

**1ST QUARTERLY ACCOUNTS
FOR THREE MONTHS ENDED
SEPTEMBER 30,2023
(UN AUDITED)**

GULISTAN TEXTILE MILLS LIMITED

GULISTAN TEXTILE MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Waqar Ahmed (Chairman)
Mr. Naseer Ahmed (Chief Executive)
Mr. Muhammad Younas
Mr. Muhammad Arif
Mr. Mian Muhammad Khalid Nasim
Mr. Zubair Hussain Akhtar
Mr. Bashrat Nasim Khalid

AUDIT COMMITTEE

Mr. Zubair Hussain Akhtar (chairman)
Mr. Waqar Ahmed
Mr. Bashrat Nasim Khalid

HR & REMUNERATION COMMITTEE

Mr. Mian Muhammad Khalid Nasim (chairman)
Mr. Waqar Ahmed
Mr. Bashrat Nasim Khalid

CHIEF FINANCIAL OFFICER

Mr. Akhtar Aziz

COMPANY SECRETARY

Mr. Asmar Tariq

AUDITORS

M/s Malik Haroon Shahid Safdar & Co
Chartered Accountants
Lahore.

LEGAL ADVISOR

M/s. A.K. Brohi & Company-Advocate

SHARE REGISTRAR OFFICE

M/s. Hameed Majeed Associates (Pvt) Ltd.
Karachi Chamber
Hasrat Mohani Road Karachi
Ph. 32424826, 32412754, Fax. 32424835

REGISTERED OFFICE

2nd Floor, Finlay House,
I.I. Chundrigar Road,
Karachi.

REGIONAL OFFICE

2nd Floor, Garden Heights,
8Aibak Block, New Garden Town,
Lahore.

MILLS

Unit I - Sama satta, Distt. Bahawalpur
Unit II & III Tibba Sultanpur, Distt. Vehari
Unit IV - Ferozwatwan, Distt. Sheikhpura

WEB PRESENCE

www.gulistan.com.pk/corporate/gulistan.html



Gulistan Textile Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)
Tel: (92-42) 35941593

Director's Report to Shareholders

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

The debt amortization profile, higher interest cost and associated liquidity problems have forced the Company to initiate restructuring of its debt obligations subject to reconciliation to discharge its commitments to its lenders. The Company has initiated the debt restructuring process with the help of the key lending financial institutions. In this regard a Scheme of Arrangement under section 279 to 283 & 285 of the Companies Act 2017 (Scheme of Arrangement) has been approved and signed by majority of the secured creditors and 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	September-2023	September-2022
	(Rupees)	(Rupees)
Sales	-	-
Gross loss	-	-
Financial cost	(1,862)	(2,169)
Pre tax Profit/ (Loss)	(2,438,206)	(455,073)

Future Outlook

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

On behalf of the Board

NASEER AHMED
CHIEF EXECUTIVE

WAQAR AHMAD
CHAIRMAN

GULISTAN TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2023

	NOTE	(UN-AUDITED)	(AUDITED)
		September 30, 2023	June 30, 2023
ASSETS			
-----Rupees-----			
Property, plant and equipment	4	3,372,090	3,485,298
Disposal group under scheme of arrangement	5	1,624,469,568	1,624,469,568
Advances deposits and prepayments		-	130,000
Trade deposits and other receivables	6	20,906,003	23,782,323
Tax refunds due from Government	7	19,652,607	19,652,607
Cash and bank balances	8	24,041,499	23,998,178
TOTAL ASSETS		1,692,441,767	1,695,517,974
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
30,000,000 (June 30, 2020 : 30,000,000) Ordinary shares of Rs. 10 each		300,000,000	300,000,000
Share capital		189,838,990	189,838,990
Reserves		576,748,715	576,748,715
Surplus on revaluation of property, plant and equipment		910,658,520	910,658,520
Sub-Ordinated Loan		423,800,000	423,800,000
Accumulated losses		(11,194,044,365)	(11,191,606,156)
Total equity		(9,092,998,140)	(9,090,559,931)
LIABILITIES			
Payable to banking companies under scheme of arrangements	9	7,570,188,000	7,570,188,000
Loan from associates and others		251,842,251	252,654,251
Post employment benefits payables		131,323,536	131,323,534
Trade and other payables	10	255,139,178	254,965,178
Accrued mark up / interest	11	2,576,646,000	2,576,646,000
Unclaimed dividend		300,942	300,942
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY & LIABILITIES		1,692,441,767	1,695,517,974

