

**GULISTAN TEXTILE MILLS  
LIMITED**

FINANCIAL STATEMENTS  
FOR THE PERIOD  
DECEMBER 31, 2023

# GULISTAN TEXTILE MILLS LTD

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**GULISTAN TEXTILE MILLS LIMITED**  
**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Waqar Ahmed (Chairman)  
Mr. Naseer Ahmed (Chief Executive)  
Mr. Muhammad Younas  
Mr. Junaid Hussain Shah  
Mr. Mian Muhammad Khalid Nasim  
Mrs. Nazia Waqar  
Mr. Bashrat Mahmood Khalid

**AUDIT COMMITTEE**

Mr. Junaid Hussain Shah (chairman)  
Mr. Waqar Ahmed  
Mr. Bashrat Mahmood Khalid

**HR & REMUNERATION COMMITTEE**

Mrs. Nazia Waqar (chairman)  
Mr. Waqar Ahmed  
Mr. Bashrat Mahmood 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](http://www.gulistan.com.pk/corporate/gulistan.html)





# Gulistan Textile Mills Limited

2<sup>nd</sup> Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)

## Director's Report to Shareholders

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 As per the Scheme of Arrangement all the litigation will be withdrawn by the creditors of the Company.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	DEC-23	DEC-22
	(Rupees)	(Rupees)
Sales	-	-
Gross loss	-	-
Financial cost	(6,078)	(5,649)
Pre tax Profit/ (Loss)	(6,257,588)	(619,080)
Provision for taxation		
Profit / (Loss) after taxation	(6,257,588)	(619,080)

## 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  
Lahore:-28.02.2024

**WAQAR AHMAD**  
CHAIRMAN

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**to the Members of Gullistan Textile Mills Limited**  
**Report on Review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Gullistan Textile Mills Limited (the Company) as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended 31 December 2023. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Qualified Conclusion**

1. We were unable to satisfy ourselves regarding the existence and valuation of property, plant, and equipment having carrying values as of December 31, 2023, amounting to Rs. 3.258 million.
2. Due to litigations with banks, we have not received confirmations from banks and other financial institutions. Accordingly, we were unable to verify bank balances aggregating to Rs. 24.336 million.
3. We were unable to satisfy ourselves regarding balances payable in respect of post-employment benefits payables, trade, and other payables, and unclaimed dividends amounting to Rs. 131.323, Rs. 254.934 million and Rs. 0.30 million, respectively.

We conducted our review in accordance with International Standards on Review Engagement (ISREs). We are independent of the Company in accordance with the ethical requirements that are relevant to our review of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements



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



**Karachi Office: M 7/3, Khayaban-e-Saadi, DHA Phase VII, Karachi**

**Islamabad Office: Office No. 9 & 10, 3rd Floor, Pakland Square, G8 Markaz, Islamabad**

**Gujrat Office: Upper Floor Shehroze Plaza, Near S.A Fans Area Estate, Main GT Road, Gujrat**



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**MALIK HAROON AHMAD & CO.**  
(Formerly Malik Haroon Shahid Safder & Co)  
**Chartered Accountants**

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**Qualified Conclusion**

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at December 31, 2023, and of its financial performance and its cash flows for the six-month period then ended, in accordance with International Accounting Standard 34 Interim Financial Reporting as applicable Accounting and Reporting Standard in Pakistan.

**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 interim financial statements have been prepared on break-up value basis. Our conclusion is not modified in respect of this matter.

Lahore  
February 28, 2024

UDIN: RR202310206Svk6MtPj0

*Malik Haroon Ahmad*  
Malik Haroon Ahmad & Co.  
Chartered Accountants



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

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GULISTAN TEXTILE MILLS LIMITED  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023 (UNAUDITED)

	Notes	(Un-audited) December 31, 2023	(Audited) June 30, 2023
-----Rupees-----			
<b>ASSETS</b>			
Property, plant and equipment	3	3,258,883	3,485,298
Disposal group under scheme of arrangement	4	1,624,469,568	1,624,469,568
Trade deposits and other receivables	5	16,090,953	23,912,323
Tax refunds due from government		19,652,607	19,652,607
Cash and bank balances	6	24,336,922	23,998,178
<b>TOTAL ASSETS</b>		<b>1,687,808,933</b>	<b>1,695,517,974</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital 30,000,000 (June 30, 2023 : 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		(11,197,863,746)	(11,191,606,158)
Total equity		(9,096,817,521)	(9,090,559,933)
<b>LIABILITIES</b>			
Payable to banking companies under scheme of arrangements	7	10,146,834,000	10,146,834,000
Loan from associates and others		251,169,251	252,654,251
Post employment benefits payables		131,323,536	131,323,536
Trade and other payables	8	254,998,725	254,965,178
Unclaimed dividend		300,942	300,942
		10,784,626,454	10,786,077,907
<b>CONTINGENCIES AND COMMITMENTS</b>			
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<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,687,808,933</b>	<b>1,695,517,974</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



