

**FIRST QUARTERLY ACCOUNTS
FOR PERIOD ENDED
SEPTEMBER 30,2023
(UN AUDITED)**

GULISTAN SPINNING MILLS LIMITED

GULISTAN SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akhtar Mirza (Chairman)
Mr. Sohail Maqsood (Chief Executive)
Mr. Muhammad Ashraf Khan
Mrs. Zarqa Asif
Mr. M. Junaid
Mr. Abid Sattar
Mr. Muhammad Arif

AUDIT COMMITTEE

Mr. M. Junaid (Chairman)
Mr. Muhammad Akhtar Mirza
Mr. Abid Sattar

HR & REMUNERATION COMMITTEE

Mr. Muhammad Arif (Chairman)
Mr. M. Akhtar Mirza
Mr. Abid Sattar

CHIEF FINANCIAL OFFICER

Mr. Salman Ali Riaz

COMPANY SECRETARY

Mr. Muhammad Ijaz

AUDITORS

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

LEGAL ADVISOR

Akhter 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

Jumber Khurd Tehsil Chunnian Dist. Kasur

WEB PRESENCE

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

GULISTAN 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 Month ended September 30, 2023.

Financial Results :

Operating indicators	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
	(Rupees)	(Rupees)
Sales	-	-
Gross (loss)/Profit	-	-
Pre Tax (loss)/Profit	(71,251)	(348,705)
Provision for Taxation	-	-
Earnings/(loss) Per Share	(0.00)	(0.02)

Overview:

The litigation with financial institutions compelled 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 submitted before the Sindh High Court at Karachi (the "Court") vide J.C.M. No. 15/19, duly signed by majority of the secured creditors of the company. The shareholders have already approved the Scheme in the meeting held pursuant to directions of the Court. The secured creditors have also approved the Scheme in the meeting held on 30-03-2022 and the Chairman appointed by the Court in this behalf has submitted its report to the Court. After sanction of the Scheme by the Court the litigation will be withdrawn by the creditors and the Company in terms of the Scheme of Arrangement.

Future Outlook:

The restructuring process is expected to be completed soon, once the Scheme of Arrangement is sanctioned by the Court and is implemented, the Company will 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 the management team for their efforts, commitment and hard work during this tough time.

LAHORE


SOHAIL MAQSOOD
CHIEF EXECUTIVE

Dated:


GULISTAN SPINNING MILLS LIMITED


Condensed interim Balance Sheet (Un-audited)

As at September 30, 2023

	Note	(UN-AUDITED)	(AUDITED)
		September 30, 2023	June 30, 2023
		----- Rupees -----	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,437,337	1,479,489
Disposal group under scheme of arrangement	5	632,746,300	632,746,300
Long-term investments		23,634,803	23,634,803
CURRENT ASSETS			
Stock in trade		52,379,544	52,379,543
Trade deposits, prepayments and other receivables		-	-
Tax refunds due from Government		9,411,245	9,411,245
Cash and bank balances		4,379,392	4,618,492
		66,170,181	66,409,280
		<u>723,988,621</u>	<u>724,269,872</u>
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2014: 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital		146,410,000	146,410,000
Reserves		24,983,168	24,983,168
Sub-Ordinate Loan		103,000,000	103,000,000
Surplus on revaluation of property, plant and equipment		351,461,447	351,461,447
Unappropriated loss		(2,120,877,809)	(2,120,806,558)
		<u>(1,495,023,194)</u>	<u>(1,494,951,943)</u>
CURRENT LIABILITIES			
Trade and other payables		11,364,690	11,574,690
Accrued markup / interest	7	397,535,999	397,535,999
Payable to banking companies under the scheme of arrangement	6	1,522,055,000	1,522,055,000
Post Employments benefits payables		3,863	3,863
Loan from associates and other parties		287,432,734	287,432,734
Unclaim dividend		619,529	619,529
		2,219,011,815	2,219,221,815
CONTINGENCIES AND COMMITMENTS			
	8	<u>723,988,621</u>	<u>724,269,872</u>

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


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR

GULISTAN SPINNING MILLS LIMITED

Condensed interim Profit & Loss Account (Un-audited)

For the Quarter Ended September 30, 2023

	Quarter ended	
	September 30, 2023	September 30, 2022
Sales - net	-	-
Cost of sales	-	-
Gross Profit / (Loss)	-	-
Administrative expenses	(71,251)	(348,276)
Finance cost	-	(429)
	(71,251)	(348,705)
Profit / (Loss) before taxation	(71,251)	(348,705)
Taxation	-	-
Profit / (Loss) for the period	(71,251)	(348,705)
Loss per share - basic and diluted	(0.00)	(0.02)

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


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR

GULISTAN SPINNING MILLS LIMITED


Condensed interim Statement of Comprehensive Income (Un-audited)

For the Quarter Ended September 30, 2023

	Quarter ended	
	September 30, 2023	September 30, 2022
		Rupees
Profit / (Loss) for the period	(71,251)	(348,705)
Total comprehensive loss for the period	<u>(71,251)</u>	<u>(348,705)</u>

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


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR


GULISTAN SPINNING MILLS LIMITED


Condensed interim Cash Flow Statement (Un-audited)

