

GULISTAN TEXTILE MILLS LIMITED

ANNUAL REPORT 2023

GULISTAN TEXTILE MILLS LIMITED

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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. 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

VISION / MISSION STATEMENT

Vision

We aim to re-built the Company.

Mission

To become again a quality manufacturer of textile products.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of **Gulistan Textile Mills Limited** (the "Company") will be held at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Saturday 28th October, 2023 at 09:45 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, 2023 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the next financial year 2023-2024 and fix their remuneration. The retiring Auditors M/s Malik Haroon Shahid Safder and 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:
October 07, 2023

By Order of the Board
Asmar Tariq
Company Secretary

NOTES:

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **21st October, 2023 to 28th October, 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.

گلستان ٹیکسٹائل ملز لمیٹڈ نوٹس برائے سالانہ عام میٹنگ

- نوٹس یہ ہے کہ گلستان ٹیکسٹائل ملز لمیٹڈ (اس "کمپنی") کی سالانہ عام میٹنگ بروز ہفتہ 28 اکتوبر ، 2023 کو 09:45 بجے ، درج ذیل کاروبار کرنے کے لیے:
1. کمپنی کی آخری سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا.
 2. 30 جون 2023 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ مالی بیانات کو وصول کرنے ، ان پر غور کرنے اور ان کو اپنانے کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ
 3. اگلے مالی سال 2023-2024 کے لیے کمپنی کے آڈیٹر مقرر کرنا اور ان کا معاوضہ طے کرنا. ریٹائر ہونے والے آڈیٹرز میسرز ملک بارون شاہد صفدر اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس ، اہل ہونے کے باوجود ، کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کے لیے پیش ہونے ہیں۔
 4. چیئرمین کی اجازت سے کسی دوسرے کاروبار کا لین دین کرنا.

بورڈ کے حکم سے

آسمار طارق
کمپنی سیکرٹری
لاہور
007 اکتوبر 2023۔

نوٹس:

- 1- کمپنی کی حصص کی منتقلی کی کتابیں بند رہیں گی 21 اکتوبر 2023 سے 28 اکتوبر 2023 (دونوں دن شامل) کے رجسٹریشن کے لیے شیئرز کی کوئی منتقلی قبول نہیں کی جائے گی۔
- 2- عام اجلاس میں شرکت اور ووٹ دینے کے حقدار ایک رکن کسی بھی رکن کو اجلاس میں شرکت کرنے اور اس کی طرف سے ووٹ دینے کے لئے تحریری میں پراکسی کے طور پر مقرر کر سکتا ہے۔ کمپنی کے پاس رجسٹرڈ آفس کے ساتھ پراکسی کا فارم مکمل ہونا ضروری ہے ، پراکسی اجلاس کے مقررہ وقت سے 48 گھنٹے پہلے جمع کروائیں۔
- 3- سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ ان کے سی این آئی سی کے ساتھ شناخت کو آسان بنانے کے لئے میٹنگ کے وقت شرکت کنندہ آئی ڈی اور ان کے اکاؤنٹ نمبر کے ساتھ لے آئے۔ کارپوریٹ ادارے کی صورت میں ، ایک باختیار بی ڈی ڈی قرارداد / اتارنی کی درست طاقت کے نامزد ہونے کے نامزد ہونے کے نمونہ دستخط کے ساتھ۔
- 4- ممبران سے درخواست کی جاتی ہے کہ ہمارے رہائشی پتہ کو تبدیلی اگر ہو تو ہمارے رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیئرمین ، حسرت موبانی روڈ، کراچی میں فوری تبدیلیوں کو مطلع کریں۔

GULISTAN TEXTILE MILLS LIMITED

CHAIRMAN REVIEW

It is my privilege to be serving as a chairman of Board of Directors of M/S Gulistan Textile 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 has already been sanctioned by the Hon'ble 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.



Waqar Ahmad

Lahore :- 06.10.2023

گلستان ٹیکسٹائل ملز لمیٹڈ

چینرمن کا جائزہ

M/S گلستان ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کے چینرمن 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 پوری امید ہے کہ تنظیم نو اور رقوم کی تصفیہ کے ساتھ مالیاتی اداروں کے زیر التوا 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۔ انتظامات کی اسکیم کو کراچی میں سندھ ہائی کورٹ نے پہلے ہی منظوری دے دی ہے۔ کمپنی کی ذمہ داری سکیم آف آرینجمنٹ کے لحاظ سے طے کی جائے گی۔ بینکوں کے ساتھ زیر التواء تمام قانونی چارہ جونی کو سکیم آف آرینجمنٹ 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۔


وقار احمد

چینرمن

لاہور: 06.10.2023



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 | 2023 | 2022 |
|--------------------------------|-------------|--------------|
| | (Rupees) | (Rupees) |
| Sales | - | - |
| Gross loss | - | - |
| Financial cost | - | (9,911) |
| Pre tax Profit/ (Loss) | 226,993,973 | (27,003,984) |
| Provision for taxation | - | |
| Profit / (Loss) after taxation | 226,993,973 | (27,003,984) |

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.

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).
- 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 per their normal audit procedure. However, it is relevant to mention here that in annexed financial statement, the amount of loan



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has been taken from the Scheme of Arrangement which was confirmed by the secured creditors and was submitted before the Court.

- Post-employment benefits includes mills gratuity and unpaid salaries of previous years. Trade and others payable include Electric duty and Sindh development funds as reported in Note No.17 &18.

Corporate Governance

Your 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 attended | No of meeting |
|--------------------------------|---------------|
| Mr. Naseer Ahmed | 4 |
| Mr. Muhammad Younas | 3 |
| Mr. Waqar Ahmad | 4 |
| Mr. Mian Muhammad Khalid Nasim | 4 |
| Mr. Basharat Nasim Khalid | 4 |
| Mr. Muhammad Arif | 3 |
| Mr. Zubair Hussain Akhtar | 2 |

Audit Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has established an Audit Committee. The names of its members are given in the Company information.

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

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:



Gulistan Textile Mills Limited

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

- 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, 2023 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 Profit / (loss) per share of the Company for the year ended June 30, 2023 was Rs. 11.96 as compared to the previous year of Rs.(1.42).

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2023.

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



Gulistan Textile Mills Limited

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Trading in Company's Shares

During the year under review the trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children is as follows:

| Opening Balance as on 01.07.2022 | Purchases | Sales | Closing Balance as on 30.06.2023 |
|--|-----------|-------|--|
| NIL | NIL | NIL | NIL |

Statement on Value of Staff Retirement Benefit

As on June 30, 2023 deferred liability for gratuity is Rs,131,323,537/=

Auditors

Messrs Malik Haroon Shahid Safdar & 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 2023-2024.

Pattern of Shareholding


The pattern of shareholding as at June 30, 2023 including the information under the code of corporate of governance is annexed.


Acknowledgement

Finally, the Board avail this opportunity to thank our valued customers and financial institutions whose faith and support over the years has fostered a mutually beneficial relationship which played a pivotal role in improving our products services and contributions to the economy.

The Board also 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 for the trust and confidence reposed in it.