GULISTAN TEXTILE MILLS LIMITED  
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
AS AT DECEMBER 31, 2023 (UNAUDITED)

	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
-----Rupees-----				
Sales-net	-	-	-	-
Cost of sales	-	-	-	-
<b>Gross Profit/loss</b>	-	-	-	-
Administrative expenses	(6,251,510)	(4,368,619)	(3,815,166)	(2,085,017)
<b>Loss from operations</b>	<b>(6,251,510)</b>	<b>(4,368,619)</b>	<b>(3,815,166)</b>	<b>(2,085,017)</b>
Other income	-	3,755,188	-	1,924,490
Finance cost	(6,078)	(5,649)	(4,216)	(3,480)
<b>Loss before taxation</b>	<b>(6,257,588)</b>	<b>(619,080)</b>	<b>(3,819,382)</b>	<b>(164,007)</b>
Taxation	-	-	-	-
<b>Loss after taxation</b>	<b>(6,257,588)</b>	<b>(619,080)</b>	<b>(3,819,382)</b>	<b>(164,007)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.33)</b>	<b>(0.03)</b>	<b>(0.20)</b>	<b>(0.01)</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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*Nasir Ahmed*

CHIEF EXECUTIVE

*A. Akhtar*

CHIEF FINANCIAL OFFICER

*A. Ahmed*

DIRECTOR

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GULISTAN TEXTILE MILLS LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
 AS AT DECEMBER 31, 2023 (UNAUDITED)

	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	-----Rupees-----			
Loss after taxation	(6,257,588)	(619,080)	(3,819,382)	(164,007)
Unrealized loss for the period	-	-	-	-
<b>Total comprehensive loss for the quarter</b>	<b>(6,257,588)</b>	<b>(619,080)</b>	<b>(3,819,382)</b>	<b>(164,007)</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

MHA & CO

*Nasir Ahmed*

CHIEF EXECUTIVE

*A. Akhtar*

CHIEF FINANCIAL OFFICER

*A. Ahmed*

DIRECTOR

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**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**AS AT DECEMBER 31, 2023 (UNAUDITED)**

	Share Capital	Capital Reserve			Revenue Reserve		Subordinated loan	Total
		Share premium	Other reserves	Revaluation surplus	General reserve	Accumulated losses		
<b>Balance as at July 01, 2022</b>	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 period	-	-	-	-	-	(619,080)	-	(619,080)
<b>Balance as at December 31, 2022</b>	189,838,990	379,080,000	(6,252,679)	910,658,520	203,921,394	(11,418,999,008)	423,800,000	(9,317,952,783)
<b>Balance as at July 01, 2023</b>	189,838,990	379,080,000	(6,252,679)	910,658,520	203,921,394	(11,191,606,158)	423,800,000	(9,090,559,933)
Loss for the period	-	-	-	-	-	(6,257,588)	-	(6,257,588)
<b>Balance as at December 31, 2023</b>	189,838,990	379,080,000	(6,252,679)	910,658,520	203,921,394	(11,197,863,746)	423,800,000	(9,096,817,521)

-----Rupees-----

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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*Naseel Ahmed*

CHIEF EXECUTIVE

*A. Akhtar*

CHIEF FINANCIAL OFFICER

*[Signature]*

DIRECTOR



GULISTAN TEXTILE MILLS LIMITED  
CONDENSED INTERIM STATEMENT OF CASHFLOWS  
AS AT DECEMBER 31, 2023 (UNAUDITED)

	December 31, 2023	December 31, 2022
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Loss before taxation	(6,257,588)	(619,080)
<b>Adjustments for :</b>		
Depreciation	226,412	267,096
Finance cost	6,078	5,649
<b>Loss before working capital changes</b>	<b>(6,025,098)</b>	<b>(346,335)</b>
(Increase) / decrease in current assets:		
Trade deposits and other receivables	7,821,370	-
Increase / (decrease) in current liabilities		
Trade and other payables	33,549	15,387
<b>Cash generated from / (used in) operating activities</b>	<b>1,829,821</b>	<b>(330,948)</b>
Finance cost paid	(6,078)	(5,649)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,823,743</b>	<b>(336,597)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan repaid to associates and others	(1,485,000)	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>338,743</b>	<b>(336,597)</b>
Cash and cash equivalents at beginning of the period	23,998,178	23,870,926
<b>Cash and cash equivalents at end of the period</b>	<b>24,336,921</b>	<b>23,534,329</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

