sindh Bank Limited | VIS | A-1 | A+ |
| Bank of Punjab Limited | PACRA | A1+ | AA+ |
| National Bank of Pakistan Limited | PACRA | A1+ | AAA |

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

30.2 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.

| | 2021 | | | 2020 | | |
|--|-----------------|---------------------|--------------------|-----------------|---------------------|--------------------|
| | Carrying amount | Due within one year | Due after one year | Carrying amount | Due within one year | Due after one year |
| | Rupees | | | | | |
| Loan from associates and other parties | 269,352,722 | 269,352,722 | - | 564,163 | 564,163 | - |
| Trade and other payables | 19,919,944 | 19,919,944 | - | 22,089,838 | 22,089,838 | - |
| Unclaimed dividend | 1,037,103 | 1,037,103 | - | 1,037,103 | 1,037,103 | - |
| Payable under scheme of arrangement | 4,396,175,000 | 4,396,175,000 | - | 4,662,583,000 | 4,662,583,000 | - |
| | 4,686,484,769 | 4,686,484,769 | - | 4,686,274,104 | 4,686,274,104 | - |

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

30.3 Market risk

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

(a) Currency risk

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

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

(b) Interest rate risk

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

Cash flow sensitivity analysis for variable rate instruments is not presented as the Company is not providing for mark-up institutions.

30.4 Fair value of financial instruments

As at June 30, 2021, 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.

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| | Note | 2021 | 2020 |
|--|------|--------|--------|
| | | Rupees | Rupees |

30.5 Capital risk management

The Company's prime objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes in the Company's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date.

31 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the families of the directors and key management personnel are interested. The Company, in the normal course of business, carries out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 27. Amounts due from and to related parties are shown under loan from associate and others. Other significant transactions with related parties are as follows:

| Name of related party | Relationship | Transactions | 2021 | 2020 |
|----------------------------------|---------------------|-------------------------|-----------|------------|
| Paramount Spinning Mills Limited | Common directorship | Advance / loan provided | - | - |
| | | Payment received | 75,405 | 600,000 |
| Gulistan Spinning Mills Limited | Common directorship | Advance / loan provided | - | - |
| | | Adjustment of loan | 6,950,441 | 40,418,639 |

32 NUMBER OF EMPLOYEES

| | 2021 | 2020 |
|---|------|------|
| Number of employees as at June 30, | | |
| - Permanent | 10 | 10 |
| Average number of employees during the year | | |
| - Permanent | 10 | 10 |

33 EVENTS AFTER THE REPORTING DATE

Except for the events as mentioned in note 12.3 of these financial statements, there are no significant adjusting or non adjusting events after the reporting date requiring adjustment or disclosure in financial statements.

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 3/3/2023, Board of Directors of the Company.

MHSS & CO

Shail M
 CHIEF EXECUTIVE

Mj Shalid
 CHIEF FINANCIAL OFFICER

Abid Sattar
 DIRECTOR

(55)

GULSHAN SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2021

| Particulars | No. of Shares Holders | No. of Shares Held | Percentage |
|--|-----------------------|--------------------|---------------|
| Directors, Chief Executive Officer and their spouse and minor children | 7 | 3,830 | 0.02 |
| Associated Companies, Undertakings and Related Parties | 1 | 10,302 | 0.05 |
| NIT & ICP | 3 | 1,204,130 | 5.42 |
| Banks, Development Finance Institutions, Non- Banking Financial Institutions | 5 | 342,756 | 1.54 |
| Insurance Companies | 1 | 263,326 | 1.18 |
| Joint Stock Companies | 7 | 75,761 | 0.34 |
| General Public (Local) | 3,488 | 10,574,734 | 47.58 |
| Other Companies | 11 | 9,750,199 | 43.87 |
| | 3,523 | 22,225,038 | 100.00 |

(56)

GULSHAN SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2021

| A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES | SHARES |
|---|-------------------|
| Gulistan Spinning Mills Limited | 10,302 |
| | |
| B) NIT & ICP | |
| IDBP (ICP UNIT) | 106 |
| National Bank of Pakistan Trustee Department | 550 |
| CDC - Trustee National Investment (Unit) Trust | 1,203,474 |
| | |
| C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN | |
| | |
| <u>DIRECTORS</u> | |
| Mr. Muhammad Akhtar Mirza | 500 |
| Mr. Abid Sattar | 500 |
| Mr. Sohail Maqsood | 650 |
| Mr. Muhammad Arif | 500 |
| Mr. Muhammad Asif Akram | 500 |
| Mr. Muhammad Ashraf Khan | 610 |
| Mr. Muhammad Junaid | 570 |
| | |
| D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS | |
| | |
| <u>BANKS</u> | |
| National Bank of Pakistan | 313,865 |
| NIB Bank Limited | 19,496 |
| Islamic Investment Bank Limited | 9,345 |
| Al-Faysal Investment Bank Limited | 50 |
| | |
| <u>INSURANCE</u> | |
| State Life Insurance Corporation of Pakistan | 263,326 |
| | |
| E) Other Companies | 9,750,199 |
| F) Joint Stock Companies | 75,761 |
| G) General Public (Local) | 10,574,734 |
| | 22,225,038 |
| | |
| H) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN | NIL |