On behalf of the Board


NASEER AHMED
CHIEF EXECUTIVE
Lahore:- 06.10.2023


WAQAR AHMAD
CHAIRMAN

گلستان ٹیکسٹائل ملز لمیٹڈ

شینر بولڈرز کو ڈائریکٹر کی رپورٹ

زیر نظر سال بھی مشکل دور ثابت ہوا۔ جاری مالی رکاوٹوں نے کمپنی کے کاموں میں رکاوٹ ڈالی ہے۔ اس رکاوٹ کی بنیادی وجہ ورکنگ کپیٹل کی سہولیات کی عدم دستیابی تھی جسے بینکوں/مالیاتی اداروں نے یکطرفہ طور پر بلاک کر دیا تھا، اور نتیجتاً کمپنی ملوں کو چلانے کے لیے خام مال نہیں خرید سکی۔ قرض معافی کی پروفائل، زیادہ سود کی لاگت اور متعلقہ لیکویڈٹی کے مسائل نے کمپنی کو مجبور کیا ہے کہ وہ اپنے قرض دہندگان کے ساتھ کیے گئے وعدوں کو پورا کرنے کے لیے مفاہمت کے ساتھ اپنے 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 ارینجمینٹ (اسکیم آف ارینجمینٹ) کو منظور کیا گیا ہے اور محفوظ قرض دہندگان کی اکثریت نے اس پر دستخط کیے ہیں اور اس سلسلے میں سیکشن 279 سے 283 اور 285 کے تحت انتظامات کی ایک اسکیم کمپنیز ایکٹ 2017 (اسکیم آف ارینجمینٹ) کی منظوری پہلے ہی کراچی ("عدالت") میں معزز سندھ ہائی کورٹ نے 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۔

Operating & Financial Performance

| Operating indicators | 2023 | 2022 |
|------------------------|-------------|--------------|
| | (Rupees) | (Rupees) |
| Sales | - | - |
| Gross loss | - | - |
| Financial cost | - | (9,911) |
| Pre tax Profit/ (Loss) | 226,993,973 | (27,003,984) |
| Provision for taxation | - | |

| | | |
|--------------------------------|-------------|--------------|
| Profit / (Loss) after taxation | 226,993,973 | (27,003,984) |
|--------------------------------|-------------|--------------|

مستقبل کا آؤٹ لک

تنظیم نو کا عمل جلد مکمل ہونے کی امید ہے، ایک بار جب جاری مفاہمت اور تنظیم نو کا عمل مکمل ہو جائے گا، تو ہم آگے بڑھنے کے لیے بہتر پوزیشن میں ہوں گے۔

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 ڈاؤن 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 بینکوں سے تصدیق موصول نہیں ہوئی ہے۔ تاہم، یہاں یہ بتانا ضروری ہے کہ منسلک مالیاتی بیان میں، قرض کی رقم سکیم آف اریجنمنٹ سے لی گئی ہے جس کی تصدیق محفوظ قرض دہندگان نے کی تھی اور اسے عدالت میں پیش کیا گیا تھا۔

— پوسٹ ایمپلائمنٹ فوائد میں ملز گریجویٹی اور پچھلے سالوں کی غیر ادا شدہ تنخواہیں شامل ہیں۔ تجارت اور دیگر قابل ادائیگی میں الیکٹریک ڈیوٹی اور سندھ ٹولیمینٹ فنڈز شامل ہیں جیسا کہ نوٹ میں بتایا گیا ہے۔

نمبر 17 اور 18۔

کارپوریٹ گورننس

آپ کی کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قواعد و ضوابط کی تعمیل کرتی رہی ہے اور مزید سخت چیک اینڈ بیلنس 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 نصیر احمد 4

جناب محمد یونس 3

جناب وقار احمد 4

جناب میاں محمد خالد نسیم 4

جناب بشارت نسیم خالد 4

جناب محمد عارف 3

جناب زبیر حسین اختر 2

حساب کتاب کا گروہ یا لوگ

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل کرنے ہونے ایک آڈٹ کمیٹی قائم کی ہے۔ اس کے اراکین کے نام کمپنی کی معلومات میں دیے گئے ہیں۔

HR اور معاوضہ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں کمپنی کے بورڈ آف ڈائریکٹرز نے ایچ آر اور معاوضہ 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 ہونی ہے جیسا کہ اسٹاک ایکسچینج کے فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

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

• ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2023 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 ہونے ہیں، سوائے مالی بیانات میں ظاہر ہونے والے کے۔

فی شیئر آمدنی/ نقصان

30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کا فی حصص منافع / (نقصان) روپے تھا۔ 11.96 روپے (1.42) کے پچھلے سال کے مقابلے۔

منافع

اوپر بیان کردہ حالات کی وجہ سے، بورڈ آف ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کے لیے ڈیویڈنڈ 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.gulistan.com.pk/corporate/gulistan.html پر بھی دستیاب ہیں۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے درمیان لین دین آرمر لینتھ قیمتوں پر کیے گئے تھے جن کا تعین "موازنہ ہے 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 جائزہ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور

ان کی شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے شیئرز کی ٹریڈنگ حسب ذیل ہے:

01.07.2022 کو اوپننگ بیلنس پر چیزز سیلز کلزنگ بیلنس 30.06.2023 تک

NIL NIL NIL NIL

اسٹاف ریٹائرمنٹ بینیفٹ کی قدر پر بیان

30 جون 2023 تک گریجویٹی کی موخر ذمہ داری ہے، 131,323,537/= روپے

آڈیٹرز

میسرز ملک ہارون شاہد صفدر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کے بعد خود کو دوبارہ تقرری

کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے اگلے مالی سال 2023-2024 کے لیے کمپنی کے بیرونی آڈیٹرز

کے طور پر ان کی تقرری کی بھی سفارش کی ہے۔

شیئر ہولڈنگ کا نمونہ

30 جون 2023 تک شیئر ہولڈنگ کا پیٹرن جس میں کارپوریٹ آف گورننس کے کوڈ کے تحت معلومات

شامل ہیں۔

اعتراف

آخر میں، بورڈ اپنے قابل قدر صارفین اور مالیاتی اداروں کا شکریہ ادا کرنے کے اس موقع سے فائدہ

اٹھاتا ہے جن کے اعتماد اور تعاون نے سالوں سے باہمی طور پر فائدہ مند تعلقات کو فروغ دیا ہے جس

نے ہماری مصنوعات کی خدمات اور معیشت میں شراکت کو بہتر بنانے میں اہم کردار ادا کیا ہے۔

بورڈ انتظامی ٹیم کے ملازمین کے ارکان کی کوششوں، عزم اور محنت کے لیے اور شیئر ہولڈرز کے

لیے اس پر کیے گئے اعتماد اور اعتماد کے لیے اپنی تعریف ریکارڈ پر رکھنا چاہتا ہے۔

بورڈ کی جانب سے



وقار احمد

چینرمن



نصیر احمد

چیف ایگزیکٹو

لاہور: 06.10.2023



Gulistan Textile Mills Limited

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

Year Ended

June 30, 2023

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 |
|-------------------------|---|
| Executive Directors | Mr. Naseer Ahmed and Mr. Muhammad Younas |
| Independent Director* | Mr. Zubair Hussain Akhtar, Mr. Mian Khalid Nasim |
| Non-Executive Directors | Mr. Muhammad Arif, Mr. Waqar Ahmad, Mr. Basharat Mahmood Khalid |

* 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 the committees, comprising of members are given below.

A) Audit Committee

| | |
|---------------------------------|----------|
| Mr. Zubair Hussain Akhtar | Chairman |
| Mr. Waqar Ahmad | Member |
| Mr. Mian Bashrat Mahmood Khalid | Member |

B) HR & Remuneration Committee

| | |
|---------------------------------|----------|
| Mr. Mian Khalid Nasim | Chairman |
| Mr. Waqar Ahmad | Member |
| Mr. Mian Bashrat Mahmood Khalid | 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 will appoint female director in next election of director i.e 31.10.2023 |



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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 |
|---------|---|----------|--|
| 1 | 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. |
| 2 | 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. |
| 3 | It is encouraged that by June 30, 2024, 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:- 06.10.2023

Chairman

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uctsglobal.org

Independent Auditor's Review Report To the Members of "Gulistan Textile 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 Gulistan Textile Mills Limited for the year ended June 30, 2023 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 in next election of the directors on 31.10.2023. 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, 2023.