MHA & CO

*Naseel Ahmed*  
CHIEF EXECUTIVE

*A. Akhtar*  
CHIEF FINANCIAL OFFICER

*A. Ahmed*  
DIRECTOR



**GULISTAN TEXTILE MILLS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2023 (UNAUDITED)**

**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. The registered office of the company is situated at 2nd Floor, Finlay House, I.I Chundrigar Road, Karachi, 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 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.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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.

**2.2 Basis of measurement**

Due to the Scheme as described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation of financial statements is no longer appropriate. Accordingly, these financial statements have been prepared on liquidation/break-up value basis, following the intention of the parties to settle the liabilities through proceeds of disposal of assets of the company as contemplated in the scheme.

**2.3 Summary of significant 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.

**2.4 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.

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GULISTAN TEXTILE MILLS LIMITED  
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
 AS AT DECEMBER 31, 2023 (UNAUDITED)

Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	-----Rupees-----	
<b>3 PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment	3,258,883	3,485,298
<b>3.1 Depreciation charge has been allocated as follows:</b>		
Cost of goods manufactured	-	-
Administrative expenses	226,412	534,194
	<u>226,412</u>	<u>534,194</u>
<b>4 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT</b>		
<b>Owned</b>		
Freehold land	374,271,117	374,271,117
Building on freehold land	566,020,040	566,020,040
Building on lease hold land	151,942,344	151,942,344
Plant and machinery	371,564,219	371,564,219
Power houses	60,975,768	60,975,768
Tools and equipment	1,673,510	1,673,510
<b>Leased</b>		
Plant and machinery	166,081,431	166,081,431
Lease hold land	70,720,000	70,720,000
Power houses	14,358,934	14,358,934
<b>Impairment Loss</b>	(153,137,794)	(153,137,794)
	<u>1,624,469,568</u>	<u>1,624,469,568</u>
<b>5 TRADE DEPOSITS AND OTHER RECEIVABLE</b>		
Paramount Spinning Mills Limited	15,778,703	23,470,073
Advances against salaries	-	130,000
Security deposits	312,250	312,250
	<u>16,090,953</u>	<u>23,912,323</u>

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GULISTAN TEXTILE MILLS LIMITED  
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
 AS AT DECEMBER 31, 2023 (UNAUDITED)

	Note	December 31,	June 30,
		2023 (Un-audited)	2023 (Audited)
-----Rupees-----			
<b>6 CASH AND BANK BALANCES</b>			
Cash in hand		579,965	246,905
Balance with banks			
- current accounts		12,304	6,621
- deposit accounts		155	155
- term-deposit receipt		23,744,498	23,744,497
		<u>24,336,922</u>	<u>23,998,178</u>
<b>7 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT</b>			
Principal payable to banking companies under scheme of arrangement		7,570,188,000	7,570,188,000
Mark up payables under scheme of arrangement		2,576,646,000	2,576,646,000
		<u>10,146,834,000</u>	<u>10,146,834,000</u>
<b>8 TRADE AND OTHER PAYABLES</b>			
Accrued liabilities		223,271,960	223,243,459
Income tax deducted at source		104,575	99,529
Sindh development fund payable		31,622,190	31,622,190
		<u>254,998,725</u>	<u>254,965,178</u>

**9 CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

There has been no significant change in the contingencies since the date of preceding published unconsolidated annual audited financial statements for the year ended June 30, 2023.

**9.2 Commitments**

There has been no significant change in the matter since the date of preceding published unconsolidated annual audited financial statements for the year ended June 30, 2023.

**10 RELATED PARTY TRANSACTIONS**

The related parties comprises associated companies, directors and key management personnel.

Significant transactions with related parties during the period are as follows:

Name of party	Relationship	Transaction	Amount
Mr. Naseer Ahmad	Chief Executive	Loan repaid	1,485,000

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GULISTAN TEXTILE MILLS LIMITED  
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2023 (UNAUDITED)

11 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on 28-02-2024.

12 GENERAL

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

MHA & CO



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

(15)