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER




DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2023

NOTE	Quarter Ended	Year Ended
	September 30, 2023	June 30, 2023
	-----Rupees-----	
Sales and processing income	-	-
Cost of sales	-	-
Gross loss	-	-
Administrative expenses	(2,436,344)	(11,050,296)
Other operating expenses	-	-
Loss from operations	(2,436,344)	(11,050,296)
Other income	-	237,833,863
Finance cost	(1,862)	(9,795)
Profit / (loss) before taxation	(2,438,206)	226,773,772
Taxation	-	-
Loss after taxation	(2,438,206)	226,773,772
loss per share - basic and diluted	(0.13)	11.95

The annexed notes form an integral part of these condensed interim financial information.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2023

NOTE	Quarter Ended	Year Ended
	September 30, 2023	June 30, 2023
	-----Rupees-----	
Profit/(Loss) for the quarter	(2,438,206)	226,773,772
Other comprehensive income for the quarter	-	-
Total comprehensive loss for the quarter	<u>(2,438,206)</u>	<u>226,773,772</u>

The annexed notes form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended September 30, 2023	Quarter Ended September 30, 2022
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit / (loss) before taxation	(2,438,206)	(455,073)
Adjustments for :		
Depreciation	113,204	133,548
Finance cost	1,862	2,169
(Profit) before working capital changes	(2,323,140)	(319,356)
Change in working capital		
(Increase) / decrease in current assets		
Trade debts	2,876,320	-
Loans and advances	130,000	-
Increase in current liabilities	3,006,320	-
Trade and other payables	174,003	95,241
Cash generated from operating activities	857,183	(224,115)
Payments for:		
Finance cost paid	(1,862)	(2,169)
Net cash generated from (used in) operating activities	855,321	(226,284)
Net cash inflow / (outflow) before financing activities	855,321	(226,284)
CASH FLOW FROM FINANCING ACTIVITIES:		
Receipts against loan from associates and other parties	(812,000)	-
Net cash used in financing activities	(812,000)	-
Net decrease in cash and cash equivalents	43,321	(226,284)
Cash and cash equivalents at beginning of the period	23,998,178	23,870,926
Cash and cash equivalents at end of the period	24,041,499	23,644,642
Cash and cash equivalents comprise of the following :-		
Cash and bank balances	24,041,499	23,644,642
	24,041,499	23,644,642

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2023

SHARE CAPITAL	CAPITAL RESERVE			REVENUE RESERVE		Subordinated loan from directors	TOTAL	
	Share premium	Other reserves	Revaluation surplus	General reserve	Accumulated losses			
-----Rupees-----								
Balance as at July 01, 2022	189,838,990	379,080,000	(6,252,679)	910,658,520	203,921,394	(11,418,379,928)	423,800,000	(9,317,333,703)
Loss for the qtr ended sep 22	-	-	-	-	-	(455,073)	-	(455,073)
Balance as at Sep 30, 2022	189,838,990	379,080,000	(6,252,679)	910,658,520	203,921,394	(11,418,835,001)	423,800,000	(9,317,788,776)
Balance as at July 01, 2023	189,838,990	379,080,000	(6,252,679)	910,658,520	203,921,394	(11,418,379,928)	423,800,000	(9,317,333,703)
Loss for the quarter	-	-	-	-	-	(2,438,206)	-	(2,438,206)
Balance as at September 30, 2023	189,838,990	379,080,000	(6,252,679)	910,658,520	203,921,394	(11,420,818,134)	423,800,000	(9,319,771,909)

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Gulistan Textile Mills Limited ("the Company") was incorporated on February 02, 1966 in Pakistan as a private company limited by shares and was converted into public limited company on April 11, 1966. The shares of the Company are listed on Pakistan Stock Exchange Limited (PSX). The Company was principally engaged in the manufacturing and sale of yarn, fabrics and other ancillary products.