For the Quarter Ended September 30, 2023

	NOTE	September 30, 2023	September 30, 2022
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		(71,251)	(348,705)
Adjustments for:			
Depreciation		42,151	48,276
Finance cost		-	429
Cash flows before changes in working capital		(29,100)	(300,000)
Changes in working capital	12	(210,000)	300,000
Cash generated from operations		(239,100)	-
Finance cost paid		-	(429)
Gratuity paid		-	-
		-	(429)
Net cash generated from operating activities		(239,100)	(429)
Cash and cash equivalents at beginning of the period		4,618,492	4,473,201
CASH AND CASH EQUIVALENTS AT END OF PERIOD		4,379,392	4,472,772

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


SOHAIL MAQSOOD
CHIEF EXECUTIVE


ABID SATTAR
DIRECTOR

GULISTAN SPINNING MILLS LIMITED

Condensed interim Statement of Changes in Equity (Un-audited)
For the Quarter Ended September 30, 2023

	Capital reserve			Revenu reserve	sub-ordinated loan from directors	Total
	Share Capital	Share Premium	other Reserve	Revaluation surplus		
----- Rupees -----						
Balance as at 01 July 2022	146,410,000	25,000,000	(16,832)	351,461,447	(2,090,187,525)	103,000,000 (1,464,332,910)
Profit for the year the three months ended September 30,2022		-		(348,705)	-	(348,705)
Surplus on revaluation of operating fixed assets realised during the period : - on account of incremental depreciation for the period		-		(348,705)	-	(348,705)
Balance as at 30 September 2022	<u>146,410,000</u>	<u>25,000,000</u>	<u>(16,832)</u>	<u>351,112,742</u>	<u>(2,090,187,525)</u>	<u>103,000,000 (1,464,681,615)</u>
Balance as at 01 July 2023	146,410,000	25,000,000	(16,832)	351,461,447	(2,120,806,558)	103,000,000 (1,494,951,943)
Total Comprehensive loss for the three months ended September 30,2023		-		(71,251)	-	(71,251)
Surplus on revaluation of operating fixed assets realised during the period : - on account of incremental depreciation for the period		-		(71,251)	-	(71,251)
Balance as at 30 September 2023	<u>146,410,000</u>	<u>25,000,000</u>	<u>(16,832)</u>	<u>351,390,196</u>	<u>(2,120,806,558)</u>	<u>103,000,000 (1,495,023,194)</u>

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


SOHAIL MAQSOOD
CHIEF EXECUTIVE



GULISTAN SPINNING MILLS LIMITED

Notes to the Condensed interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2023

1 THE COMPANY AND ITS OPERATIONS

1.1 Gulistan Spinning Mills Limited ("the Company") was incorporated in Pakistan on February 25, 1987, under the Companies Ordinance, 1984, as a public limited company and is quoted on stock exchanges at Karachi and Lahore (now Pakistan Stock Exchange Limited). The registered office of the Company is situated at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi in the province of Sindh, Pakistan.

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"). 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 items of property, plant and equipment ("charged asects") of the Company and payment of the proceeds thereof to the secured creditors as contemplated under the Scheme of Arrangement along with incidental ancillary matters, thereto. The shareholders and the secured creditors of the company have already approved the Scheme in their respective meetings duly conducted by the chairman appointed by the Court in this behalf who has submitted its report before the Court. The Scheme of Arrangement after its sanction shall become binding on the company , shareholders, creditors, stakeholders and any other regulatory statutory bodies of/ or with respect to the company After sanction of the Scheme all the pending litigation with Banks shall be withdrawn in terms of Scheme of Arrangement.

2 BASIS OF PREPARATION

2.1 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 EQ		Un-audited	Audited
		Sept 30,	June 30,
		2023	2023
	Note	----- (Rupees) -----	
Operating fixed assets	5.1	1,437,338	1,479,489
Classified as held for sale	5.2	632,746,300	632,746,300
		<u>634,183,638</u>	<u>634,225,789</u>

5.1 Operating fixed assets

Book value at beginning of the period / year	1,479,489	1,672,566
Depreciation charge for the period / year	(42,151)	(193,077)
Book value at end of the period / year	<u>1,437,338</u>	<u>1,479,489</u>

5.2 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 (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	Audited
	Sept 30,	June 30,
	2023	2023
	----- (Rupees) -----	
	<u>1,522,055,000</u>	<u>1,522,055,000</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 items of the Company including property, plant and equipment and payment of the proceeds thereof to the secured creditors as contemplated under the Scheme of arrangement.

7 ACCRUED MARKUP / INTEREST		Un-audited	Audited
		Sept 30,	June 30,
		2023	2023
		----- (Rupees) -----	
Mark-up / interest payable under scheme of arrangement		<u>397,535,999</u>	<u>397,535,999</u>

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the matter detailed in note 19.1.1 to 19.1.5, 19.2.1 to 19.2.3 & 19.3 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 as detail in note 19.4 to the Company's published annual financial statements for the year ended June 30, 2023.

	(Un-audited)	
	Quarter ended	
	Sept 30, 2023	Sept 30, 2022
	-----Rupees-----	
9 Movement in working capital		
(Increase) / decrease in current assets:		
Loan from associates and payables	-	300,000
	-	300,000
Increase / (decrease) in trade and other payables	<u>(210,000)</u>	-
	<u>(210,000)</u>	<u>300,000</u>


10 RELATED PARTY TRANSACTIONS


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 was Nil.

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