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

Lahore

October 06, 2023

UDIN: CR202310206JsN6fFUTe



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Gujrat Office: Upper Floor Shehroz Plaza, Near S.A fans Area Estate, Main Grand Trunk Rd, Small Industrial Area, Gujrat

INDEPENDENT AUDITOR'S REPORT

to the Members of Gulistan Textile Mills Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Gulistan Textile Mills Limited** (the Company), which comprise the statement of financial position as of **June 30, 2023**, 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 at June 30, 2023, 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, 2023, amounting to Rs 3.485 million.
2. We did not observe the counting of physical inventories at the end of the year and we were unable to satisfy ourselves by alternative means concerning the quantities of stores, spare parts and loose tools held on June 30, 2023, which are stated in the financial statements at cost of Rs. 97.157 million and the related provision for obsolete stocks amounting to Rs. 97.157 million and the quantities of stock in trade held on June 30, 2023 which are stated in the financial statements at cost of Rs. 135.46 and the related provision for obsolete stocks amounting to Rs. 135.46 million, respectively.
3. We could neither obtain any information regarding the cash in hand nor receive any confirmations from banks regarding balances with banks. Accordingly, we are unable to verify cash and bank balances aggregating to Rs. 23.998 million.
4. 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 million, Rs. 254.965 million and Rs. 0.3 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.



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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 leading 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. | Contingencies and commitments | |
| | Refer to note 20 to the financial statements; The Company is currently facing significant litigations pertaining to claims filed by various banks regarding loan facilities, as well as Government authorities concerning outstanding amounts owed. Given the nature and amount involved in such cases and the appellate forums at which these are pending, 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 a key matter. | Our audit procedures included the following: <ul style="list-style-type: none">• Read the scheme of arrangement and ensure that all the litigations as mentioned in the scheme 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.• Obtained confirmation from legal advisors regarding ongoing litigations. |

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.

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

Gujrat Office: Upper Floor Shehroz Plaza, Near S.A fans Area Estate, Main Grand Trunk Rd, Small Industrial Area, Gujrat

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

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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 other 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
October 06, 2023
UDIN: AR202310206nZWfX1lqU



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



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

Gujrat Office: Upper Floor Shehroz Plaza, Near S.A fans Area Estate, Main Grand Trunk Rd, Small Industrial Area, Gujrat

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

| | Note | 2023 | 2022 |
|--|------|----------------------|----------------------|
| | | Rupees | Rupees |
| ASSETS | | | |
| Property, plant and equipment | 5 | 3,485,298 | 4,019,492 |
| Investments | 6 | - | - |
| Stores, spare parts and loose tools | 7 | - | - |
| Stock-in-trade | 8 | - | - |
| Advances, deposits and prepayments | 9 | 23,912,323 | 29,215,323 |
| Tax refunds due from Government | 10 | 19,652,607 | 19,652,607 |
| Cash and bank balances | 11 | 23,998,178 | 23,870,926 |
| Disposal group under scheme of arrangement | 12 | 1,624,469,568 | 1,392,535,953 |
| TOTAL ASSETS | | 1,695,517,974 | 1,469,294,301 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 13 | 189,838,990 | 189,838,990 |
| Reserves | 14 | 576,748,715 | 576,748,715 |
| Surplus on revaluation of property, plant and equipment | | 910,658,520 | 910,658,520 |
| Sub-ordinated loan | 15 | 423,800,000 | 423,800,000 |
| Accumulated losses | | (11,191,606,158) | (11,418,379,928) |
| Total equity | | (9,090,559,933) | (9,317,333,703) |
| LIABILITIES | | | |
| Loan from associates and others | 16 | 252,654,251 | 252,799,348 |
| Post employment benefits payables | 17 | 131,323,536 | 131,323,536 |
| Trade and other payables | 18 | 254,965,178 | 255,370,178 |
| Unclaimed dividend | | 300,942 | 300,942 |
| Payable to banking companies under scheme of arrangement | 19 | 10,146,834,000 | 10,146,834,000 |
| | | 10,786,077,907 | 10,786,628,004 |
| CONTINGENCIES AND COMMITMENTS | 20 | | |
| TOTAL EQUITY AND LIABILITIES | | 1,695,517,974 | 1,469,294,301 |

The annexed notes from 1 to 33 form an integral part of these financial statements.

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Naseer Ahmed
CHIEF EXECUTIVE OFFICER

A. Akhtar
CHIEF FINANCIAL OFFICER

Arif
DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|--|------|----------------|----------------|
| Sales | | - | - |
| Cost of sales | | - | - |
| Gross loss | | - | - |
| Administrative expenses | 21 | (11,050,298) | (8,278,312) |
| Other operating expenses | 22 | - | (24,498,826) |
| | | (11,050,298) | (32,777,138) |
| Loss from operations | | (11,050,298) | (32,777,138) |
| Other income | 23 | 237,833,863 | 5,783,065 |
| Finance cost | 24 | (9,795) | (9,911) |
| Profit/(loss) before taxation | | 226,773,770 | (27,003,984) |
| Taxation | 25 | - | - |
| Profit/(loss) after taxation | | 226,773,770 | (27,003,984) |
| Earing/(loss) per share - basic and diluted | 26 | 11.95 | (1.42) |

The annexed notes from 1 to 33 form an integral part of these financial statements.

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Naseer Ahmed

CHIEF EXECUTIVE OFFICER

A. Asghar

CHIEF FINANCIAL OFFICER

Ahmed

DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 | 2022 |
|---|------|--------------------|---------------------|
| | | Rupees | Rupees |
| Profit/(loss) after taxation | | 226,773,770 | (27,003,984) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | 226,773,770 | (27,003,984) |

The annexed notes from 1 to 33 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

| | Share capital | Share premium |
|------------------------------------|--------------------|--------------------|
| Balance as at July 01, 2021 | 189,838,990 | 379,080,000 |
| Loss for the year | - | - |
| Other comprehensive loss | - | - |
| Balance as at July 01, 2022 | 189,838,990 | 379,080,000 |
| Profit for the year | - | - |
| Other comprehensive loss | - | - |
| Balance as at June 30, 2023 | 189,838,990 | 379,080,000 |

The annexed notes from 1 to 33 form an integral part of these financial stat



CHIEF EXECUTIVE OFFICER

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before taxation | | 226,773,770 | (27,003,984) |
| Adjustments for non-cash items: | | | |
| Depreciation | 5.1 | 534,194 | 633,408 |
| Impairment loss | 22 | (231,933,615) | 24,498,826 |
| Provision for staff retirement benefits - gratuity | 17.1 | - | 121,611 |
| Finance cost | 24 | 9,795 | 9,911 |
| Cash flows before working capital changes | | (4,615,856) | (1,740,228) |
| (Increase) / decrease in assets | | | |
| Trade deposits and other receivable | | 5,303,000 | 1,336,400 |
| Increase / (decrease) in liabilities | | | |
| Trade and other payables | 18 | (405,000) | 561,532 |
| Cash generated from operations | | 282,144 | 157,704 |
| Finance cost paid | 24 | (9,795) | (9,911) |
| Staff retirement benefits - gratuity paid | 17 | - | - |
| Income tax paid | 25 | - | - |
| Net cash flows from operating activities | | 272,349 | 147,793 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| | | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of loan from associates and other parties | | (145,097) | (27,789) |
| Repayment of financing - net | | - | - |
| Net cash flows from financing activities | | (145,097) | (27,789) |
| Net increase in cash and cash equivalents | | 127,252 | 120,004 |
| Cash and cash equivalents at the beginning of year | | 23,870,926 | 23,750,922 |
| Cash and cash equivalents at the end of year | | 23,998,178 | 23,870,926 |

The annexed notes from 1 to 33 form an integral part of these financial statements.

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Nadeem Ahmed

CHIEF EXECUTIVE OFFICER

A. Akhtar

CHIEF FINANCIAL OFFICER

Ahmed

DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Notes

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.

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

| Sr. # | Manufacturing units and offices | Address |
|-------|---------------------------------|--|
| 1 | Spinning unit-I | 1B K.M Sama Satta, District Bahawalpur, Pakistan. |
| 2 | Spinning unit-II | Tibba Sultanpur, Chowk Metla, District Vehari, Pakistan. |
| 3 | Spinning unit-IV | 26K.M, Sheikhpura FSD Road, Ferozwatwan, Sheikhpura, Pakistan. |
| 4 | Registered office | 2nd Floor, Finlay House, I.I Chundrigar Road, Karachi, Pakistan. |
| 5 | Regional office | 2nd Floor, Garden Heights, 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 has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). 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, 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 than those which are disclosed in notes to the financial statements.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Notes

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.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Notes

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

| Sr. No. | Account head | Basis of measurement |
|---------|---|---|
| 1 | Property, plant and equipment | Fair market value which approximates the net book value at the date of financial statements |
| 2 | Long-term investments | On estimated fair value basis |
| 3 | Stores, spare parts and loose tools | On estimated net realizable value |
| 4 | Stock-in-trade | On estimated net realizable value |
| 5 | Trade debtors | Realizable value based on probability of recovery |
| 6 | Trade deposits and other receivable | Realizable value based on probability of recovery |
| 7 | Tax refunds due from Government | Realizable value based on probability of recovery |
| 8 | Loans and advances | Realizable values based on probability of recovery |
| 9 | Cash and bank balances | Undisputed / irrevocable balances |
| 10 | Disposal group under scheme of arrangement | Forced sale value |
| 11 | Surplus on revaluation of operating fixed assets | On net book value |
| 12 | Subordinated loan | On expected settlement value |
| 13 | Loan from associates and other parties | On expected settlement value |
| 14 | Post employment benefits payables | On expected settlement value |
| 15 | Trade and other payables | On expected settlement value |
| 16 | Unclaimed dividend | On expected settlement value |
| 17 | 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.

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, 2022 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.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Notes

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in previous years before preparing financial statements on a basis other than the going concern are as follows:

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 / (loss). 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 assets and related liabilities

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 rate.

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 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

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 the profit equals the share of losses not recognized.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Notes

Other investments

The Company classifies all other investments into following three categories as financial asset:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- amortized cost

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.

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.

4.7 Post-employment 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 under the scheme. Expense comprising of current service cost and interest cost is recorded in profit and loss account, whereas any re-measurements due to change in the assumptions are charged to other comprehensive income as and when they arise.

4.8 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 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 assets and liabilities are measured at the tax rates that are expected to apply to the

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Notes

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.

As these financial statements are prepared in accordance with the basis other the going concern basis hence no deferred tax is recognized in these financial statements.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 Financial instruments

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. Any receipt against previously written off debtors is recognized as income in the year in which amount is received.

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.

Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial

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position 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.

4.14 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 Act, 2017 (comparable uncontrolled price method) with the exception of loan taken from related parties which is interest / mark-up free.

4.15 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 cost of the asset.

4.16 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.

4.17 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 follows:

- (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) Expected credit loss of trade debts.(note 4.13)
- (iv) Provision for staff retirement benefit - gratuity.(note 4.7)
- (v) Provision for taxation (note 4.8)

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| 5 PROPERTY, PLANT AND EQUIPMENT | 2023 | 2022 |
|--|------------------|------------------|
| | Rupees | Rupees |
| Property, plant and equipment | 3,485,298 | 4,019,492 |

| Particulars | Furniture and fixture | Computers | Vehicles | Total |
|--|-----------------------|---------------|----------------|------------------|
| | 2023 | | | |
| Opening cost | 18,909,460 | 5,607,088 | 38,555,189 | 63,071,737 |
| Opening accumulated depreciation | (16,148,123) | (5,558,855) | (37,345,267) | (59,052,245) |
| Opening net book value | 2,761,337 | 48,233 | 1,209,922 | 4,019,492 |
| Disposals/Transfer | | | | |
| - cost | - | - | - | - |
| - accumulated depreciation | - | - | - | - |
| Depreciation charge | (276,134) | (16,076) | (241,984) | (534,194) |
| Closing net book value at June 30, 2023 | 2,485,203 | 32,157 | 967,938 | 3,485,298 |
| Cost | 18,909,460 | 5,607,088 | 38,555,189 | 63,071,737 |
| Less: accumulated depreciation | (16,424,257) | (5,574,931) | (37,587,251) | (59,586,439) |
| Net book value at June 30, 2023 | 2,485,203 | 32,157 | 967,938 | 3,485,298 |
| Rate of depreciation | 10% | 33.33% | 20% | |

| Particulars | Furniture and fixture | Computers | Vehicles | Total |
|---|-----------------------|---------------|------------------|------------------|
| | 2022 | | | |
| Opening cost | 18,909,460 | 5,607,088 | 38,555,189 | 63,071,737 |
| Opening accumulated depreciation | (15,841,308) | (5,534,742) | (37,042,787) | (58,418,837) |
| Opening net book value | 3,068,152 | 72,346 | 1,512,402 | 4,652,900 |
| Disposals/Transfer | | | | |
| - cost | - | - | - | - |
| - accumulated depreciation | - | - | - | - |
| Depreciation charge | (306,815) | (24,113) | (302,480) | (633,408) |
| Closing net book value June 30, 2022 | 2,761,337 | 48,233 | 1,209,922 | 4,019,492 |
| Cost | 18,909,460 | 5,607,088 | 38,555,189 | 63,071,737 |
| Less: accumulated depreciation | (16,148,123) | (5,558,855) | (37,345,267) | (59,052,245) |
| Net book value at June 30, 2022 | 2,761,337 | 48,233 | 1,209,922 | 4,019,492 |
| Rate of depreciation | 10% | 33.33% | 20% | |

5.1 Depreciation is charged to administrative expenses.

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| | 2023 Rupees | 2022 Rupees |
|--|----------------|----------------|
| 6 INVESTMENTS | | |
| 6.1 Quoted Shares | | |
| This represents an investment of 967,907 (2022: 967,907) share in Paramount Spinning Mills Limited amounting to Rs. 3,679,589 (2022: Rs. 3,679,589). The fair market value per share is Nil (2022: Nil) as on reporting date. | | |
| 6.2 Unquoted Shares | | |
| This represents an investment of 616,890 (2022: 616,890) share in Gulshan Weaving Mills Limited amounting to Rs. 6,410,793 (2022: Rs. 6,410,793). The fair market value per share is Nil (2022: Nil) as on reporting date. | | |
| 7 STORES, SPARE PARTS AND LOOSE TOOLS | | |
| Stores, spare parts and loose tools | 97,157,444 | 97,157,444 |
| Less: provision for slow moving stores | (97,157,444) | (97,157,444) |
| | - | - |
| Store, spare parts and loose tools has been fully written down on account of obsolescence as mills operations has been suspended since March 2014. | | |
| 8 STOCK-IN-TRADE | | |
| Raw material | 101,783,353 | 101,783,353 |
| Less: provision for obsolete raw material | (101,783,353) | (101,783,353) |
| | - | - |
| Finished goods | 33,676,319 | 33,676,319 |
| Less: provision for obsolete finished goods | (33,676,319) | (33,676,319) |
| | - | - |
| | - | - |
| 8.1 Stock-in-trade has been fully written down on account of obsolescence as mills operations has been suspended since March 2014. | | |
| 8.2 All of the stocks of the Company are under banks' charge as security of borrowings. Various banks and financial institutions have also filed suits before Banking Court, Sindh High Court and Lahore High Court for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully explained in note 20.1 litigation with banks and financial institutions. The Company has also filed suit in the Lahore High Court against banks/financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. | | |
| 9 ADVANCES, DEPOSITS AND PREPAYMENTS | | |
| Paramount Spinning Mills Limited | 23,470,073 | 28,903,073 |
| Advance against salaries | 130,000 | - |
| Security deposits | 312,250 | 312,250 |
| | 23,912,323 | 29,215,323 |
| The maximum aggregate amount due from Paramount Spinning Mills Limited at end of any month during the year was Rs. 28,903,073 (2022: Rs. 28,903,073). | | |
| 10 TAX REFUNDS DUE FROM GOVERNMENT | | |
| Advance income tax | - | - |
| Sales tax | 19,652,607 | 19,652,607 |
| | 19,652,607 | 19,652,607 |

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| | | 2023 Rupees | 2022 Rupees |
|----------------------------------|------|-------------------|-------------------|
| 11 CASH AND BANK BALANCES | | | |
| Cash-in-hand | | 246,905 | 119,653 |
| Balances with banks in; | | | |
| - current accounts | 11.1 | 6,621 | 6,621 |
| - deposit accounts | | 155 | 155 |
| - term deposit receipts | 11.2 | 23,744,497 | 23,744,497 |
| | | <u>23,998,178</u> | <u>23,870,926</u> |

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 notes to the financial statements.

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

12 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT

Owned:

| | | | |
|-----------------------------|--|----------------------|----------------------|
| Freehold land | | 374,271,117 | 374,271,117 |
| Building on free hold 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 |
| Lease hold: | | | |
| Lease hold land | | 70,720,000 | 70,720,000 |
| Plant and machinery | | 166,081,430 | 166,081,430 |
| Power houses | | 14,358,934 | 14,358,934 |
| Impairment | | (153,137,794) | (385,071,409) |
| | | <u>1,624,469,568</u> | <u>1,392,535,953</u> |

12.1 Particulars of immovable fixed assets are as follows:

| Particulars | Address | Area of land (Kanals) | |
|--------------------------|---|-----------------------|--------------|
| | | | |
| Land | Qutab Pur, Lodhran, Pakistan. | 78.8 | 78.8 |
| Spinning unit - I | 18 K.M Sama Satta, District Bahawalpur. | 265.8 | 265.8 |
| Spinning unit - II & III | Tibba Sultanpur, District Vehari, Pakistan. | 104.1 | 104.1 |
| Spinning unit - IV | Ferozwatwan, Sheikhpura, Pakistan. | 215.4 | 215.4 |
| | | <u>664.1</u> | <u>664.1</u> |

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 as per requirements of IFRS-5.

The valuation of these assets is based on valuation report dated September 13, 2023 of an independent valuer, Oriental Engineering Services. The upward change in value of disposal group is accounted for as reversal of impairment loss as already chaged in previous years.

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| | | | 2023 | 2022 |
|--|---|--|--------------------|--------------------|
| | | | Rupees | Rupees |
| 13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | | | |
| | Numbers | Numbers | Rupees | Rupees |
| | Authorized capital | | | |
| | <u>30,000,000</u> | <u>30,000,000</u> | <u>300,000,000</u> | <u>300,000,000</u> |
| | | Ordinary shares of Rs. 10 | | |
| | Issued, subscribed and paid-up capital | | | |
| | <u>4,771,715</u> | <u>4,771,715</u> | <u>47,717,150</u> | <u>47,717,150</u> |
| | | Ordinary shares of Rs. 10 each issued as fully paid in cash | | |
| | <u>14,212,184</u> | <u>14,212,184</u> | <u>142,121,840</u> | <u>142,121,840</u> |
| | | Ordinary shares of Rs. 10 each | | |
| | <u>18,983,899</u> | <u>18,983,899</u> | <u>189,838,990</u> | <u>189,838,990</u> |
| 14 RESERVES | | | | |
| Capital reserve | | | | |
| | | Share premium | 14.1 | 379,080,000 |
| | | Un-realized loss on remeasurement of investment available for sale | | (6,252,679) |
| Revenue reserve | | | | |
| | | General reserve | | 203,921,394 |
| | | | | <u>576,748,715</u> |
| | | | | <u>576,748,715</u> |
| 14.1 | This represents share premium received on 4,212,000 ordinary shares of Rs. 10 each issued at premium of Rs. 90 per share. | | | |
| 15 SUB-ORDINATED LOAN - unsecured | | | | |
| | | | <u>423,800,000</u> | <u>423,800,000</u> |
| This is an interest-free loan obtained from Director of the Company in previous years. This loan is sub-ordinated 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. | | | | |
| 16 LOAN FROM ASSOCIATES AND OTHERS - unsecured | | | | |
| | | Gulshan Spinning Mills Limited | 6,827,087 | 6,827,087 |
| | | Gulistan Spinning Mills Limited | - | 145,097 |
| | | Gulistan Power Generation Limited | 4,730,279 | 4,730,279 |
| | | Interest free loan from other parties | 16.1 | 241,096,885 |
| | | | | <u>252,654,251</u> |
| | | | | <u>252,799,348</u> |
| 16.1 Interest free loans from other parties | | | | |
| | | Balance at beginning of the year | 241,096,885 | 241,124,674 |
| | | Add: funds received during the year | - | - |
| | | Less: adjustments/repayments made during the year | - | (27,789) |
| | | | <u>241,096,885</u> | <u>241,096,885</u> |
| These loans were advanced by the Chief Executive and relatives in order to meet working capital requirements. The repayment terms have not yet been finalized by the parties. | | | | |

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| | | 2023 Rupees | 2022 Rupees |
|---|------|-----------------------|-----------------------|
| 17 POST EMPLOYMENT BENEFITS PAYABLES | | | |
| Post employment benefits payables | 17.1 | 131,323,536 | 131,323,536 |
| 17.1 Movement in post employment benefits payable | | | |
| Net liability at beginning of the year | | 131,323,536 | 131,201,925 |
| Add: charge to profit and loss account | | - | 121,611 |
| Less: benefits paid | | - | - |
| Net liability at end of the year | | <u>131,323,536</u> | <u>131,323,536</u> |
| The Company has not hired any actuary to carry out valuation of its defined benefit obligation for this reporting year. | | | |
| 18 TRADE AND OTHER PAYABLES | | | |
| Accrued liabilities | | 223,243,459 | 223,648,459 |
| Income tax deducted at source | | 99,529 | 99,529 |
| Sindh development fund payable | | <u>31,622,190</u> | <u>31,622,190</u> |
| | | <u>254,965,178</u> | <u>255,370,178</u> |
| 19 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT | | | |
| The Bank of Punjab | | 180,120,000 | 180,120,000 |
| National Bank of Pakistan | | 979,891,000 | 979,891,000 |
| United Bank Limited | | 708,071,000 | 708,071,000 |
| Faysal Bank Limited | | 322,543,000 | 322,543,000 |
| Habib Bank Limited | | 303,142,000 | 303,142,000 |
| Askari Bank Limited | | 496,556,000 | 496,556,000 |
| Bank Alfalah Limited | | 305,896,000 | 305,896,000 |
| MCB Bank Limited | | 483,267,000 | 483,267,000 |
| Al-Baraka Bank (Pakistan) Limited | | 418,970,000 | 418,970,000 |
| Allied Bank Limited | | 290,000,000 | 290,000,000 |
| Standard Chartered Bank (Pakistan) Limited | | 466,691,000 | 466,691,000 |
| Silk Bank Limited | | 469,853,000 | 469,853,000 |
| Habib Metropolitan Bank Limited | | 253,323,000 | 253,323,000 |
| Bank Islamic Pakistan Limited | | 418,000,000 | 418,000,000 |
| Meezan Bank Limited | | 275,280,000 | 275,280,000 |
| The Bank Of Khyber | | 324,848,000 | 324,848,000 |
| Summit Bank Limited | | 286,854,000 | 286,854,000 |
| JS Bank Limited | | 155,000,000 | 155,000,000 |
| First Women Bank Limited | | 181,149,000 | 181,149,000 |
| Pak Libya Holding Company (Private)Limited | | 84,509,000 | 84,509,000 |
| Dubai Islamic Bank Pakistan Limited | | 75,000,000 | 75,000,000 |
| Soneri Bank Limited | | 51,756,000 | 51,756,000 |
| Orix Leasing Pakistan Limited | | 22,119,000 | 22,119,000 |
| First Habib Modarba | | 17,350,000 | 17,350,000 |
| Accrued mark up | | 2,576,646,000 | 2,576,646,000 |
| | | <u>10,146,834,000</u> | <u>10,146,834,000</u> |

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2023
Rupees

2022
Rupees

- 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 September 10, 2019. 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 assets") of the Company and payment of the proceeds thereof to the secured creditors as contemplated under this Scheme along with incidental ancillary matters, thereto. 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 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.

20 CONTINGENCIES AND COMMITMENTS

20.1 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 Various banks and financial institutions have filed recovery suits before various courts in Pakistan inter alia for recovery of their alleged long-term and short-term liabilities and lease liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 8,812.18 million (2022: Rs. 8,812.18 million).

The pending litigations with financial institutions shall be withdrawn in terms of the scheme of arrangement, however, prior the sanction of the scheme the management was strongly contesting above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. Since, all the cases are pending before various Courts therefore the ultimate outcome of these cases can not be established to the date of these financial statements. Among all the cases referred above, the most notable cases by or against the Company are explained in the following sub notes.

20.1.2 The Company filed a suit in the Honorable Lahore High Court (LHC) against almost 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 allowed vide order dated 04.11.2020, whereby the case was remanded to the learned single judge to decide the application for leave to defend filed by the defendant banks.

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| | 2023 Rupees | 2022 Rupees |
|--|----------------|----------------|
|--|----------------|----------------|

- 20.1.3** The Bank of Khyber has filed a suit COS No. 140/ 2012 for recovery of Rs. 341.532 million on account of cash finance facilities provided to the Company. The Company filed PLA, however, the same was dismissed after hearing the parties and the suit was decreed in favor of the plaintiff bank to the extent of Rs. 338.879 million together with cost of funds. The Company has filed appeal in the Divisional Bench of Honorable Lahore High Court, and the case is being contested on merits.
- 20.1.4** The Bank Alfalah Limited has filed a suit COS No. 91/2013 before the Honorable High Court of Sindh for recovery of Rs. 358.073 million on account of Cash finance and letter of credit facilities. The Company duly filed its leave application which is currently pending adjudication. During the course of proceedings the plaintiff bank also filed a CMA 11543, under section 16 of the Financial Institution (Recovery of Finance) Ordinance, 2001, seeking sale of the goods allegedly charged in favor of the Bank. The said CMA of plaintiff bank was allowed, however, the Company has challenged the same by filing an appeal on various grounds including that the Company was not provided with a proper opportunity to elucidate its stance and file counter affidavit to CMA 11543 and the relief claimed by the Plaintiff Bank i.e. sale of cotton bales through application under section 16 of the Ordinance is not maintainable as the said section 16 does not envisage a sale of pledged goods.
- 20.1.5** The Bank of Punjab Limited has filed a suit COS No. 49/2013 for recovery of Rs. 453.865 million on account of cash finance and letter of credit facilities. The Company filed PLA, however, the same was dismissed after hearing the parties and the Honorable Banking Court decreed the suit in favor of plaintiff bank to the extent Rs. 433.925 million, together with the costs of funds. The Company has filed appeal in the Divisional Bench of the Honorable Lahore High Court, and the case is still subjudice.
- 20.1.6** Summit Bank Limited filed a suit B-87/2012 against the Company in the Honorable High Court of Sindh for recovery of Rs. 167.00 million under the section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. The said litigation was dismissed by the Honorable High Court of Sindh due to withdrawal application of the Summit Bank Limited, resulting from out of court settlement/restructuring of the said finances.
- 20.1.7** First Habib Modaraba filed a suit 10/2012 in the Honorable Banking Court No. 1, Karachi against the Company for recovery of lease finances obtained by the Company. The said suit was dismissed upon withdrawal application to file afresh by the First Habib Bank Modaraba on June 19, 2014. The Company has not received any notice indicating the suit has been filed afresh.
- 20.1.8** Askari Bank Limited filed a suit COS No. 43/2013 against the Company for recovery of finance provided under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 amounting Rs. 483.53 million before the Honorable Lahore High Court. The said suit was decreed on December 12, 2017, against the Company in favor of plaintiff bank. The Company filed an appeal against the said judgment before the Division Bench of the Honorable Lahore High Court.
 Additionally, the Bank has also filed execution petition no 11-B/2017, with the single bench of the Honorable Lahore High Court. Both of the said legal proceedings are pending adjudication to the date of these financial statements.

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| | 2023 Rupees | 2022 Rupees |
|--|----------------|----------------|
|--|----------------|----------------|

- 20.1.9** Orix Leasing Pakistan Limited filed a suit 731/2012 with the Honorable Banking Court No. 01, Karachi for the recovery of Rs. 29.484 million under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 against the Company and others. The said suit was decreed against the Company vide judgment dated August 01, 2013, and August 23, 2013, where the Company was made liable, jointly and severally for a sum of Rs. 6.33 million with future rentals till expiry of the lease agreements, and thereafter the cost of funds at the rate prescribed by the State Bank of Pakistan from the date of expiry of the lease agreements till realization, along with the cost of the suit. The execution proceedings under the said decree are initiated vide execution no. 50/2013 and is pending before the Honorable Banking Court No. 01, Karachi. These financial statements do not reflect the impact of the above decision.
- 20.1.10** Habib Bank Limited, previously First Habib Bank Modaraba filed a suit 03/2014 against the Company and others before the Honorable Banking Court No. 1, Karachi for recovery of Rs. 1.493 million under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. The said suit was decreed by the Honorable Banking Court 01, Karachi vide its judgment dated April 21, 2016, and May 11, 2017, against the Company and others for the sum of Rs. 1.35 million with cost of the funds at the latest rate prescribed by the State Bank of Pakistan from the date of expiry of the agreement till realization, along with the cost of the suit. The Company did not file any appeal against the said judgment of the Honorable Banking Court no. 1, Karachi. However, the counter party has not initiated any execution proceedings against the said decree to the date of these financial statements.
- 20.1.11** Habib Metropolitan Bank Limited filed a suit for recovery of Rs. 304,771,857 against the Company vide COS No. 77/13 before the Honorable Lahore High Court. The said suit was decreed in favor of the bank to the extent of Rs. 109,652,301 via interim decree dated June 16, 2015. However, the Court allowed unconditional leave to defend the balance amount claimed by the bank to the Company because it was covered under LC, FAPC and LG facilities. Hence, suit in respect of the balance amount is pending before the said court for adjudication. The bank filed execution petition no. 108-B/15 for the decreed amount, which is also pending adjudication before the Single Bench of the Honorable Lahore High Court. The Company is contesting both these adjudications through its legal counsel on merits.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | 2023 Rupees | 2022 Rupees |
|--|----------------|----------------|
|--|----------------|----------------|

20.2 Litigation with parties other than banks and financial institutions

20.2.1 The Company has not provided for Rs. 28.85 million (2022: Rs. 28.85 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 a bench of same High Court and stay for collection of cess was allowed.

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 Honorable High Court of Sindh 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. This petition was disposed of in terms of the consolidated judgment dated June 4, 2021. The Company has challenged the impugned order before the honorable Supreme Court of Pakistan wherein, the Company has prayed the Court to suspend the operation of the impugned judgement of Sindh High Court and recovery of the levy.

20.2.2 A petition has been filed in the Honorable High Court of Sindh by United Bank Limited seeking among other things, the winding-up of the Company, appointment of official liquidator and restricting the board of directors from functioning. The Honorable High Court of Sindh through its order no J.Misc. 1 dated December 12, 2013, ordered the winding up of the Company and appointment of the official liquidator. Subsequently, the Company has filed a petition in the Honorable Supreme Court of Pakistan challenging the ruling of the Honorable High Court of Sindh. In response to the appeal filed by the Company, the Honorable Supreme Court of Pakistan vide its order dated February 25, 2014, has set aside the impugned judgment of the Honorable High Court of Sindh and remanded the matter. The legal counsel of the Company is of the opinion that the Company has several cogent factual and legal grounds for contesting its case and is very hopeful for a favorable decision.

20.2.3 Various Income Tax Appeals by the Company are pending for adjudication in the Honorable High Court of Sindh for Tax Year 2009 bearing number ITRA no 130/12, 131/12, 132/12 and 133/12. Likewise, the Federal Board of Revenue has filed an appeal against the Company for the Tax Year 2012, bearing number 215/A-1 against the order of disposal by the Income Tax Appellate Tribunal.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2023
Rupees

2022
Rupees

20.2.4 The Honorable Supreme Court of Pakistan, vide judgment dated August 22, 2014, has already 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 Ordinances, 2011, this Gas Infrastructure Development Cess Ordinances, 2014, was also challenged before different high court of Pakistan and in the mean while the Gas Infrastructure Development Cess Act, 2015, was imposed to the same effect as that of Gas Infrastructure Development Cess Ordinances, 2014. Yet again the Gas Infrastructure Development Cess Act, 2015, was challenged before the Honorable Lahore High Court as well as before 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, 2016, 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 amount received under the head of Gas Infrastructure Development Cess from 2011, till date. However latter on, the honorable Supreme Court of Pakistan in its judgement dated August 13, 2020 passed in civil appeals no. 1113 to 1155 of 2017 ect. had given directions to gas utility company (SNGPL) for the calculation of GIDC and the Supreme Court was pleased to waive off the late payment surcharge (LPS) and ordered to recover GIDC in 24 equal monthly installments.

However, in the light of judgment dated August 13, 2020 read with proviso to sub-section 2 of Section 8 of the GIDC Act 2015, the company is not liable to pay any cess under the Gas Infrastructure Development Cess Act, 2011 as well as Gas Infrastructure Development Cess Ordinance, 2014 as the company has neither passed the burden to its customers nor collected GIDC from them. Accordingly, the Company has filed a suit before Sindh High Court in Karachi, wherein, the honorable court was pleased to grant the stay order on GIDC. The amount of Gas Infrastructure Development Cess paid by the company during 2011 to 2015 is liable to be refunded/adjusted in addition to tariff differential amount for which the company has already filed a suit for recovery against SNGPL before Gas Utility Court Sheikhupura. SNGPL has also filed a suit against the Company before Gas Utility Court Sheikhupura. These suits filed by and against the Company before Utility Court Sheikhupura were Clubbed by the Court. The cases before Gas Utility Court Sheikhupura were adjourned sine die.

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FOR THE YEAR ENDED JUNE 30, 2023

| 2023 | 2022 |
|--------|--------|
| Rupees | Rupees |

The Company and SNGPL have also filed suit for recovery against each other before gas utility Court Bahawalpur. Two suits were filed by SNGPL against two separate connections i.e. for mills and the colony before gas utility Court Bahawalpur. The Gas Utility Court Bahawalpur decreed the suit of SNGPL by excluding GIDC amount of mills connection while to the extent of colony's bill the suit was decreed as prayed for. SNGPL has filed regular first appeal No. 52 of 2022 before Lahore High Court, Bahawalpur Bench, Bahawalpur. The suit filed by the Company against SNGPL before Gas Utility Court Bahawalpur was also partially decreed to the extent of 9,109,641/- vide order dated 24.01.2022. SNGPL has also filed suit for recovery before Gas Utility Court Mailsi, District Vehari. The suit was decreed vide exparte judgment and decree dated 18.10.2018. Later on SNGPL filed an application for satisfaction of decree through encashment of Bank Guarantee provided by Askari Bank Limited. the said application was allowed vide order dated 14.10.2021. However, the said order was challenged by Askari Bank Limited before Lahore High Court Multan Bench, Multan by filing an EFA and the Honorable Lahore High Court was pleased to grant stay order vide order dated 01.03.2022 whereby the amount under the bank guarantee in question was ordered not to be recovered from Askari Bank Limited.

20.2.5 The aggregated bank guarantees amounting to Rs. 28.44 million (2022: Rs. 28.44 million) are issued on behalf of the Company in favor of the Excise and Taxation Department are outstanding on the reporting date.

20.3 Other contingencies

20.3.1 The scheme of arrangement specify that mark up liability shall be updated on the asset sale date. In case of any dispute with respect to the amounts constituting the same which is payable to any creditor, the decision of the majority member constituting asset sale committee shall be final and binding. As mentioned in note 20.2 that due to litigation with banks the mark up expense can not be reliability 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 (2022: Rs. 78.363 million) were given by the Company to various banks / financial institutions as at June 30, 2023, in respect of guarantees issued in favor of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited. Other bank guarantees given by various banks on behalf of the Company to various parties remain intact with the respective banks.

20.4 Commitments

20.4.1 There is no capital commitment as at June 30, 2023 (2022: Nil).

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | | 2023 Rupees | 2022 Rupees |
|-------------|--|--------------------|-------------------|
| 21 | ADMINISTRATIVE EXPENSES | | |
| | Salaries, wages and other benefits | 5,752,160 | 5,296,858 |
| | Staff retirement benefits - gratuity | - | 121,611 |
| | Rent, rates and taxes | 1,236,384 | 1,011,600 |
| | Communication | 73,516 | 62,593 |
| | Electricity, gas, water and diesel | 386,129 | 190,470 |
| | Travelling and conveyance | 161,550 | 258,620 |
| | Auditor's remuneration | 210,000 | 210,000 |
| | Legal and professional | 1,000,000 | - |
| | Depreciation | 534,194 | 633,408 |
| | Printing and Stationary | 3,000 | - |
| | Others | 1,693,365 | 493,152 |
| | | <u>11,050,298</u> | <u>8,278,312</u> |
| 21.1 | Auditor's remuneration | | |
| | Annual audit | 200,000 | 200,000 |
| | Review report under code of corporate governance | 10,000 | 10,000 |
| | | <u>210,000</u> | <u>210,000</u> |
| 22 | OTHER OPERATING EXPENSES | | |
| | Impairment loss | - | 24,498,826 |
| | Previously unrecognized expenses | - | - |
| | | <u>-</u> | <u>24,498,826</u> |
| 22.1 | This represents various liabilities pertaining to preceding years which previously did not meet the recognition criteria due to uncertainty of future cash out flow of resources and reliable estimates. | | |
| 23 | OTHER INCOME | | |
| | Reversal of impairment loss | 231,933,615 | - |
| | Receipts from bad debts | 5,900,248 | 5,783,065 |
| | | <u>237,833,863</u> | <u>5,783,065</u> |
| 24 | FINANCE COST | | |
| | Bank charges | 9,795 | 9,911 |
| | Other financial charges | - | - |
| | | <u>9,795</u> | <u>9,911</u> |
| 25 | TAXATION | | |
| | Current | - | - |
| | Deferred | - | - |
| | Derecognition of deferred tax liability | - | - |
| | | <u>-</u> | <u>-</u> |
| 25.1 | No provision for minimum tax due under section 113 of the Income Tax Ordinance, 2001, is incorporated as the Company has nil turnover during the year. Numeric tax rate reconciliation is, therefore, also not required. | | |

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | 2023 Rupees | 2022 Rupees |
|--|-----------------------|-----------------------|
| 26 EARNING/(LOSS) PER SHARE - BASIC AND DILUTED | | |
| Profit/(loss) after taxation - (Rupees) | 226,773,770 | (27,003,984) |
| Weighted average number of ordinary shares | | |
| Outstanding during the year - (Number) | 18,983,899 | 18,983,899 |
| Earning/(loss) per share - basic and diluted - (Rupees) | 11.95 | (1.42) |
| There is no dilutive effect on the basic loss per share of the Company. | | |
| 27 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES | | |
| 27.1 No remuneration was paid to chief executive (2022: Nil) and 6 directors (2022: Nil) during the year. | | |
| 27.2 No employee of the Company meet the definition of executive officer. | | |
| 28 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES | | |
| Financial assets - amortized cost | | |
| Advances, deposits and prepayments | 23,912,323 | 29,215,323 |
| Cash and bank balances | 23,998,178 | 23,870,926 |
| | <u>47,910,501</u> | <u>53,086,249</u> |
| Financial liabilities - amortized cost | | |
| Loan from associates and others | 252,654,251 | 252,799,348 |
| Trade and other payables | 254,965,178 | 255,370,178 |
| Unclaimed dividend | 300,942 | 300,942 |
| Disposal group under scheme of arrangement | 10,146,834,000 | 10,146,834,000 |
| | <u>10,654,754,371</u> | <u>10,655,304,468</u> |
| 28.1 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. | | |
| 28.2 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. | | |
| 28.3 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. | | |
| 28.4 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. | | |

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| 2023 Rupees | 2022 Rupees |
|----------------|----------------|
|----------------|----------------|

28.5 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.

29 FINANCIAL RISK EXPOSURE AND 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 is also responsible for developing and monitoring the Company's risk management policies.

29.1 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 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:

| | | |
|-------------------------------------|-------------------|-------------------|
| Trade deposits and other receivable | 23,912,323 | 29,215,323 |
| Bank balances | 23,751,273 | 23,751,273 |
| | <u>47,663,596</u> | <u>52,966,596</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 Alfalah Limited | PACRA | A1 | AA+ |
| Bank Al Habib Limited | PACRA | A1+ | AA+ |
| Askari Bank Limited | PACRA | A1+ | AA+ |
| National Bank of Pakistan | PACRA | A1+ | AAA |

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2023
Rupees

2022
Rupees

29.2 Liquidity risk

Liquidity risk is the risk that the 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.

| | 2023 | | | 2022 | | |
|--|-----------------------|-----------------------|--------------------|-----------------------|-----------------------|--------------------|
| | 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 | 252,654,251 | 252,654,251 | - | 252,799,348 | 252,799,348 | - |
| Trade and other payables | 254,965,178 | 254,965,178 | - | 255,370,178 | 255,370,178 | - |
| Payable under scheme of arrangement | 10,146,834,000 | 10,146,834,000 | - | 10,146,834,000 | 10,146,834,000 | - |
| | <u>10,654,453,429</u> | <u>10,654,453,429</u> | <u>-</u> | <u>10,655,003,526</u> | <u>10,655,003,526</u> | <u>-</u> |

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.

29.3 Market risk.

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

29.3.1 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.

29.3.2 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.

29.4 Fair value of financial assets and liabilities

As at reporting date 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.

29.5 Off balance sheet items

Bank guarantees issued in ordinary course of business 109,156,649 109,156,649

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2023
Rupees

2022
Rupees

29.6 Capital risk management

There was no change 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.

30 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 | Relationship | Transactions | 2023 Rupees | 2022 Rupees |
|------------------|-----------------|------------------|----------------|----------------|
| Mr. Naseer Ahmad | Chief Executive | Repaid /adjusted | - | 27,789 |
| | | Amount received | - | - |

31 CAPACITY AND PRODUCTION

Number of spindles installed 131,936 131,936
 Installed capacity in kilograms after conversion
 into 20/s counts **Kg.** 40,956,000 40,956,000

31.1 The Company has not carried out any operations during the current reporting financial year due to the circumstances disclosed in note 1.2 resulting in cessation of operations.

31.2 Due to non-availability of working capital and shortage of funds, the Company had closed its all units since March 31, 2014.

32 NUMBER OF EMPLOYEES

Number of employees as at June 30, 7 7
 Average number of employees during the year 7 7

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 08 OCT 2023 by the Board of Directors of the Company.

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Naseer Ahmad
CHIEF EXECUTIVE

[Signature]
CHIEF FINANCIAL OFFICER

[Signature]
DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2023

| Particulars | No. of Shares Holders | No. of Shares Held | Percentage |
|---|-----------------------|--------------------|---------------|
| Directors, Chief Executive Officer and their spouse and minor children | 10 | 7,966,253 | 41.96 |
| Associated Companies, Undertakings and Related Parties | 0 | 0 | 0.00 |
| NIT & ICP | 1 | 734,617 | 3.87 |
| Banks, Development Finance Institutions, Non-Banking Financial Institutions | 4 | 844,970 | 4.45 |
| Investment Company | 1 | 5,979 | 0.03 |
| Insurance Companies | 1 | 35,010 | 0.18 |
| Joint Stock Company | 2 | 7,501 | 0.04 |
| General Public (Local) | 1,039 | 4,359,200 | 22.96 |
| Other Companies | 17 | 5,030,360 | 26.50 |
| | 1,075 | 18,983,890 | 100.00 |

Form of Proxy

Gulistan Textile Mills Limited

I/We _____ being member of **Gulistan Textile Mills Limited** holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CRC participant I.D. No. _____ Account No _____ hereby appoint _____ also member of **Gulistan Textile 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 **Gulistan Textile 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 Extra Ordinary General Meeting of the Company to be held on 28th October 2023 at 09:45 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 |
|---------------------------------|

پراکسی فارم گلستان ٹیکسٹائل ملز لمیٹڈ

میں / ہم _____ بحیثیت گلستان ٹیکسٹائل ملز لمیٹڈ کے رکن ،
مالک برائے _____ عام حصص مطابق رجسٹرڈ فولیو نمبر _____ اور / یا
سی۔آر۔سی شرکت کنندہ آئی۔ڈی نمبر _____ کہاتہ نمبر _____ اس
طرح مقرر کرتا ہوں جناب _____ جو کہ گلستان ٹیکسٹائل ملز لمیٹڈ کے
رکن بھی ہیں ، بذریعہ فولیو نمبر _____ یا سی۔ڈی۔سی شرکت کنندہ
آئی۔ڈی نمبر _____ کہاتہ نمبر _____ یا انکی ناکامی کی صورت میں جناب
_____ برائے _____ جو کہ گلستان ٹیکسٹائل ملز لمیٹڈ
کے رکن بھی ہیں ، بذریعہ فولیو نمبر _____ یا سی۔ڈی۔سی شرکت
کنندہ آئی۔ڈی نمبر _____ کہاتہ نمبر _____ جیسا کہ میری / ہماری
پراکسی میں شرکت کرنے کے لئے، بات کرنے کے لئے اور ووٹ ڈالنے کے لئے 28
اکتوبر 2023 کو 09:45 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۔

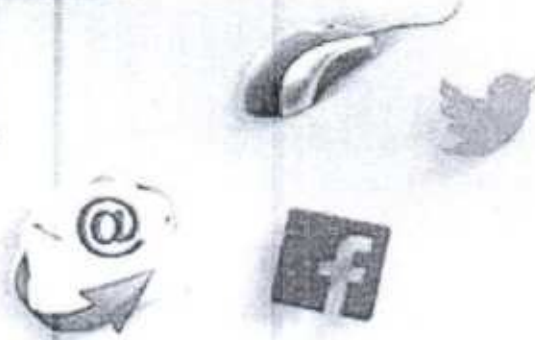
4. اس اجلاس میں شرکت اور ووٹ لینے کے حق میں سی۔ڈی۔سی کے حصے دار، اپنی
شناخت کو ثابت کرنے کے لئے اصل قومی شناختی کارڈ / پاسپورٹ لانے، اور پراکسی
کی صورت میں انکو اپنے این آئی سی یا پاسپورٹ کی کاپی کی تصدیق کروانا ضروری
ہے۔

5. کارپوریٹ ارکان کے نمائندے کو اس مقصد کے لئے ضروری دستاویزات اپنے ساتھ لانا
چاہئے۔

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- 📋 Insurance & Investment Checklist
- 🗨️ FAQs Answered

- 📈 Stock trading simulator
(based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes



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