1.2 Scheme of arrangement with secured creditors

The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). During the year the Court through its order dated 24.11.2021, has sanctioned the scheme. The Scheme after its sanction from the Court is now binding on the Company, along with all the shareholders, creditors – secured or otherwise, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as follows:

- a) Constitution of an Assets Sales Committee having such powers and undertaking such functions as stated in the Scheme;
- b) Settlement and repayment of the existing liabilities pursuant to the sale of all moveable and immovable items of property, plant and equipment of the Company, by and under the supervision of the Asset Sale Committee, the proceeds from which are to be distributed inter se the secured creditors in accordance with the provisions of this Scheme;
- c) Pooling of securities over the charged assets which are available with the secured creditors, to be shared amongst all the secured creditors on a pari passu basis in proportion to their share of the existing liabilities – principal portion (irrespective of charge), upon the release of the security interests over the charged assets for the purposes of consummating the sales thereof in the manner prescribed under the Scheme;
- d) Release of the pledged stock, and sales thereof for the purposes specified under the Scheme;
- e) Provision of the additional Security by the Company to form part of the Sale Assets ("charged assets plus additional security") which shall be sold in the manner detailed in the Scheme;
- f) The withdrawal of all legal proceedings (refer to note litigation with banks and financial institutions), in terms of 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 is no longer appropriate.

Accordingly, the financial statements have been prepared on liquidation/break-up 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 (ICAP).

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

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 statement of 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2023.

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 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.

	Note	September 30, 2023 Rupees	June 30, 2023 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	4.1	3,372,090	3,485,298
4.2 Depreciation charge has been allocated as follows;			
Cost of goods manufactured		-	-
Administrative expenses		113,206	534,194
		<u>113,206</u>	<u>534,194</u>
5 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT			
Owned	Note	Rupees	Rupees
Freehold land		374,271,115	374,271,115
Lease hold land		70,720,000	70,720,000
Building on Freehold land		566,020,043	566,020,043
Building on Lease hold land		151,942,343	151,942,343
Plant and machinery		371,564,218	371,564,218
Power houses		60,975,767	60,975,767
Tools and equipment		1,673,511	1,673,511
Leased			
Plant and machinery		166,081,431	166,081,431
Power houses		14,358,934	14,358,934
Impairment Loss		(153,137,794)	(385,071,409)
		<u>1,624,469,568</u>	<u>1,392,535,953</u>

The Company along with its restructuring agent - United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") as detailed in note 1.3. Hence, above mentioned assets has been classified and presented under disposal group under scheme of arrangement.

	Note	September 30, 2023 Rupees	June 30, 2023 Rupees
9 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGMENT			
		<u>7,570,188,000</u>	<u>7,570,188,000</u>

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

The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions have signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). 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 and machinery and payment of the proceeds thereof to the secured creditors as contemplated under the Scheme of arrangement.

The said Scheme has been agreed-upon by the majority of the secured creditors and shareholders of the Company as stipulated in the Act, in their respective meeting held on August 07, 2019. The Scheme has been filed before the Honorable High Court of Sindh for an order passed in this respect. 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 the annual financial statements for the year ended June 30, 2023..

Note	September 30, 2023 Rupees	June 30, 2023 Rupees
11 ACCRUED MARK-UP/ INTEREST		
Mark-up/ interest:		
- payables under scheme of arrangement	2,576,646,000	2,576,646,000
	<u>2,576,646,000</u>	<u>2,576,646,000</u>

12 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in the matter detailed in note 21.1.1 to 21.1.11, 21.2.1 to 21.2.5 & 21.3.1 to 21.3.2 to the Company's published annual financial statements for the year ended June 30, 2023.

Commitments

There is no change in the matter detailed in note 21.4 to the Company's published annual financial statements for the year ended June 30, 2023.

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 31-10-23 by the Board of Directors of the Company.

GENERAL

All figures except June 30, 2023 figures appearing in the financial statements are un audited. Figures have been rounded off to the nearest rupee.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR