

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

GULSHAN SPINNING MILLS LIMITED

GULSHAN SPINNING MILLS LIMITED

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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 Safder & 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.

WEB PRESENCE

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

GULSHAN SPINNING MILLS LIMITED

Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the Company for the three months ended September 30, 2023.

Financial Results

Operating indicators	Three Months Ended September 30, 2023 (Rupees)	Three Months Ended September 30, 2022 (Rupees)
Sales	-	-
Gross profit / (loss)	-	-
Pre Tax profit / (loss)	(2,611,259)	(3,208,382)
Provision for Taxation	-	-
Earnings / (loss) Per Share	(0.12)	(0.14)

Overview:

The debt Amortization profile and associated issues have compelled the company to settle the existing financial liabilities of the Company through a Scheme of arrangement under section 279 to 283 and 285 of the Companies Act 2017 ("Scheme of Arrangement") filed before Sindh High Court at Karachi vide J.C.M. Petition No. 14/19. The Sindh High Court vide its order dated February 06, 2020, has sanctioned the Scheme of Arrangement which is being implemented. The pending litigation with the Banks by and against the company shall be withdrawn in terms of the Scheme of Arrangement.

Future Outlook:

The Scheme of Arrangement shall be implemented and legal proceedings with the Banks by and against the Company shall be withdrawn in terms of the Scheme of Arrangement. There after the Company would be in a better position to structure the way forward.

Acknowledgement:

The Board wishes to place on record its appreciation for the employees members of management team for their efforts, commitment and hard work during this tough time.

LAHORE


Dated:


SOHAIL MAQSOOD
CHIEF EXECUTIVE

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2023

	NOTE	Un-audited 30 SEPTEMBER 2023 (Unaudited) Rupees	Audited 30 JUNE 2023 (Audited) Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	5	4,912,190	5,056,857
Disposal group under scheme of arrangement	5	321,266,259	321,266,259
Long term Investments		141,387,348	141,387,348
Long term deposits		500,000	500,000
Trade debts		30,248,353	30,248,353
Loans and advances		35,000	-
Tax refund due from Government		11,754,365	11,754,365
Cash and bank balances		14,843,442	17,365,034
Total Assets		524,946,957	527,578,216
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
25,000,000 (30 June 2019: 25,000,000) ordinary shares of Rs.10/- each		250,000,000	250,000,000
Share Capital		222,250,380	222,250,380
Reserves		272,000,000	272,000,000
Sub-ordinate Loan		250,000,000	250,000,000
(Accumulated loss) / unappropriated profit		(3,874,779,197)	(3,872,167,938)
Surplus on Revaluation of Operating Fixed Assets		181,031,586	181,031,586
		(2,949,497,231)	(2,946,885,972)
Non Current Liabilities			
Payable to banking companies under scheme of arrangement	6	2,207,467,000	2,207,467,000
Loan from associates and other parties		275,262,222	275,262,222
Post employment benefits payables		13,563,400	13,583,400
Trade and other payables		19,406,463	19,406,463
Accrued mark-up / interest	7	957,708,000	957,708,000
Unclaimed dividend		1,037,103	1,037,103
		3,474,444,188	3,474,464,188
Contingencies and Commitments	8		
Total equity and liabilities		524,946,957	527,578,216

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND THREE MONTHS ENDED SEPTEMBER 30, 2023

	For the first Quarter ended	
	September 30, 2023	September 30, 2022
Note		
Sales - net	-	-
Cost of sales	-	-
Gross loss	-	-
Administrative expenses	(1,852,959)	(3,211,871)
Other expenses	(758,300)	-
Other income	-	6,018
	(2,611,259)	(3,205,853)
Profit / (loss) from operations	(2,611,259)	(3,205,853)
Finance cost	-	(2,529)
Profit / (loss) before taxation	(2,611,259)	(3,208,382)
Taxation	-	-
Profit / (loss) after taxation	(2,611,259)	(3,208,382)
Earnings / (loss) per share		
- basic and diluted	(0.12)	(0.14)

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.


SOHAIL MAQSOOD
CHIEF EXECUTIVE



ABID SATTAR
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended	
	September 30, 2023	September 30, 2022
Profit / (loss) after taxation	(2,611,259)	(3,208,382)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	(2,611,259)	(3,208,382)

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

	NOTE	Three months ended	
		September 30,	September 30,
		2023	2022
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES	9	(2,501,592)	(2,719,564)
Cash generated from operations			
Finance cost paid		-	2,529
Interest received		-	6,018
Staff retirement benefits- gratuity paid		(20,000)	(210,000)
Net cash used in operating activities		(2,521,592)	(2,921,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from associates and other parties- net		-	1,630,000
Net cash generated from financing activities		-	1,630,000
Net (decrease) / increase in cash and cash equivalents		(2,521,592)	(1,291,017)
Cash and cash equivalents - at beginning of the year		17,365,034	18,950,495
Cash and cash equivalents - at end of the year		14,843,442	17,659,478