Form of Proxy

Gulshan Spinning Mills Limited

I/We _____ being member of **Gulshan Spinning Mills Limited** holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CRC participant I.D. No. _____ Account No _____ hereby appoint _____ who is also member of **Gulshan Spinning Mills Limited** vide Folio No. _____ or CDC participant I.D. No. _____ Account No. _____ or failing him/her of Mr. _____ of _____ who is also member of **Gulshan Spinning Mills Limited** vide Folio No. _____ or CDC participant I.D. No. _____ Account No. _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 31st March 2023 at 11:45 a.m and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2023

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.

| |
|---------------------------------|
| Appropriate Revenue Stamp |
|---------------------------------|

(58)

پراکسی فارم گلشن سپینگ ملز لمیٹڈ

میں / ہم _____ بحیثیت گلشن سپینگ ملز لمیٹڈ کے رکن ،
مالک برائے _____ عام حصص مطابق رجسٹرڈ فولیو نمبر _____ اور /
یا سی۔آر۔سی شرکت کنندہ آئی ڈی نمبر _____ کھاتہ نمبر
_____ اس طرح مقرر کرتا ہوں جناب _____ جو کہ گلشن سپینگ
ملز لمیٹڈ کے رکن بھی ہیں ، بذریعہ فولیو نمبر _____ یا سی ڈی۔سی
شرکت کنندہ آئی۔ڈی نمبر _____ کھاتہ نمبر _____ یا انکی ناکامی کی
صورت میں جناب _____ برائے _____ جو کہ گلشن
سپینگ ملز لمیٹڈ کے رکن بھی ہیں ، بذریعہ فولیو نمبر _____ یا
سی ڈی۔سی شرکت کنندہ آئی۔ڈی نمبر _____ کھاتہ نمبر _____
جیسا کہ میری / ہماری پراکسی میں شرکت کرنے کے لئے ، بات کرنے کے لئے اور
ووٹ ڈالنے کے لئے 31 مارچ 2023 کو 11:45 بجے اور اس کے کسی بھی تعاقب
میں منعقد ہونے والی کمپنی کے سالانہ اجلاس میں۔ میرے / ہمارے ہاتھ 2023 کے
_____ دن کا گواہ ہونے کے طور پر کہا _____ کی نشاندہی

گواہ 1: -

نام: - _____

پتہ: - _____

CNIC: - _____

گواہ 2: -

نام: - _____

پتہ: - _____

CNIC: - _____

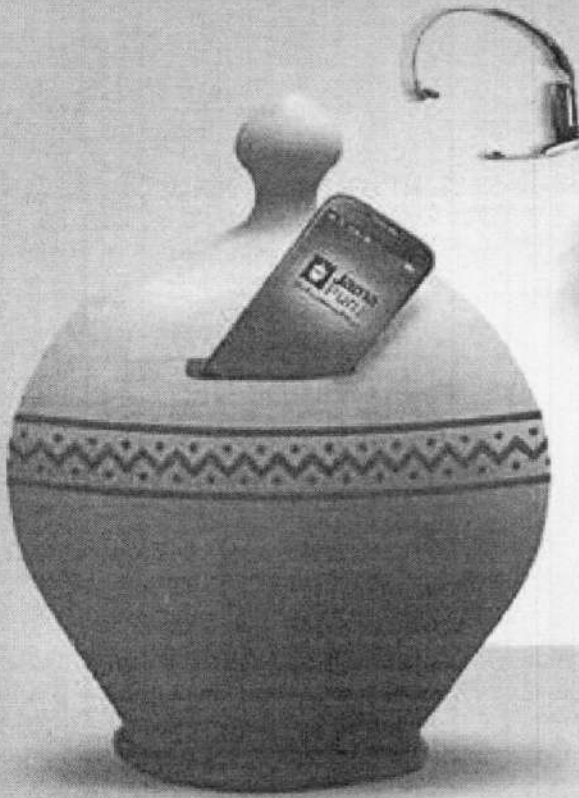
نوٹ:

1. پراکسی درست ہونا لازمی طور پر مہربند، دستخط اور گواہی دی جاسکتی ہے اور
کمپنی کے ساتھ اجلاس کے قیام کے وقت سے 48 گھنٹوں کے بعد جمع نہیں ہونا
چاہئے۔

2. پراکسی کمپنی کا ایک رکن ہونا ضروری ہے۔

3. دستخط اس کمپنی کے ساتھ رجسٹرڈ نمونہ دستخط سے متفق ہونا چاہئے۔

4. اس اجلاس میں شرکت اور ووٹ لینے کے حق میں سی ڈی سی کے حصے دار، اپنی
شناخت کو ثابت کرنے کے لئے اصل قومی شناختی کارڈ / پاسپورٹ لائے، اور پراکسی
کی صورت میں انکو اپنے این آئی سی یا پاسپورٹ کی کاپی کی تصدیق کروانا
ضروری ہے۔



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mobile device
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