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

	Share Capital	Capital reserve		Revenue reserve		sub-ordinated loan	Total
		Share Premium	Revaluation surplus	General reserve	Accumulated losses		
----- Rupees -----							
Balance as at 01 July 2022	222,250,380	66,000,000	181,031,586	206,000,000	(3,838,560,035)	250,000,000	(2,913,278,069)
Total Comprehensive loss for the three months ended September 30,202		-	-	-	(3,208,382)		(3,208,382)
Surplus on revaluation of operating fixed assets realised during the period : - on account of incremental depreciation for the period		-	-	-	(3,208,382)	-	(3,208,382)
Balance as at 30 September 2022	222,250,380	66,000,000	181,031,586	206,000,000	(3,841,768,417)	250,000,000	(2,916,486,451)
Balance as at 01 July 2023	222,250,380	66,000,000	181,031,586	206,000,000	(3,872,167,938)	250,000,000	(2,946,885,972)
Total Comprehensive loss for the three months ended September 30,2023		-	-	-	(2,611,259)		(2,611,259)
Surplus on revaluation of operating fixed assets realised during the period : - on account of incremental depreciation for the period		-	-	-	(2,611,259)	-	(2,611,259)
Balance as at 30 September 2023	222,250,380	66,000,000	181,031,586	206,000,000	(3,874,779,197)	250,000,000	(2,949,497,231)

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.


SOHAIL MAQSOOD
CHIEF EXECUTIVE



GULSHAN SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Gulshan Spinning Mills Limited ("the Company") was incorporated on June 13, 1979, as a public limited company in Pakistan under the Companies Ordinance, 1984. The shares of the Company are listed on stock exchanges at Karachi and Lahore (now Pakistan Stock Exchange Limited).

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 have 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 becomes 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 moveable and immovable items of the Company including property, plant and equipment ("charged assets") 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.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 237 of the Companies Act, 2017. It has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2023.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of preceding audited annual financial statements of the Company for the year ended June 30, 2023.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires 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 expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

Estimation and judgements made by the management in the preparation of this condensed interim financial information were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2023.

5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	----- (Rupees) -----	
Operating fixed assets	5.1	4,912,190	5,056,857
Classified as held for sale	5.2	321,266,259	321,266,259
		<u>326,178,449</u>	<u>326,323,116</u>

5.1 Operating fixed assets

Book value at beginning of the period / year	5,056,857	5,720,095
Book value of assets disposed-off		-
Depreciation charge for the period / year	(144,667)	(663,238)
Book value at end of the period / year	<u>4,912,190</u>	<u>5,056,857</u>

The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") as detailed in note 1.2. Hence, above mentioned assets (note 5.2) has been classified and presented under disposal group under scheme of arrangement.

6. PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT

	Un-audited September 30, 2023	Audited June 30, 2023
	----- (Rupees) -----	
	<u>2,207,467,000</u>	<u>2,207,467,000</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 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 the annual financial statements for the year ended June 30, 2023..

7. ACCRUED MARK-UP / INTEREST

	Un-audited September 30, 2023	Audited June 30, 2023
	----- (Rupees) -----	

Mark-up / interest payable under scheme of arrangement	<u>957,708,000</u>	<u>957,708,000</u>
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In previous years, mark-up on long-term loan and short-term borrowings were not recognized due to litigations with those financial institutions. Following agreement of scheme of arrangement, between the Company and financial institutions, mark-up related to previous years has been recognized by restatement in statement of changes in equity of last year accounts.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the matter detailed in note 19.1.1 to 19.1.10, 19.2.1 to 19.2.3 & 19.3.1 to 19.3.2 to the Company's published annual financial statements for the year ended June 30, 2023.

8.2 Commitments

There is no change in the matter detailed in note 19.4 to the Company's published annual financial statements for the year ended June 30, 2023.

		(Un-audited)	
		Three months ended	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
9. CASH GENERATED FROM OPERATIONS	Note		
(Loss) / profit before taxation		(2,611,259)	(3,208,382)
Adjustments for non-cash charges and other items			
Depreciation of operating fixed assets		144,667	165,809
Finance cost		-	(2,529)
Interest income		-	(6,018)
Working capital changes	9.1	(35,000)	331,556
		<u>(2,501,592)</u>	<u>(2,719,564)</u>
9.1 Movement in working capital			
(Increase) / decrease in current assets:			
Trade debts		-	-
Loans and advances		(35,000)	2,000
Other receivables		-	(905)
		<u>(35,000)</u>	<u>1,095</u>
Increase / (decrease) in trade and other payables		-	330,461
		<u>(35,000)</u>	<u>331,556</u>

10. RELATED PARTY TRANSACTIONS

10.1 The related parties comprises associated companies, directors and key management personnel. Transaction with related parties are carried out on arm's length basis. Aggregate transactions with associated companies during the period were as follow:

		(Un-audited)	
		Three months ended	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
Nature of transactions			
		-	-

11. GENERAL

11.1 Figures have been rounded off to the nearest rupee except stated otherwise.

11.2 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on ~~31-10-23~~


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR