

**PARAMOUNT SPINNING  
MILLS LIMITED**

**ANNUAL REPORT 2015**

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FORM OF PROXY

**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Muhammad Akhtar Mirza (Chairman)  
Mr. Sohail Maqsood (Chief Executive)  
Mr. Muhammad Ashraf Khan  
Mr. Abid Sattar  
Mr. Iftikhar Ali  
Mr. Muhammad Maqbool Anjum  
Mr. Hussain Ather

**AUDIT COMMITTEE**

Mr. Hussain Ather (Chairman)  
Mr. Muhammad Maqbool Anjum  
Mr. Muhammad Akhtar Mirza

**HR & REMUNERATION COMMITTEE**

Mr. Iftikhar Ali (Chairman)  
Mr. Abid Sattar  
Mr. Muhammad Akhtar Mirza

**CHIEF FINANCIAL OFFICER**

Mr. Nasir Mehmood

**COMPANY SECRETARY**

Mr. Muhammad Saleem Raza

**AUDITORS**

M/s Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants  
Lahore

**LEGAL ADVISOR**

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

**TAX CONSULTANT**

M/s. Sharif & 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,  
8-Aibak Block, New Garden Town,  
Lahore.

**MILLS**

S.I.T.E Kotri, Raiwind

**WEB PRESENCE**

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

## CORPORATE VISION / MISSION STATEMENT

### *Vision*

We aim at transforming PSML into a complete Textile unit to further explore international market of very high value products. Our emphasis would be on product and market diversification, value addition and cost effectiveness. We intend to fully equip the Company to acquire pioneering role in the economic development of the Country.

### *Mission*

The Company should secure and provide a rewarding return on investment to its shareholders and investors, quality products to its customers, a secured and environment friendly place of work to its employees and present itself as a reliable partner to all business associates.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that Annual General Meeting of **Paramount Spinning Mills Limited** (the "Company") will be held at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Tuesday 29th August, 2017 at 11:00 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, 2015 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the next financial year 2015-2016 and fix their remuneration. The retiring Auditors M/s Baker Tilly Mehmood Idress Qamar, 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.

**By Order of the Board**

**Muhammad Saleem Raza**  
**Company Secretary**

Lahore:  
**August 8, 2017**

**NOTES:**

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from 22nd August, 2017 to 29th August, 2017 (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.

## DIRECTOR'S REPORT TO SHAREHOLDERS

The Directors of your Company are pleased to place their report together with the Auditor's Report and audited Financial Statements of the Company for the year ended June 30, 2015 at the Annual General Meeting of Company.

### Overview

The year under review has also been proved difficult period. Severe energy crises coupled with on-going financial impediments have obstructed the utilization of production capacities. The root cause for this underutilization had been non-availability of working capital facilities which were blocked by the banks/financial institutions unilaterally, and resultantly the Company could not efficiently purchase sufficient raw material to run the installed capacities at optimum level. This hindered the Company's plan to achieve the desired production targets which badly affected our sales turnover as well as profitability of the Company. In spite of the ongoing adverse eventualities the Management is making all possible efforts to keep the Mills of the Company operational.

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 of financial obligations to ensure continued timely discharge of 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 leading law firm has been appointed as transaction lawyer and restructuring plan/terms are in process of finalization and majority of financial institutions have agreed in principle to the restructuring process. Once achieved it would improve the company's financial health and liquidity of the Company.

The Management is conscious of the issues that are affecting our operations and are committed to plans to turn Company into profitable entity by implementing the restructuring process for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers.

### Operating & Financial Performance

Operating indicators	2015	2014
	(Rupees)	(Rupees)
Sales	1,259,579,700	2,434,279,113
Cost of Sales	1,413,623,104	2,929,217,836
Financial cost	19,540,577	30,821,208
Pre tax Profit/ (Loss )	(503,860,999)	90,514,651
Provision for taxation	(12,989,742)	19,628,835
Profit / (Loss) after taxation	(490,871,257)	70,885,816

### Future Outlook

The Company's Management in order to offset the effect of increased power cost and Rupee devaluation is trying hard to utilize the production capacity to its optimum level.

The high cost of production resulting from higher cotton prices, rising energy costs, increasing prices of imported inputs due to depreciation of Pakistani rupee, double digit inflation, and prolonged power cuts are posing serious threats to textile sector. On these fronts the situation is expected to remain volatile in the future.

Going forward, the Company is focusing on strategy to consolidate its customer base, rationalize production volume and achieve pricing targets to increase profitability. Bottle neck in achieving these miles stones was non-availability of working capital lines. This impediment is expected to be over in near future as the restructuring process is expected to be completed soon and this would result in better utilization of production capacities. Once the ongoing reconciliation & restructuring process is completed, we would be in better position to embark upon timely better priced procurement of the required raw materials. To increase profitability and improve performance, wide ranging and significant measures are being implemented by the Company focusing on cost reduction and increase in margins.

## DIRECTOR'S REPORT TO SHAREHOLDERS

Subsequent to the restructuring and other proposed measures mentioned above, the Management of your Company envisages for the continuing operations of the Company. With positive impact on finance costs, reduced costs, more effective management of resources and raw material procurement, the Company is expected to operate profitably, subject to impact, if any, of uncontrollable external circumstances including power crises and global market conditions.

### Auditors' Observations

Auditors' Observation regarding going concern, the Management has approached the banks/financial institutions for speed up the process of negotiations and finalization of financial restructuring of its debts and is confident that outcome will be positive. It is worth noting that restructuring process is at advance stage and in this respect majority of the banks/financial institutions have agreed in principle to it. A Scheme of Arrangement by the Creditors is in process of finalization with the banks which is being drafted by the Transaction Lawyer and after its approval from Honourable Sindh High Court, a syndicated restructuring agreement is proposed to be executed between the Company and respective banks. According to restructuring terms all ongoing litigations by or against the Company will be withdrawn by the respective parties.

The Management is making utmost efforts to recover from the present financial crises and has made its best and maximum possible efforts to come out from the prevailing misfortunes. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations, effective utilizations of natural resources and raw materials. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.

Due to pending litigation in the High Court against the Company for recovery of amount, the Company has not provided accrued mark-up in these accounts. Consequently banks/financial institutions have not confirmed the amounts which are already disputed by the Company.

The Company is very hopeful that with reconciliation of amounts, release of security in post re-profiling scenario, the financial health of the Company will be improved which will enable the Company to purchase cost effective timely raw material, manage the resources properly, combat the pressures of local and global market and tackle with energy crises.

### 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	No of meeting attended
Mr. Tanveer Ahmed (Resigned on 06.01.15)	2
Mr. Riaz Ahmed	2
Mr. Sohail Maqsood	4
Mr. Iftikhar Ali	2
Mr. Maqsood Ul Haq	1
Mr. Muhammad Shafiq (Resigned on 01.01.15)	0
Mr. Muhammad Maqbool Anjum	4
Mr. Muhammad Salman Hussain Chawala	4
Mr. Ali Afzal Sheikh	0

Leaves of absence were granted to the members who could not attend the meetings.

## DIRECTOR'S REPORT TO SHAREHOLDERS

### Audit Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has established an Audit Committee. Four (4) Meetings of Audit Committee were held and Attendance thereof by each member is as follows:

Name of Members	No of meeting attended
Mr. Sohail Maqsood	4
Mr. Muhammad Maqbool Anjum	4
Mr. Muhammad Shafiq (Resigned on 01.01.15)	0
Mr. Maqsood Ul Haq	2

### 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:

- 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.
- The Board is satisfied that there is no concern as regard to going concern under the Code and as duly explained in note 1.3 of Financial Statements.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchange.
- 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, 2015 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 period ended June 30, 2015 was Rs.(28.29) as compared to the previous year of Rs 4.09

### Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2015.



## DIRECTOR'S REPORT TO SHAREHOLDERS

### Code of Conduct

The Code of Conduct has been developed and has been communicated and acknowledged by each director and employee of the company.

### 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.gulshan.com.pk](http://www.gulshan.com.pk) 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 exchange in Pakistan.

### 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:

Name	Opening Balance as on 01.07.2014	Purchases	Sales	Closing Balance as on 30.06.2015
Mr. Ali Afzal Sheikh	1,025,052		994,855-	30,197
Mr. Maqsood Ul Haq	0	500		500

### Statement on Value of Staff Retirement Benefit

As on June 30, 2015 deferred liability for gratuity is Rs. 2,493,482

### Auditors

Messrs Baker Tilly Mehmood Idrees Qamar , 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 2015-2016.

### Pattern of Shareholding

The pattern of shareholding as at June 30, 2015 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

Lahore August 07, 2017

**SOHAIL MAQSOOD**  
CHIEF EXECUTIVE

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year Ended

June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board of Directors includes

Category	Names
Independent Director	Mr. Hussain Athar
Executive Directors	Mr. Muhammad Maqbool Anjum, Mr. Sohail Maqsood
Non-Executive Directors	Mr. Muhammad Akhtar Mirza, Mr. Abid Sattar Mr. Muhammad Ashraf Khan, Mr. Iftikhar Ali

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurring in the Board during the period under review were filled statutory period given in the code
5. 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.
6. 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and term and conditions of employment of the chief executive officer and executive and non-executive directors have been taken by the Board.
8. 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.
9. 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.

10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an audit committee. At present it comprises three members, of whom two are non-executive directors including the chairman of the committee
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. At present it comprises of three board members of whom two are non-executive directors and chairman of the committee is a non-executive director.
17. The board has set up an effective internal audit function who are considered suitably qualified and experience for the purpose and are conversant with the policies and procedures of the company.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company 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 ICAP.
19. 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.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
22. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore August 07, 2017

**SOHAIL MAQSOOD**  
CHIEF EXECUTIVE



**BAKER TILLY**  
**MEHMOOD IDREES**  
**QAMAR**

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Lahore - Pakistan.  
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**Review Report to the members**  
**on statement of compliance with the Code of Corporate Governance**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Paramount Spinning Mills Limited** ("the Company") for the year ended June 30, 2015 to comply with the requirements of Listing Regulations No. 35 of the Pakistan Stock Exchange Limited (formerly Karachi and Lahore Stock Exchanges) where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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' statements 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirements to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statements of Compliance:

- i. During the year, no director of the Company has obtained certification under any director training program as required by clause (xi) of the Code.
- ii. No mechanism for annual evaluation of the Board's own performance has been put in place as required by sub-clause (e) of clause (v) of the Code. Subsequent to the year end, the Board discussed and agreed on the process of evaluation based on which it's evaluation would be completed in the ensuing year.
- iii. Although the Company has prepared a "Code of Conduct", however, the Company has not taken appropriate steps to disseminate it throughout the company along with its supporting policies and procedures.
- iv. The Company has not filed Secretarial Compliance Certificate with the registrar of the Companies as required by clause (xxii) of the Code.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statements of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

**BAKER TILLY MEHMOOD IDREES QAMAR**  
Chartered Accountants  
Name of Engagement Partner: Bilal Ahmed Khan

Lahore  
Date: August 07, 2017



**BAKER TILLY**  
**MEHMOOD IDREES**  
**QAMAR**

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 Lahore - Pakistan  
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**AUDITOR'S REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **Paramount Spinning Mills Limited** ("the Company") as at **June 30, 2015** and the related **profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity** together with the notes forming part thereof, for the year then ended and we state that, except for the matter stated in paragraph (c) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) as described in note 1.3 to the financial statements, the financial statements have been prepared on going concern basis. The Company has accumulated loss of Rs. 3,188.15 million as at June 30, 2015, shareholder's equity is negative by Rs. 2,539.22 million and as of that date the Company's current liabilities exceed its current assets by Rs. 2,872.28 million. The Company is facing operational and financial problems. Further, various banks and financial institutions have filed recovery suits against the Company as detailed in note 30.1.1 to the financial statements and the ultimate outcome of these suits can not presently be determined because these matters are pending before various courts. These events indicate a material uncertainty that may cause significant doubt on the Company's ability to continue as a going concern and therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate.
- (b) mark-up / interest on long term finances, lease finances and short term borrowings to the extent aggregating Rs. 644.63 million, including balance of Rs. 195.73 million for the current year, has not been accrued in these financial statements, thereby reducing shareholder's equity and current liabilities by Rs. 644.63 million, and reducing loss for the current year by Rs. 195.73 million as fully detailed in note 27.4 to the financial statements.
- (c) we have not received year end confirmations from banks and financial institutions in respect of bank balances aggregating Rs. 2.9 million (note 17) and short term borrowings aggregating Rs. 1,727 million (note 28.c). No confirmations have been received in respect of lease deposits (note 8), long term finances from banking companies (note 22 and 29), liabilities against assets subject to finance lease (note 23 and 29), payable against overdue letter of credit (note 26.2), and accrued mark-up / interest (note 27 and 14). Further, year-end bank statements from various banks and financial institutions in respect of bank balances and short term borrowings were also not available.
- (d) in our opinion, except for the matters detailed at aforementioned paragraphs (b) and (c) proper books of account have been kept by the Company as required by the Companies Ordinance, 1984.
- (e) in our opinion:
  - (i) except for the matters detailed in aforementioned paragraphs (a) to (c) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business, and
  - (iii) the business conducted, investments made and the expenditures incurred during the year were in accordance with objects of the Company.
- (f) in our opinion, because of the significance of the matters discussed in paragraph (a) to (c), above, the financial statements do not present fairly the financial position of the Company as at June 30, 2015 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan and requirements of the Companies Ordinance, 1984.
- (g) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**BAKER TILLY MEHMOOD IDREES QAMAR**  
 Chartered Accountants  
 Name of Engagement Partner: Bilal Ahmed Khan

Lahore  
 Date: August 07, 2017



Karachi Office:  
 4th Floor, Central Hotel Building, Civil Lines, Metcweather Road, Karachi, Pakistan. Ph: +92 (021) 36644577 Fax: +92 (021) 36694573

# PARAMOUNT SPINNING MILLS LIMITED

## BALANCE SHEET

AS AT JUNE 30, 2015

ASSETS	Note	2015 Rupees	2014 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	5	1,727,472,357	2,364,232,897
Long-term investments	6	-	-
Long-term loans	7	-	516,253
Long-term deposits	8	3,534,361	3,484,406
		<b>1,731,006,718</b>	<b>2,368,233,556</b>
<b>Current assets</b>			
Stores, spare parts and loose tools	9	14,983,788	16,207,842
Stock-in-trade	10	200,876,573	375,656,141
Trade debts	11	30,260,806	63,553,396
Loans and advances	12	13,616,539	32,563,286
Deposits and prepayments	13	3,693,703	3,856,903
Accrued mark-up / interest	14	689,017	549,488
Short term investment	15	-	24,731,100
Other receivables	16	129,576,745	148,658,936
Cash and bank balances	17	18,856,876	15,160,030
		<b>412,554,048</b>	<b>680,937,122</b>
<b>Total assets</b>		<b>2,143,560,766</b>	<b>3,049,170,678</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	18	173,523,290	173,523,290
Reserves	19	475,400,000	475,400,000
Accumulated loss		(3,188,148,474)	(2,707,407,801)
		<b>(2,539,225,184)</b>	<b>(2,058,484,511)</b>
<b>Surplus on revaluation of operating fixed assets</b>	20	939,792,584	1,533,531,265
<b>Sub-ordinate loan</b>	21	175,000,000	175,000,000
<b>Non-current liabilities</b>			
Long-term financing	22	142,235,639	142,235,639
Liabilities Against Assets Subject to Finance Lease	23	-	-
Deferred liabilities	24	2,493,482	32,319,898
Deferred taxation	25	138,430,791	151,420,533
		<b>283,159,912</b>	<b>325,976,070</b>
<b>Current liabilities</b>			
Trade and other payables	26	965,808,206	1,033,808,304
Accrued mark-up / interest	27	31,594,721	13,332,488
Short-term borrowings	28	2,029,898,465	1,754,783,479
Current maturity of non-current liabilities	29	257,532,061	259,065,242
Taxation		-	12,158,341
		<b>3,284,833,453</b>	<b>3,073,147,854</b>
<b>Contingencies and commitments</b>	30	-	-
<b>Total equity and liabilities</b>		<b>2,143,560,766</b>	<b>3,049,170,678</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

**Sohail Maqsood**

Chief Executive

**M. Akhtar Mirza**

Director

# PARAMOUNT SPINNING MILLS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	31	1,259,579,700	2,434,279,113
Cost of Sales	32	1,413,623,104	2,929,217,836
<b>Gross loss</b>		<b>(154,043,404)</b>	<b>(494,938,723)</b>
Distribution cost	33	2,835,367	68,929,828
Administrative expenses	34	48,147,255	80,782,427
Other expenses	35	284,199,936	15,031,275
Other operating income	36	(4,905,538)	(795,804,466)
		330,277,019	(631,060,936)
<b>(Loss) / profit from operations</b>		<b>(484,320,423)</b>	<b>136,122,213</b>
Finance cost	37	19,540,577	30,821,208
		(503,860,999)	105,301,005
Share of loss of associated company		-	(14,786,354)
<b>(Loss) / profit before taxation</b>		<b>(503,860,999)</b>	<b>90,514,651</b>
Taxation	38	(12,989,742)	19,628,835
<b>(Loss) / profit after taxation</b>		<b>(490,871,257)</b>	<b>70,885,816</b>
<b>(Loss) / earning per share - basic &amp; diluted</b>	39	<b>(28.29)</b>	<b>4.09</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

**Sohail Maqsood**  
Chief Executive

**M. Akhtar Mirza**  
Director

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
(Loss) / profit after taxation	(490,871,257)	70,885,816
Loss on remeasurement of staff retirement benefits	-	(19,553,158)
Impact of deffered tax	-	1,958,992
	-	(17,594,166)
Share of loss upon retirement benefits	-	36,581
<b>Total comprehensive (loss) / income for the year</b>	<b>(490,871,257)</b>	<b>53,328,231</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

Sohail Maqsood  
Chief Executive

M. Akhtar Mirza  
Director



# PARAMOUNT SPINNING MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	40	(267,128,344)	(14,958,483)
Interest paid		(1,278,343)	(29,898,082)
Interest received		387,950	582,222
Income tax paid		(1,115,590)	(12,079,423)
Gratuity paid		(7,730,031)	(10,072,054)
Long term loans - net		516,253	277,747
Long term deposits - net		(49,955)	453,784
<b>Net cash used in operating activities</b>		<b>(276,398,060)</b>	<b>(65,694,289)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		-	(6,510,409)
Proceeds from sale of operating fixed assets		6,349,900	3,558,000
<b>Net cash used in investing activities</b>		<b>6,349,900</b>	<b>(2,952,409)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from long term borrowings			
Long term finances - net		-	142,235,639
Lease finances - repaid		(1,369,981)	(1,674,962)
Short term borrowings - net		275,114,987	(69,587,873)
<b>Net cash generated from financing activities</b>		<b>273,745,006</b>	<b>70,972,804</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>3,696,846</b>	<b>2,326,106</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,160,030</b>	<b>12,833,924</b>
<b>Cash and cash equivalents at the end of the year</b>	17	<b>18,856,876</b>	<b>15,160,030</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

**Sohail Maqsood**  
Chief Executive

**M. Akhtar Mirza**  
Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Reserves		Unappropriated profit/ (Accumulated loss)	Total
		Share Premium	General Reserve		
(Rupees)					
Balance as at July 1, 2013	173,523,290	15,400,000	460,000,000	(2,798,842,238)	(2,149,918,948)
Profit for the period	-	-	-	70,885,816	70,885,816
other comprehensive loss	-	-	-	(17,557,585)	(17,557,585)
				53,328,231	53,328,231
Surplus on revaluation of operating fixed assets realised during the year:					
- on account of incremental depreciation for the year	-	-	-	27,622,142	27,622,142
Effect of item directly credited in equity by Associated Companies	-	-	-	10,484,064	10,484,064
<b>Balance as at June 30, 2014</b>	<b>173,523,290</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>(2,707,407,801)</b>	<b>(2,058,484,511)</b>
Loss for the year	-	-	-	(490,871,257)	(490,871,257)
Surplus on revaluation of operating fixed assets realised during the year:					
- on account of incremental depreciation for the period	-	-	-	10,130,585	10,130,585
<b>Balance as at June 30, 2015</b>	<b>173,523,290</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>(3,188,148,474)</b>	<b>(2,539,225,184)</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

**Sohail Maqsood**  
Chief Executive

**M. Akhtar Mirza**  
Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2015**

**1. LEGAL STATUS AND OPERATIONS**

- 1.1** Paramount Spinning Mills Limited ("the Company") was incorporated as a public limited company on August 22, 1981 and its shares are listed on Karachi and Lahore Stock Exchanges (now Pakistan Stock Exchange Limited). The registered office is located at Finlay House, I. I. Chundrigar Road, Karachi. The manufacturing facilities of the Company are located at Kotri and Raiwind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, garments and yarn dyeing.
- 1.2** The Board of Directors of the Company in its meeting held on April 05, 2011 approved the scheme of merger by amalgamation of Gulistan Spinning Mills Limited and Gulshan Spinning Mills Limited into Paramount Spinning Mills Limited along-with the approval of share swap ratio in relation thereto. The Company on orders of the Honorable Sindh High Court called Extra Ordinary General Meeting on August 01, 2011 in which the said scheme was approved by shareholders of the Company. No Objection Certificates from its creditors and lenders are pending for the said matter.

**1.3 Going concern assumption**

The Company has accumulated loss of Rs. 3,188.14 million as at June 30, 2015 and as at that date its current liabilities exceeded its current assets by Rs. 2,872.28 million. This is mainly due to under utilisation of capacity because of insufficiency of working capital lines. All the working capital lines and other finances have been blocked by respective banks and financial institutions due to litigations with these lenders as detailed in note 30.1.1 to the financial statements. These conditions alongwith other adverse key financial ratios and the pending litigations with the banking companies and financial institutions render the company unable to operate its manufacturing facilities in normal manners. This indicates existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements, however, have been prepared under the going concern assumption due to following reasons:

**(i) Restructuring / rescheduling of existing debt / loan facilities availed  
by the Company**

The Company along with its restructuring agent (a leading bank) and a few other lending banks, had proposed an indicative term sheet to its lending financial institutions on June 28, 2013 in order to restructure the outstanding debt obligations of the Company. The proposed term sheet is still in the process of finalization. Once finalized, it will be signed by all parties and legal documentation will be executed to restructure outstanding debts of the Company. Salient features of this indicative term sheet are as follows:

- the existing facilities will be restructured and consolidated into a long-term finance facility and aggregate principal outstanding will be repaid over 8 years. The sponsors will inject equity amounting Rs. 250 million within one year of the effective date of debt restructuring through sale of various assets. Balance of the outstanding facility amount will be repaid in instalments over a period of 8 years on quarterly basis as per the agreed repayment schedule;
- total accrued and outstanding mark-up due/payable till June 30, 2015 by the Company to its existing lenders will be repaid starting immediately after the expiry of 8 years time period of principal repayment on quarterly basis over a 2 years period (accrued mark-up period); and

- mark-up rate shall be 5.00% per annum for the first 2 years of repayment tenor, however, a mark-up of 0.50% per annum shall be paid by the Company during the first year and mark-up at the rate of 1.00% will be paid in second year of the repayment tenor. Whereas the remaining differential mark-up amount for these periods will be accumulated and repaid on quarterly basis starting from second-year of the accrued mark-up period. For the remaining 6 years of the restructured facility, mark-up shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.
- (ii) the management has made arrangements whereby third party cotton is being processed against processing fee for utilisation of unutilised capacity.
- (iii) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses. Such steps include, but not limited to, right sizing of the man power, resource conservation, close monitoring of other fixed cost etcetra.

The indicative terms sheet as referred above, has not been agreed upon to date, by majority of the lending financial institutions. Despite this, the management optimistically anticipates that in future all lending institutions would agree the proposed terms, hence, this proposed restructuring along with the above-mentioned steps will not only bring the Company out of the existing financial crisis, but also contribute significantly towards the profitability of the Company in the foreseeable future. Therefore, these financial statements do not include any adjustment that might result, should the Company not being able to continue as a going concern.

## 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued/recoverable amounts, certain financial assets which are carried at fair values and staff retirement benefit which has been recognised at present value as determined by the management.

### 2.3 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.

### 2.4 Standards, interpretation and amendment adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

**3 STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURIN THE YEAR**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual period, beginning on or after the following dates:

**3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015**

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

<b>Amendments to IAS 19 Employee Benefits: Employee contributions</b>	<b>Effective from accounting period beginning on or after July 01, 2014</b>
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The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

<b>Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities</b>	<b>Effective from accounting period beginning on or after January 01, 2014</b>
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These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

<b>IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets</b>	<b>Effective from accounting period beginning on or after January 01, 2014</b>
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<b>IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting</b>	<b>Effective from accounting period beginning on or after January 01, 2014</b>
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The amendment allows the continuation of hedge accounting (under IAS 39 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

**IFRIC 21 - Levies**

**Effective from accounting period beginning on or after January 01, 2014**

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

**3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization**

**Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.

**IAS 27 (Revised 2011) - Separate Financial Statements**

**Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

**IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures**

**Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

**IFRS 10 - Consolidated Financial Statements**

**Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.**

**IFRS 11 - Joint Arrangements**

**Effective from accounting period beginning on or after January 01, 2015**

**IFRS 12 - Disclosure of Interests in Other Entities'- IFRS 11 - Joint Arrangements**

**Effective from accounting period beginning on or after January 01, 2015**

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral accounts
- IFRS 15 Revenue from Contracts with Customers

**4. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

**4.1 Property, plant and equipment**

**4.1.1 Owned**

Property, plant and equipment except for freehold land, leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations, mills equipment and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount whereas leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mills equipment are stated at revalued amounts less accumulated depreciation and impairment loss, if any. Capital work-in-progress is stated at cost less impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation on assets is charged to income applying the reducing balance method at the rates stated in note 5. Depreciation on additions is charged from the day in which an asset becomes available for use, while on disposals depreciation is charged up to the day of disposal.

The depreciation method and useful lives of items of property, plant and equipment are reviewed at each reporting date and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future years.

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Valuations are performed frequently enough to ensure that the fair values of the revalued assets do not differ materially from its carrying amounts. The surplus on revaluation shall be held on the balance sheet till realization in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

**4.1.2 Assets subject to finance lease**

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rates stated in note 5 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to income currently.

**4.2 Investments in Associated Companies**

Investments in associated companies are accounted for by using equity basis of accounting, under which the investments in associated companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise 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 recognised 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 recognised in the associated companies' profit or loss. The Company's share of those changes is recognised 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 recognising 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 report profits, the Company resumes recognising its share of those profit only after its share of the profit equals the share of losses not recognised.

**4.3 Long term deposits**

These are stated at cost which represents the fair value of the consideration given.

**4.4 Stores, spare parts and loose tools**

Stores, spare parts and loose tools are stated at lower of cost and net realisable value. The cost of inventory is based on weighted average cost less provision for obsolescence. Items in transit are stated at cost comprising invoice value plus other charges thereon accumulated up to the reporting date.

**4.5 Stock-in-trade**

Stock-in-trade is valued at lower of weighted average cost and net realisable value (NRV) except waste, which is valued at NRV. Net realisable 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.

Goods in transit are valued at cost comprising of invoice value plus other charges accumulated up to the reporting date.



**4.6 Trade debts and other receivables**

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

**4.7 Short term investment**

Investments which are acquired principally for the purpose of selling in the near term exhibiting short term profit taking are classified as investments at fair value through profit or loss. All transaction costs are recognised directly in profit and loss account. These are stated at fair value with any resulting gains or losses recognised directly in the profit and loss account.

**4.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks.

**4.9 Interest / mark-up bearing loans and borrowings**

Interest/mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

**4.10 Staff retirement benefit - Gratuity**

The Company operates an unfunded gratuity scheme covering all of its permanent employees who have completed minimum qualification period for entitlement to gratuity. Provision is made on the basis of actuarial valuation. The recent actuarial valuation was carried-out on June 30, 2014 using the "Projected Unit Credit Method".

The amount arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in the profit and loss account.

**4.11 Trade and other payables**

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

**4.12 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 year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

**Deferred**

Deferred tax is recognised using the balance sheet liability method 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 recognised 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 utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date.

#### **4.13 Provisions, contingent assets and contingent liabilities**

Provisions are recognised 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 recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and only disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

#### **4.14 Financial assets and liabilities**

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes deposits, trade debts, loans and advances, accrued mark-up / interest, short term investments, other receivables, cash and bank balances, long term finances, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up / interest and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### **4.15 Off-setting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

#### **4.16 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 recognised 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 recognised 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.

**4.17 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 recognised in the profit and loss account.

**4.18 Revenue recognition**

Revenue is recognised 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 recognised on dispatch of goods to customers and export sales are recognised on bill of lading date.
- Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.
- Dividend income from the investments is recognised, when the Company's right to receive dividend has been established.
- Gain or loss on sale of investments is accounted for, when the commitment (trade date) for sale is made.

**4.19 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.

**4.20 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**4.21 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

**4.22 Dividend and appropriation to reserves**

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

	Note	2015 Rupees	2014 Rupees
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<u>1,727,472,357</u>	<u>2,364,232,897</u>

# PARAMOUNT SPINNING MILLS LIMITED

## 5.1 PROPERTY, PLANT AND EQUIPMENT

	OWNED										LEASED			Total
	Leasehold land	Buildings on leasehold land	Freehold land	Buildings on Freehold land	Plant and machinery	Electric Installations	Mills equipment	Vehicles	Furniture and fixtures	Office equipment	Plant and machinery	Vehicles	Electric Installations	
Rupees														
<b>At July 1, 2013</b>														
Opening net book value	91,780,147	401,024,252	393,970,000	203,105,024	1,016,918,059	73,641,824	54,290,975	2,352,160	6,510,618	7,358,646	149,680,309	7,942,058	2,144,623	2,411,718,695
Additions	-	-	-	2,688,834	975,096	2,636,551	154,928	-	3,200	51,800	-	-	-	6,510,409
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	4,779,320	-	-	-	-	-	4,779,320
- accumulated depreciation	-	-	-	-	-	-	-	(4,144,459)	-	-	-	-	-	(4,144,459)
				634,861										634,861
Depreciation charge	(1,390,299)	(10,025,606)	-	(5,112,465)	(25,438,061)	(1,874,126)	(1,359,988)	(386,740)	(651,224)	(738,802)	(3,742,008)	(1,588,411)	(53,616)	(52,361,346)
<b>Closing net book value</b>	<b>90,389,848</b>	<b>390,998,646</b>	<b>393,970,000</b>	<b>200,681,393</b>	<b>992,455,094</b>	<b>74,404,249</b>	<b>53,085,915</b>	<b>1,330,559</b>	<b>5,862,594</b>	<b>6,671,644</b>	<b>145,938,301</b>	<b>6,353,647</b>	<b>2,091,007</b>	<b>2,364,232,897</b>
<b>At June 30, 2014</b>														
Revaluation / cost	93,150,000	411,289,609	393,970,000	211,055,709	1,075,787,511	79,477,601	57,634,808	15,532,508	14,515,863	17,850,215	154,229,741	21,509,350	2,578,186	2,548,361,101
Accumulated depreciation	(2,760,152)	(20,290,963)	-	(10,374,316)	(83,312,417)	(5,073,352)	(4,348,893)	(14,201,949)	(8,653,269)	(11,178,571)	(8,291,440)	(15,155,703)	(487,179)	(184,128,204)
<b>Net book value</b>	<b>90,389,848</b>	<b>390,998,646</b>	<b>393,970,000</b>	<b>200,681,393</b>	<b>992,455,094</b>	<b>74,404,249</b>	<b>53,085,915</b>	<b>1,330,559</b>	<b>5,862,594</b>	<b>6,671,644</b>	<b>145,938,301</b>	<b>6,353,647</b>	<b>2,091,007</b>	<b>2,364,232,897</b>
<b>Year ended June 30, 2015</b>														
Opening net book value	90,389,848	390,998,646	393,970,000	200,681,393	992,455,094	74,404,249	53,085,915	1,330,559	5,862,594	6,671,644	145,938,301	6,353,647	2,091,007	2,364,232,897
Additions	-	-	-	-	-	-	-	4,080,000	-	-	-	(4,080,000)	-	-
Transferred from leased assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- cost	-	-	-	-	-	-	-	(8,302,686)	-	-	-	-	-	(8,302,686)
- accumulated depreciation	-	-	-	-	-	-	-	6,330,845	-	-	-	-	-	6,330,845
				(1,971,841)										(1,971,841)
Depreciation charge	(1,411,388)	(9,774,966)	-	(5,017,035)	(24,811,377)	(1,860,106)	(1,327,148)	(266,112)	(586,259)	(667,164)	(3,648,458)	(1,270,729)	(52,287)	(50,693,018)
Impairment Loss (Note: 20.11)	-	-	-	-	(483,821,858)	(36,272,071)	(25,879,384)	-	-	-	-	-	-	(584,095,681)
<b>Closing net book value</b>	<b>88,978,460</b>	<b>343,101,312</b>	<b>393,970,000</b>	<b>195,664,358</b>	<b>483,821,858</b>	<b>36,272,071</b>	<b>25,879,384</b>	<b>(907,394)</b>	<b>5,276,335</b>	<b>6,004,480</b>	<b>142,289,843</b>	<b>5,062,918</b>	<b>2,038,732</b>	<b>1,727,472,357</b>
<b>At June 30, 2015</b>														
Revaluation / cost	93,150,000	411,289,609	393,970,000	211,055,709	1,075,787,511	79,477,601	57,434,808	7,229,822	14,515,863	17,850,215	154,229,741	21,509,350	2,578,186	2,548,058,415
Accumulated depreciation/impairment Loss	(4,171,540)	(68,188,297)	-	(15,391,351)	(591,945,653)	(43,205,530)	(31,555,424)	(8,137,216)	(9,239,528)	(11,845,755)	(11,939,898)	(16,426,432)	(539,454)	(812,586,058)
<b>Net book value</b>	<b>88,978,460</b>	<b>343,101,312</b>	<b>393,970,000</b>	<b>195,664,358</b>	<b>483,821,858</b>	<b>36,272,071</b>	<b>25,879,384</b>	<b>(907,394)</b>	<b>5,276,335</b>	<b>6,004,480</b>	<b>142,289,843</b>	<b>5,062,918</b>	<b>2,038,732</b>	<b>1,727,472,357</b>
Depreciation rate - per annum (%)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	10	10	2.5	2.5	2.5	2.5

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## 5.2 Depreciation charge has been allocated as follows;

Cost of goods manufactured	47,834,201	48,996,169
Distribution cost	48,561	62,419
Administrative expenses	2,810,255	3,302,759
	<u>50,693,016</u>	<u>52,361,347</u>

## 5.3 The detail of operating fixed assets disposed is as follows:

Particulars of Assets	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of Purchase
.....Rupees.....							
Honda City	840,500	688,750	151,750	700,000	548,250	Negotiation	Sold to Salman Ahmed
Suzuki Cultus	560,000	487,763	72,237	400,000	327,763	Negotiation	Sold to Ajmal Mushtaq
Suzuki Cultus	560,000	465,200	94,800	350,000	255,200	Negotiation	Sold to Akhter Abbas
Suzuki Cultus	560,000	491,114	68,886	412,500	343,614	Negotiation	Sold to Abdul Rehman
Suzuki Cultus	611,836	474,746	137,090	500,000	362,910	Negotiation	Sold to Shahbaz Aslam
Honda City	1,202,000	811,280	390,720	1,000,000	609,280	Negotiation	Sold to Ahtesham Abbas
Honda Civic	1,706,000	980,772	725,228	1,325,000	599,772	Negotiation	Sold to Naeem Afzal Khan
Suzuki Cultus	560,000	504,170	55,830	312,400	256,570	Negotiation	Sold to Iftikhar Ali
Honda Civic	835,000	741,430	93,570	550,000	456,430	Negotiation	Sold to Shabar Mukhtar
							Adjusted against claim from Pak
Toyota Corrolla	867,350	685,620	181,730	800,000	618,270	Insurance Claim	Kuwait Takaful Limited
<b>30 June, 2015</b>	<b>8,302,686</b>	<b>6,330,845</b>	<b>1,971,841</b>	<b>6,349,900</b>	<b>4,378,059</b>		
30 June, 2014	4,779,320	4,144,459	634,861	3,558,000	2,923,139		

5.4 Leased assets include plant and machinery at net book value of Rs. 31.304 million (2014: Rs. 32.107 million) and vehicles at net book value of Rs. Nil (2014: Rs. 4.080 million), which have not been transferred to owned assets due to non-availability of relevant documents. Lease liability in respect of these assets has been fully repaid but due to litigations with financial institutions as detailed in note 30.1.1, lessors have not issued relevant supporting documents for transfer of the ownership of these assets.

5.5 The Company has revalued its leasehold land, freehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mills equipment on June 30, 2012. Had the property, plant and equipment been recognised under the cost model, the carrying amount of each revalued class of property, plant and equipment would have been as follows:

	Note	2015 Rupees	2014 Rupees
<b>Owned</b>			
Leasehold land		1,473,041	1,495,703
Buildings on leasehold land		32,741,417	33,580,941
Freehold land		32,683,561	32,683,561
Buildings on freehold land		97,386,912	99,884,012
Plant and machinery		414,003,559	424,619,035
Electric installations		26,558,341	27,239,324
Mills equipment		16,868,893	17,301,429
<b>Leased</b>			
Plant and machinery		74,598,986	76,511,780
Electric Installations		493,025	505,667
		<u>696,807,735</u>	<u>713,821,452</u>

	Note	2015 Rupees	2014 Rupees
<b>6. LONG TERM INVESTMENTS</b>			
In Associated Companies			
<b>Quoted</b>			
Gulistan Spinning Mills Limited	6.1	-	-
<b>Unquoted</b>			
Gulistan Fibers Limited	6.2	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
<b>6.1 Gulistan Spinning Mills Limited (GTSM)</b>			
202,777 (2014: 202,777) ordinary shares of Rs 10 each - cost			
		-	2,346,250
Equity held 1.39% (2014: 1.39%)			
Share of post acquisition losses		-	(14,452,640)
Share of item directly credited in the equity of associated company		-	374,407
Share of surplus on revaluation of fixed assets		-	11,731,983
Dividend received during the year		-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>

GTSM is an associated company of the Company based on common directorship. Still this relationship holds.

**6.1.1** Summarised financial information of the investee company as at June 30, 2015 based on unaudited financial statements is as follows:

	2015	2014
	— Rupees in '000 —	
Total assets	<u>1,088,520</u>	<u>1,862,363</u>
Total liabilities	<u>2,056,254</u>	<u>2,304,551</u>
Revenues	-	316,169
Loss after taxation	<u>251,467</u>	<u>97,220</u>

The market value of investment as at June 30, 2015 was Rs. Nil (2014: Rs. 0.760 million).

	Note	2015 Rupees	2014 Rupees
<b>6.2 Gulistan Fibers Limited (GFL)</b>			
Nil (2014: 741,185) ordinary shares of Rs. 10 each - cost			
		-	5,530,760
Share of item directly credited in the equity of associated company		-	14,134,893
Share of post acquisition losses		-	(254,010,741)
Share of surplus on revaluation of fixed assets		-	248,538,281
		-	14,193,193
Less: Investments disposed during the year		-	14,193,193
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>

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The management during the previous year, keeping in view, the ongoing financial crisis had disposed off its investment of 741,185 ordinary shares of Rs. 10/- each of Gulistan Fibres Limited to a relative of the Chief Executive (a related party) @ Rs. 103.64/- per share. Sale proceed of Rs. 76.816 million had been adjusted against interest free loan provided by this relative to the Company in the preceding financial year. Difference between sale proceed and value based on equity method of this investment had been credited to 'other income' (note 36).

	Note	2015 Rupees	2014 Rupees
<b>7 LONG TERM LOANS - secured</b>			
Due from:			
- Executives		-	1,170,114
- Non-executives		-	205,000
		-	1,375,114
Amount recoverable within one year and grouped under current assets		-	(858,861)
		-	516,253

These interest free loans were provided to executives and other employees. These loans are recoverable through monthly instalments varying from case to case and are settled against gratuity payable.

	Note	2015 Rupees	2014 Rupees
<b>7.1 Reconciliation of carrying amount of loans and advances to executives</b>			
Balance at beginning of the year		1,170,114	589,000
Add: Disbursements		-	1,012,370
		1,170,114	1,601,370
Less: Repayments / adjusted against gratuity		1,170,114	431,256
Balance at the end of the year		-	1,170,114

7.2 The maximum amount outstanding at the end of any month during the year ended June 30, 2015 from executive aggregated to Rs. 1.170 million (2014: Rs. 1.565 million).

	Note	2015 Rupees	2014 Rupees
<b>8. LONG TERM DEPOSITS</b>			
Security deposits		3,534,361	3,484,406
Lease deposits		3,693,703	3,856,903
		7,228,064	7,341,309
Less: transferred to current assets			
- deposits pertaining to over due portion of lease liabilities		2,922,648	1,886,163
- deposits pertaining to lease liabilities to be paid-off within next twelve months		771,055	1,199,685
- deposits pertaining to lease liabilities to be paid-off after June 30, 2016 / 2015		-	771,055
		3,693,703	3,856,903
		3,534,361	3,484,406

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		2015 Rupees	2014 Rupees
<b>9. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		2,445,851	3,106,651
Spare parts		12,363,746	12,928,056
Loose tools		174,190	173,135
		<u>14,983,788</u>	<u>16,207,842</u>
<b>10. STOCK-IN-TRADE</b>			
Raw materials	10.1	141,850,803	251,339,020
Packing material		2,866,984	3,517,491
Work-in-process		-	19,794,740
Finished goods	10.2	79,810,296	121,346,383
Waste		9,996,090	13,306,107
		<u>234,524,173</u>	<u>409,303,741</u>
Less : provision for slow moving stocks		<u>33,647,600</u>	<u>33,647,600</u>
		<u>200,876,573</u>	<u>375,656,141</u>

**10.1** Raw materials include items costing Rs. 197.92 million (2014: Rs. 31.765 million) stated at their replacement cost aggregating Rs. 96.35 million (2014: Rs. 25.109 million). The amount charged to the profit and loss account for the year in respect of raw materials written down to their replacement cost is Rs. 101.57 million (2014: Rs. 6.656 million).

**10.2** Finished goods include items costing Rs. 99.95 million (2014: Rs. 114.911 million) stated at their net realisable values aggregating Rs. 79.81 million (2014: Rs. 103.124 million). The amount charged to the profit and loss account for the year in respect of stocks written down to their net realisable is Rs. 20.14 million (2014: Rs. 11,787 million).

**10.3** All of the current assets of the Company are under banks' charge as security of short-term borrowings (note 28). The Company filed a global suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further 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 30.1.1.

	Note	2015 Rupees	2014 Rupees
<b>11. TRADE DEBTS</b>			
<b>Considered good</b>			
Local - unsecured	11.1	30,260,806	32,303,154
Export - secured		-	31,250,242
		<u>30,260,806</u>	<u>63,553,396</u>
<b>Considered doubtful</b>			
		<u>260,339,191</u>	<u>9,729,251</u>
		290,599,997	73,282,647
Provision for doubtful debts	11.2	260,339,191	9,729,251
		<u>30,260,806</u>	<u>63,553,396</u>

**11.1** This includes Rs. Nil (2014: Rs. 4.717 million), which pertains to Gulshan Weaving Mills Limited, an associated company.

**11.2** This includes Rs. 236 million as discounted foreign bills pertaining to previous years, receivable from a foreign debtor and discounted by a commercial bank outstanding at year end. The said amount is considered doubtful by the Company at the year end. (note 28.1)



	Note	2015 Rupees	2014 Rupees
<b>Movement In Provision for doubtful debts</b>			
Balance at beginning of the year		9,729,251	9,729,251
Add: Provision during the year		250,609,940	-
Less: Provision reversed during the year		-	-
Balance at end of the year		<u>260,339,191</u>	<u>9,729,251</u>
<b>11.3 The ageing of trade debts pertaining to related parties is as follows:</b>			
Past due 151 - 365 days		-	3,196,992
More than one year		-	1,519,659
		<u>-</u>	<u>4,716,651</u>
<b>12. LOANS AND ADVANCES - unsecured and considered good</b>			
Current Portion of long term loans	7	-	858,861
Advances to / against:			
- non-executive staff		544,491	2,184,395
- suppliers		911,014	6,286,245
- expenses		648,843	678,843
		2,104,348	9,149,483
Advance Income tax		11,512,191	22,554,942
		<u>13,616,539</u>	<u>31,704,425</u>
<b>13. SHORT TERM DEPOSITS</b>			
Current portion of lease deposits	8	3,693,703	3,856,903
		<u>3,693,703</u>	<u>3,856,903</u>
<b>14. ACCRUED MARK-UP / INTEREST</b>			
Mark-up / interest accrued on deposit accounts		411,128	271,598
Receivable from banks		277,890	277,890
		<u>689,017</u>	<u>549,488</u>
<b>15. SHORT TERM INVESTMENT</b>			
- At fair value through profit or loss			
<b>Gulistan Textile Mills Limited</b>			
<b>1,648,740 (June 30, 2014: 1,648,740)</b>			
ordinary shares of Rs. 10 each	15.1	-	24,731,100
Equity held 8.68% (June 30, 2014: 8.68%)			

The market value of investment in Gulistan Textile Mills Limited (GTML) as at the year end is not available as trading in shares of the investee company has been suspended on the stock exchanges for the time being. The management has charged impairment on the said investment due to operational and financial difficulties casting significant threat on the ability of GTML to continue as a going concern.

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	Note	2015 Rupees	2014 Rupees
<b>16. OTHER RECEIVABLES - unsecured and considered good</b>			
Federal excise duty		-	1,049,974
Export rebate		43,990,307	50,718,113
Duty drawback		41,734,276	41,734,276
Insurance claims receivable		233,810	800,000
Sales tax		43,618,352	54,356,573
		<b>129,576,745</b>	<b>148,658,936</b>

## 17. CASH AND BANK BALANCES

Cash-in-hand		3,962,003	4,187,069
Balances with banks in:			
- current accounts	17.1	11,836,202	7,914,289
- deposit accounts	17.1 & 17.2	109,207	109,207
- term deposit receipts	17.1 & 17.3	2,949,465	2,949,465
		14,894,873	10,972,961
		<b>18,856,876</b>	<b>15,160,030</b>

**17.1** 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 note 30.1.1 to the financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended June 30, 2015 from various banks having balances aggregating to Rs. 3.7 million (2014: Rs. 6.131 million) were not available to ensure balances held with these banks. Further, year end balance confirmation of banks having balances aggregating to Rs. 2.9 million (2014: Rs. 6.399 million) have also not been received due to litigation.

**17.2** Deposit accounts carry mark-up at rates ranging from 2% to 5% (2014: 2% to 5%) per annum.

**17.3** Term deposit receipts (TDRs) carry mark up at rates ranging from 3.87% to 6.05% (2014: 3.87% to 12.25%) per annum. One of the TDRs is under lien with a bank against guarantee amounting Rs. 0.068 million. (2014: Rs. 0.068 million).

## 18. SHARE CAPITAL

2015 June	2014 June		2015 June Rupees	2014 June Rupees
<b>25,000,000</b>	<b>25,000,000</b>	<b>Authorized share capital</b>	<b>250,000,000</b>	<b>250,000,000</b>
		Ordinary shares of Rs.10 each		
		<b>Issued, subscribed and paid-up capital</b>		
<b>2,700,000</b>	<b>2,700,000</b>	Ordinary shares of Rs.10 each issued as fully paid in cash	<b>27,000,000</b>	<b>27,000,000</b>
<b>14,652,329</b>	<b>14,652,329</b>	Ordinary shares of Rs.10 each issued as fully paid bonus shares	<b>146,523,290</b>	<b>146,523,290</b>
<b>17,352,329</b>	<b>17,352,329</b>		<b>173,523,290</b>	<b>173,523,290</b>

### 18.1 Ordinary shares held by the related parties at the year end:

	2015	2014
	----- Numbers -----	
Gulistan Textile Mills Limited	-	1,347,907
Gulistan Fibers Limited	1,499,776	1,499,776
	<b>1,499,776</b>	<b>2,847,683</b>

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	Note	2015 Rupees	2014 Rupees
<b>19. RESERVES</b>			
<b>Capital reserve</b>			
Share premium		15,400,000	15,400,000
<b>Revenue reserve</b>			
General reserve		460,000,000	460,000,000
		<u>475,400,000</u>	<u>475,400,000</u>
<b>20. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS</b>			
Surplus arisen on revaluation of			
- Company's operating fixed assets	20.1	928,060,601	1,521,799,282
- fixed assets of Associated Companies		11,731,983	11,731,983
		<u>939,792,584</u>	<u>1,533,531,265</u>
<b>20.1 Surplus on revaluation of Company's assets</b>			
Balance at beginning of the year		1,632,907,830	1,663,164,559
Less: transferred to unappropriated profit on account of:			
- incremental depreciation for the year		14,897,918	30,256,729
- impairment charged during the year	20.1.1	583,608,096	-
		<u>598,506,015</u>	<u>30,256,729</u>
		1,034,401,815	1,632,907,830
Less: Related deferred tax of:			
- Balance at the beginning of the year		111,108,548	105,383,489
- Incremental depreciation for the year		(4,767,334)	(2,634,587)
- effect of change in tax rate		-	8,359,646
		<u>106,341,214</u>	<u>111,108,548</u>
Balance at end of the period		<u>928,060,601</u>	<u>1,521,799,282</u>

## 20.1.1 Impairment Loss

The management has reviewed the carrying amounts of the property, plant and equipment of the Company at the reporting date and has identified circumstances indicating occurrence of impairment loss, which include but not limited to, physical damage, wear and tear, high idle capacity due to financial and operational difficulties, plant to dispose assets before previous expected date (see note 1.3 (i)) and evidence that economic performance of items of property, plant and equipment is lesser than expected.

20.2 The Company had revalued its freehold land, leasehold land, buildings on leasehold & freehold land, plant & machinery, electric installations and mills equipment as on June 30, 2012. The revaluation exercise was carried-out by an independent valuer - Maricon Consultants (Pvt.) Limited, Engineers, Authorized Valuers of the Pakistan Banking Association and the Leasing Association of Pakistan, Beaumont Road, Karachi. Land has been revalued on the basis of current market value whereas buildings, plant & machinery, electrical installations and mills equipment have been revalued on the basis of depreciated replacement values. The net appraisal surplus arisen on this revaluation aggregating Rs. 1,736.099 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

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	Note	2015 Rupees	2014 Rupees
<b>21. SUB-ORDINATE LOAN - unsecured</b>			
Sub-ordinate loan	21.1	175,000,000	175,000,000

21.1 The Company has obtained loan from the Ex-Chief Executive and an Ex-Director. This loan is subordinated 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.

	Note	2015 Rupees	2014 Rupees
<b>22. LONG TERM FINANCING</b>			
<b>From banking Companies - secured</b>			
- NIB Bank Limited	22.1	-	-
- United Bank Limited	22.2	-	-
- The Bank of Punjab	22.3	-	-
<b>From an Associated company - unsecured</b>			
- Gulistan Fibers Limited	22.6	142,235,639	142,235,639
		<u>142,235,639</u>	<u>142,235,639</u>

**22.1 NIB Bank Limited**

Balance at beginning of the year	26,958,913	26,958,913
Payments made during the year	-	-
	<u>26,958,913</u>	<u>26,958,913</u>
Less: current portion:		
- over due instalments	26,958,913	26,958,913
Balance at end of the year	<u>-</u>	<u>-</u>

22.1.1 The facility sanctioned was Rs. 110 million. This finance was obtained to establish a stitching unit. It is secured against first pari passu charge by way of mortgage of title deeds of immovable properties of the Company. This finance was obtained under State Bank of Pakistan's (SBP) Long Term Export Refinance Scheme and carried a fixed rate of mark-up at SBP's defined rate plus 1.1% per annum. Originally this term finance was repayable in 12 half yearly instalments after one and half year from the date of disbursement i.e. February 15, 2005, however, due to litigations stated in note 22.4, the Company has not made any payments.

	Note	2015 Rupees	2014 Rupees
<b>22.2 United Bank Limited</b>			
Balance at beginning of the year		150,000,000	150,000,000
Less: Payments made during the year		-	-
		<u>150,000,000</u>	<u>150,000,000</u>
Less: current portion:			
- over due instalments		120,000,000	80,000,000
- instalments due within next twelve months		30,000,000	40,000,000
- instalments due after June 30, 2016 /15		-	30,000,000
		<u>150,000,000</u>	<u>150,000,000</u>
Balance at end of the year		<u>-</u>	<u>-</u>

**22.2.1** The Company had obtained Non-Interest Demand Finance (NIDF) from United Bank Limited amounting to Rs. 200 million under mark-up arrangement. It is secured against mortgage charge of Rs. 102 million and ranking charge of Rs. 178 million over land, building and plant & machinery of the Company situated at Kotri. This finance carried mark-up at the rate of 3 months KIBOR plus 2.00% per annum. Originally this finance was repayable in twenty equal quarterly instalments commenced from May 3, 2011, however, due to factors stated in note 22.5 below the whole amount has been grouped in current liabilities.

	Note	2015 Rupees	2014 Rupees
<b>22.3 The Bank of Punjab</b>			
Balance at beginning of the year		56,236,305	56,236,305
Less: current portion:			
- over due instalments		37,072,049	22,945,755
- instalments due within next twelve months		14,126,294	14,126,294
- instalments due after June 30, 2016 /15		5,037,962	19,164,256
		56,236,305	56,236,305
Balance at end of the year		-	-

**22.3.1** The Company had arranged loan for expansion of stitching unit from the Bank of Punjab. This finance carried mark-up at SBP refinance rate plus 2.5% per annum and is secured by way of specific charge of Rs. 80 million over plant and machinery imported through this finance. Originally this finance was repayable within five years from the date of disbursement in 16 quarterly instalments commenced from September 29, 2012, however, due to factors stated in note 22.5 below the whole amount has been grouped in current liabilities.

**22.4** Company filed a suit in the Honourable Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for rendition of accounts and damages, and lending banks have also filed suits before different High Courts for recovery of their long term and short term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 30.1.1. Due to these litigations, year-end confirmations from all lenders have not been received.

**22.5** Due to the abovementioned litigations, the Company's financial arrangements with these banking companies are disputed and these liabilities have become payable on demand, so instalments due after the year ending June 30, 2015 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statement Presentation'.

	Note	2015 Rupees	2014 Rupees
<b>22.6 Gulistan Fibers Limited - Unsecured</b>			
Balance at beginning of the year		142,235,639	-
Add: Amount disbursed during the preceding year		-	150,000,000
Less: Payments made during the year		-	7,764,361
Balance at end of the year		142,235,639	142,235,639

This loan has been created in accordance with the settlement agreement and agreement to sell dated December 30, 2013 executed between Silk Bank Limited (the Lender), Gulshan Spinning Mills Limited (an Associated Company), Gulistan Spinning Mills Limited (an Associated Company), Gulistan Fibers Limited (an Associated Company) and the Company. As per these agreements, short term borrowings and outstanding bills payables aggregating Rs.150.000 million of the Company have been adjusted by the Lender against mortgaged property of the Gulistan Fibers Limited, under the debt-property swap arrangement. Accordingly, the Company has booked this loan as payable to Gulistan Fibres Limited by adjusting its short term borrowings (note 28) and bills payable (note 26).

This loan is unsecured and repayable within period of two years from the date of creation i.e. April 18, 2014. This loan carries mark-up at the half percent above the borrowing cost of the lending company and effective rate charged during the year is 11.99% (2014: 12.66%) per annum.

	Note	2015 Rupees	2014 Rupees
<b>23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured</b>			
Balance at beginning of the year		25,870,024	28,061,786
Less: Payments made during the year		1,533,181	2,191,762
		<u>24,336,843</u>	<u>25,870,024</u>
Less: current portion:			
- over due instalments		23,713,525	19,024,007
- instalments due within next twelve months		623,318	6,222,699
- instalments due after June 30, 2016 /15		-	623,318
		<u>24,336,843</u>	<u>25,870,024</u>
Balance at end of the year		-	-

**23.1** The Company had acquired plant & machinery, electric installations and vehicles under finance lease arrangements from leasing companies, modaraba and banks. These liabilities, during the year, were subject to finance cost at the rates ranging from 12.5% to 14.67% (2014: 11.99% to 15.75%) per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. The lease finance facilities are secured against title of the leased assets in the name of lessors.

**23.2** The Company filed a suit in the Honourable Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, for rendition of accounts and damages. Further, various lessors have also filed suits before banking court and the Honourable Sindh High Court for recovery of lease finance through attachment and sale of charged properties as fully disclosed in note 30.1.1. Due to these litigations, year-end confirmations from all lessors have not been received.

**23.3** Due to the abovementioned litigations, the Company's lease finance arrangements with lessors are disputed and these liabilities have become payable on demand, so instalments due after the year ending June 30, 2015 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statement Presentation'.

**23.4** Due to the facts explained in notes 23.2 and 23.3 above, the entire amounts of the lease finances have become payable on demand, therefore, the amount of future finance cost is not ascertainable as at June 30, 2015 and June 30, 2014. The disclosures of future minimum lease payments is prepared according to existing repayment schedules and provided only to comply with the disclosure requirement of IAS - 17 'Leases'. According to the existing repayment schedules, the future minimum lease payments under these lease finance agreements are due as follows;

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	June 30, 2015			June 30, 2014		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	<b>Rupees</b>					
Over due portion	27,125,893	3,412,368	23,713,525	22,173,202	3,149,195	19,024,007
Not later than one year	666,822	43,504	623,318	6,622,928	400,229	6,222,699
Later than one year but not later than five years	-	-	-	666,823	43,505	623,318
Minimum lease payments	<u>27,792,715</u>	<u>3,455,872</u>	<u>24,336,843</u>	<u>29,462,953</u>	<u>3,592,929</u>	<u>25,870,024</u>

## 24 STAFF RETIREMENT BENEFIT - Gratuity

The Company's obligation, as per the assumptions given in the latest actuarial valuation disclosed in annual report of the Company for the year ended June 30, 2014 in respect of defined benefit gratuity plan is as follows;

	Note	2015 Rupees	2014 Rupees
<b>24.1 The amount recognised in the balance sheet</b>			
Net liability at beginning of the year		32,319,899	58,119,074
Add: Charge to profit and loss account	24.3	1,733,247	25,871,976
Remeasurement recognised		-	19,553,158
Less: Benefits paid		(7,486,063)	(8,344,070)
Less: Gratuity paid in advance		(243,968)	(1,727,984)
Less: Gratuity due but not paid		(23,829,633)	(61,152,256)
Net liability at end of the year	24.2	<u>2,493,482</u>	<u>32,319,898</u>
<b>24.2 Movement in the present value of defined benefit obligation</b>			
Balance at beginning of the year		32,319,898	58,119,074
Current service cost		288,874	14,747,355
Past service cost		1,275,384	8,761,395
Interest cost		168,988	2,363,226
Benefits due but not paid		(23,829,633)	(61,152,256)
Benefits paid		(7,730,031)	(10,072,054)
Re-measurement on obligation		-	19,553,158
Balance at end of the year		<u>2,493,481</u>	<u>32,319,898</u>
<b>24.3 Expense recognised in profit and loss account</b>			
Current service cost		288,874	14,747,355
Past service cost		1,275,384	8,761,395
Interest cost		168,988	2,363,226
		<u>1,733,247</u>	<u>25,871,976</u>

**24.3.1** The management has not charged Rs. 11.013 million, as advised by the latest actuarial report for the year ended June 30, 2015. Since, no recent actuarial evaluation is available, expected charge for the year ending June 30, 2016 could not be disclosed.

	Note	2015 Rupees	2014 Rupees
<b>24.4 Re-measurement recognised in other comprehensive income</b>			
Experience adjustments		-	19,553,158
<b>24.5 Actuarial assumptions used</b>			
Discount rate		13.25%	13.25%
Expected rate of growth p.a. in future salaries		12.25%	12.25%
Average expected remaining working life time of employees		6 years SLIC	6 years SLIC
Mortality rates (for death in service)		2001-2005	2001-2005

**24.6** The weighted average duration of the scheme is 6 years.

**24.7** The methods and types of assumptions, used in preparing the sensitivity analysis did not change compared to the previous period.

**24.8** The calculation of defined benefit obligation is sensitive to assumptions set-out above by changing an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. The management has used the same assumptions as given in the actuarial report pertaining to year ended June 30, 2014 including the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period), however, the management of the Company has not hired an actuary to carry out evaluation of its defined benefit obligation for this reporting year. Therefore, sensitivity analysis for the assumptions and expected maturity analysis of undiscounted retirement benefit plan, has not been provided.

	Note	2015 Rupees	2014 Rupees
<b>25 DEFERRED TAXATION - Net</b>			
The liability for deferred taxation comprises of temporary differences relating to:			
- accelerated tax depreciation allowance		161,785,600	48,581,913
- surplus on revaluation of operating fixed assets		106,341,214	111,108,548
- lease finances		16,241,654	5,440,700
- staff retirement benefits		(797,914)	(9,364,788)
- stock-in-trade		(61,831,222)	(3,371,086)
- provision for doubtful debts		(83,308,541)	(974,754)
		<u>138,430,791</u>	<u>151,420,533</u>

**25.1** Deferred Tax asset in respect of the unused tax losses amounting Rs. 249.016 million (2014: Rs. 167.899 million) has not been recognised in these financial statements, being prudent. The management of the Company is of view that recognition of deferred tax asset will be reassessed as at June 30, 2018.



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	Note	2015 Rupees	2014 Rupees
<b>26. TRADE AND OTHER PAYABLES</b>			
Creditors for suppliers	26.1	250,599,299	309,780,308
Creditors for expenses		28,408,364	22,339,704
Bills payable / letters of credit payable	26.2	623,571,213	621,254,827
Staff retirement benefits due but not paid		42,332,089	61,152,256
Accrued expenses		19,769,149	17,899,414
Income tax payable		9,255	262,959
Unclaimed dividend		1,118,836	1,118,836
		<u>965,808,206</u>	<u>1,033,808,304</u>

**26.1 These include following amounts, which pertain to related parties:**

Gulshan Spinning Mills Ltd.	2,659,428	-
Gulistan Power Generations Ltd.	37,530,620	37,673,363
	<u>40,190,048</u>	<u>37,673,363</u>

**26.2** This represents overdue bills payable / letters of credit payable to various financial institutions in respect of letters of credit (LCs) issued by the financial institutions in favour of various local and imported raw material suppliers. The Company is in litigation with banks and financial institutions as detailed in note 30.1.1, so current status and balance confirmation of these bills payable could not be ascertained due to non-availability of relevant documents. Further, no provision of any further commission / interest / mark-up or penalty in respect of overdue LCs has been made in the financial statements. Amount of the un-provided commission / interest / mark-up or penalty is impracticable to determine as at the reporting date.

	Note	2015 Rupees	2014 Rupees
<b>27. ACCRUED MARK-UP / INTEREST</b>			
Mark-up / interest accrued on:			
- long term finances	27.1	18,877,436	1,825,370
- finance lease		-	9,419
- loan from ex/related party	27.2	11,281,394	9,223,482
- overdue payable of an associated company	27.3	1,435,891	2,274,217
		<u>31,594,721</u>	<u>13,332,488</u>

**27.1** This amount represents mark-up payable to Gulistan Fibers Limited, an Associated Company, on long term loan as per (note 22.6)

**27.2** This amount represents mark-up payable to Premier (Private) Limited, which ceases to be a related party during the reporting financial year.

**27.3** This represents mark-up accrued on overdue payable balance of Gulistan Spinning Mills Limited (an Associated Company) as per the directives of the regulatory body received by Associated Company during the previous financial year.

27.4 During the year ended June 30, 2015, the Company has not provided mark-up / interest on its long term finances, lease finances and short term borrowings to the extent of Rs. 24.738 million, Rs. 2.604 million and Rs. 168.391 million respectively (2014: Rs. 25.237 million, Rs. 2.521 million and Rs. 178.022 million respectively) due to pending litigations with the financial institutions. Further, as detailed in note 1.3, the management is in the process of finalisation of restructuring of its debts and as per indicative restructuring term sheet total accrued and outstanding mark-up due / payable till June 30, 2013 will be repaid on quarterly basis over a period of 2 years immediately after the completion of repayment term of principal i.e. 8 years. Un-provided mark-up / interest up to the balance sheet date aggregated Rs. 644.630 million (2014: Rs. 448.896 million). This non-provisioning is in contravention with the requirements of IAS 23 - Borrowing Costs. The exact amount of un-provided mark-up / interest could not be ascertained because of non-availability of relevant information and documents due to on-going litigations with banks and financial institutions.

	Note	2015 Rupees	2014 Rupees
<b>28. SHORT TERM BORROWINGS</b>			
Short term finances - secured	28.1	1,411,965,394	1,175,729,007
Running finances - secured	28.2 & 28.3	315,343,108	315,343,108
Loan - unsecured	28.4	21,662,236	21,662,236
Interest free loans from other parties - unsecured	28.5	271,946,528	221,052,642
Temporary bank overdraft - unsecured	28.7	8,981,199	20,996,486
		<u>2,029,898,465</u>	<u>1,754,783,479</u>

28.1 This includes Rs. 236 million as discounted foreign bills pertaining to previous years, receivable from a foreign debtor and discounted by a commercial bank, outstanding at year end. The said discounted foreign bills have also been recognised by the Company as doubtful outstanding trade debts (note 11.2).

28.2 This represents aggregate amount of running finances / working capital finances obtained from various banks / financial institutions against expired facilities. These finance facilities are secured by way of ranking / hypothecation / floating charge over present and future current assets, pari passu charge over present and future fixed assets, charge over raw cotton and cotton yarn, lien on export letters of credit / sales contracts / documents, trust receipts and personal guarantees of sponsor directors.

28.3 The abovementioned balances are against expired finance facilities and have not been renewed by the respective banks / financial institutions. These banks and financial institutions have filed suits before different Civil Courts, Banking Courts and High Courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The Company had also filed a suit in the Honourable Lahore High Court for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs as more fully detailed in note 30.1.1.

28.4 The Company has obtained a short term finance facility to the limit of Rs. 100 million from Premier (Private) Limited, a company that ceased to be a related party during the reporting year, to finance working capital requirements of the Company. This loan is unsecured and carries mark-up at the rate of 9.5% (2014: 9.5%) per annum.

	Note	2015 Rupees	2014 Rupees
<b>28.5 Interest free loans from other parties - unsecured</b>			
Balance at beginning of the year		221,052,642	222,282,061
Add: funds received during the year		100,527,757	75,636,994
Less: adjustments / repayments made during the year		(49,633,871)	(76,866,413)
Balance at end of the year		<u>271,946,528</u>	<u>221,052,642</u>

**28.5.1** These loans were advanced by Spouse of the ex-Chief Executive and his other relatives in order to meet working capital requirements. However, these parties ceased to be related parties of the Company in accordance with IAS 24, because of retirement of ex-Chief Executive during the year. The repayment terms have not yet been finalized by the parties.

**28.6** Year end balance confirmations aggregating Rs. 1,727 million of the lending banks / financial institutions have not been received due to above-mentioned litigation with them. Further, due to these litigations, bank statements for current financial year from all banks / financial institutions were also not available to ensure year end balances of these finance facilities.

**28.7** These have arisen due to issuance of cheques in excess of balance at bank accounts.

	Note	2015 Rupees	2014 Rupees
<b>29. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Long term finances:			
- NIB Bank Limited	22.1	26,958,913	26,958,913
- United Bank Limited	22.2	150,000,000	150,000,000
- The Bank of Punjab	22.3	56,236,305	56,236,305
Liabilities against assets subject to finance lease	23	24,336,843	25,870,024
		<u>257,532,061</u>	<u>259,065,242</u>

**30. CONTINGENCIES AND COMMITMENTS**

**30.1 Contingencies**

**30.1.1** Liabilities towards banks and financial institutions disclosed in note 22, 23, 26.2, 27, 28 and 29

- (a) Various banks and financial institutions have filed recovery suits before Banking Court - Karachi, the Honourable Sindh High Court and the Honourable Lahore High Court for recovery of their long term and short term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 2,787.432 million (2014: Rs. 2,332.365 million).

The management is strongly contesting the 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.

- (b) The Company filed a global suit in the Honourable Lahore High Court (LHC) against all banks / financial institutions 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. However, the Company along with its restructuring agent (a leading bank) and a few other lending banks, had proposed an indicative term sheet to its lending financial institutions on June 28, 2013 in order to restructure the outstanding debt obligations of the Company. The proposed term sheet is still in the process of finalization. Once finalized, it will be signed by all parties and legal documentation will be executed to restructure outstanding debts of the Company. The management expects that entire process will be completed in due course of time and these recovery suits will be settled accordingly.

- 30.1.2 The Company has not provided for Rs.3 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 Honourable Sindh High Court. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed.

The Honourable Sindh High Court 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 Honourable Supreme Court of Pakistan against the above-mentioned judgement of the Honourable Sindh High Court. 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 came into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Honourable Supreme Court of Pakistan with the right to appeal. Accordingly, the petition was filed in the Honourable Sindh High Court 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.

As at June 30, 2015, the Company has provided bank guarantees aggregating Rs. 7.216 million (2014: Rs. 7.216 million) in favour of Excise and Taxation Department.

- 30.1.3 The Deputy Collector of Customs, in pursuance of judgement of the Honourable Supreme Court of Pakistan (the Court) dated August 29, 2012, has raised the demand of Rs. 134.197 million in respect of customs duty along with penalty thereon for installing textile machinery in terms of section 83A read with 202A of the Custom Act, 1969.

The Company has strong reservations on the calculation of above-mentioned amount and is of the view that this amount has not been calculated in light of aforementioned judgement. Therefore, the Company approached the Deputy Collector of Customs, Additional Collector of Customs, Collector of Customs and Chief Collector of Customs. The Company has a stance that total demand as per the aforementioned judgement works out to Rs. 17.555 million and the same has been paid by the Company to Deputy Collector of Customs during the preceding year.

The management filed a civil review petition against the above-mentioned judgement of the Court and a bench of three judges of the Court has issued notices to the respondents. In the mean time, it was also ordered that no coercive measure may be taken against the petitioners. This review petition is pending for hearing.

- 30.1.4 Counter guarantees of Rs. 9.067 million (2014: Rs. 9.067 million) were given by the Company to various banks / financial institutions as at June 30, 2015 in respect of guarantees issued in favour of various Government Departments / Institutions.
- 30.1.5 The Company has filed a writ petition No. 2979 of 2010, against the levy of regulatory duty on export of yarn of Rs. 5.199 million. The Honourable Islamabad High Court through its judgment dated July 22, 2013 partially accepted the petition of the Company. The Company has filed Intra Court Appeal. No. 957/2013 against the impugned judgement and the Honourable Islamabad High Court through its order dated August 20, 2013 suspended the impugned judgement. The Case is still sub-judice, wherein the stay order passed in favor of the Company vide order dated August 20, 2013, is still intact.
- 30.1.6 MCB Bank Limited filed a suit bearing no. B-70/2013 for recovery of Rs. 56,274 million on May 30, 2013 against the Company. The MCB Bank Limited filed another miscellaneous application under section 16 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance), for the auction of 3,477 cotton bales vide CMA No. 661/2014, which was disposed off vide order dated February 25, 2014 wherein the interveners applicants i.e. Askari Bank Limited, and Bank Al Falah Limited were also accepted. The Honourable Sindh High Court ordered to auction the said perishable items i.e. cotton bales. The Company challenged the said order via HCA no. 63/2014, wherein the Division Bench of the Honorable Sindh High Court granted a stay order. However, the Honorable Sindh High Court dismissed the appeal filed by the Company due to non-prosecution. The said impugned order was challenged before the Honorable Supreme Court of Pakistan. However, the order states that the "... sale proceeds may be kept with the Nazir of this Court, who may invest the same in the profit bearing scheme for the benefit of beneficiary till the end of litigation." The said litigation is still pending and the goods have yet not been auctioned and the PLA filed by the Company has yet not been decided.

**30.2 Commitments**

There Is no capital commitment as at June 30, 2015 and June 30, 2014.

	Note	2015 Rupees	2014 Rupees
<b>31. SALES - net</b>			
Export Sales	31.1	-	1,139,487,119
Local sales	31.2	1,259,579,700	1,294,791,994
		<u>1,259,579,700</u>	<u>2,434,279,113</u>

31.1 This includes Rs. Nil (2014: Rs. 0.508 million) in respect of exchange gain on realization of export proceeds.

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	Note	2015 Rupees	2014 Rupees
<b>31.2 Local sales</b>			
Sales	31.3	1,284,941,581	1,214,141,518
Processing Income		-	106,910,749
		<u>1,284,941,581</u>	<u>1,321,052,267</u>
Less:			
- quality claims/Weight shortage		-	332,940
- sales tax		25,361,881	25,927,333
		<u>25,361,881</u>	<u>26,260,273</u>
		<u>1,259,579,700</u>	<u>1,294,791,994</u>

31.3 Local sales include waste sales and cotton sales Rs. 22.70 million (2014: Rs. 42.449 million) and Rs. Nil (2014: Rs. 10.811 million) respectively.

	Note	2015 Rupees	2014 Rupees
<b>32. COST OF SALES</b>			
Stocks at beginning of the year (finished goods & waste)		134,652,490	277,040,674
Cost of goods manufactured	32.1	1,352,290,656	2,776,323,652
Purchases of finished products		16,486,344	10,506,000
		<u>1,368,777,000</u>	<u>2,786,829,652</u>
		<u>1,503,429,490</u>	<u>3,063,870,326</u>
Stocks at end of the year (finished goods & waste)	10.	89,806,386	134,652,490
		<u>1,413,623,104</u>	<u>2,929,217,836</u>
<b>32.1 Cost of goods manufactured</b>			
Opening work in process		19,794,740	32,436,817
Raw materials consumed	32.2	940,396,923	1,909,205,959
Stores consumed		21,347,868	57,021,944
Packing materials consumed		16,298,415	25,731,978
Salaries and other benefits		154,074,264	416,761,688
Fuel and power		132,449,610	255,805,677
Repair and maintenance		1,284,051	2,240,174
Insurance		2,696,206	4,088,535
Depreciation	5.2	47,834,201	48,996,169
Impairment loss		487,585	-
Processing / dyeing charges		1,059,358	3,676,763
Conveyance, travelling and entertainment		767,287	1,167,413
Vehicle running and maintenance		9,564,084	34,503,617
Postage and telephone		512,730	969,915
Rent, rate and taxes		1,023,948	666,466
Other manufacturing expenses		2,699,386	2,845,278
		<u>1,352,290,656</u>	<u>2,796,118,393</u>
Closing work in process		-	(19,794,740)
		<u>1,352,290,656</u>	<u>2,776,323,652</u>

# PARAMOUNT SPINNING MILLS LIMITED

	Note	2015 Rupees	2014 Rupees
<b>38 TAXATION</b>			
Current year		-	12,158,341
Deferred			
Origination and (reversal) of temporary difference		(12,989,742)	4,487,052
Impact of change in tax rate		-	2,983,442
		<u>(12,989,742)</u>	<u>19,628,835</u>

No provision for minimum tax due under section 113 of the Ordinance is incorporated as the Company has suffered gross loss before depreciation and other inadmissible expense. Numeric tax rate reconciliation is, therefore, also not required.

	Note	2015 Rupees	2014 Rupees
<b>39 (LOSS) / EARNINGS PER SHARE</b>			
(Loss) / profit after taxation		<u>(490,871,257)</u>	<u>70,885,816</u>
		----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year		<u>17,352,329</u>	<u>17,352,329</u>
		----- Rupees -----	
(Loss) / earnings per share - basic and diluted		<u>(28.29)</u>	<u>4.09</u>

There is no dilutive effect on the basic (loss) / earnings per share of the Company.

	Note	2015 Rupees	2014 Rupees
<b>40 CASH GENERATED FROM OPERATIONS</b>			
(Loss) / profit before taxation		(503,860,999)	90,514,651
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		50,693,016	52,361,346
Provision of gratuity		1,733,247	25,871,976
Finance cost		19,540,577	30,821,208
Share of loss / (profit) from Associated Companies		-	14,786,354
Loss on remeasurement of investment at fair value through profit or loss		24,731,100	1,648,740
Exchange loss on foreign currency		2,316,386	91,722
Interest income		(527,479)	(383,450)
Provision for doubtful debts		250,609,940	-
Impairment Loss		487,585	-
Gain of disposal of investments in an associated company		-	(311,161,500)
Gain on discontinuation of equity method on investment in an associated company		-	(481,336,377)
Gain on disposal of fixed assets		(4,378,059)	(2,923,139)
Balances and inventory written off		-	13,290,813
Working capital changes	40.1	(108,473,656)	551,459,173
		<u>(267,128,344)</u>	<u>(14,958,483)</u>

	Note	2015 Rupees	2014 Rupees
<b>40.1 Working capital changes</b>			
Decrease / (increase) in current assets:			
Stores, spare parts and loose tools		1,224,056	40,137,287
Stock-in-trade		174,779,568	309,884,218
Trade debts		(217,317,349)	99,636,079
Loan and advances		7,903,996	13,630,735
Deposits and prepayments		-	-
Other receivables		19,082,191	441,608
		<u>(14,327,539)</u>	<u>463,729,927</u>
Increase/(Decrease) in trade and other payables		(94,146,118)	87,729,246
		<u>(108,473,656)</u>	<u>551,459,173</u>

**41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

Particulars	Chief Executive		Executives	
	2015	2014	2015	2014
	----- Rupees -----			
Managerial remuneration	-	-	2,887,630	5,242,216
Perquisites	-	-	1,832,630	3,482,844
Retirement benefit	-	-	393,355	742,255
	-	-	<u>5,113,615</u>	<u>9,467,315</u>
No. of persons	<u>1</u>	<u>1</u>	<u>5</u>	<u>7</u>

**41.1** The Chief Executive and executives have been provided with the Company maintained cars. The Chief Executive was also provided with telephone at residence in the previous reporting year

**41.2** Meeting fees of Rs. 60,000 (2014: Rs. 90,000) were also paid to a Non-executive Director during the year.

**42 CAPACITY AND PRODUCTION**

**42.1 Spinning unit - note 42.1.1**

		2015	2014
Number of spindles installed		25,920	25,920
Number of spindles worked		23,949	24,379
Number of shifts worked per day		3	3
Total number of days worked		330	319
Installed capacity after conversion into 20's count	Kg.	8,841,118	8,841,118
Actual production after conversion into 20's count	Kg.	5,748,052	5,665,800

**42.1.1** Financial institutions and banks have curtailed and blocked the short term limits, froze the funds in current accounts to clear mark-up and other dues and attempted to realize their securities. These factors created liquidity crises due to which the Company could not run its operations at normal capacity.



		2015	2014
<b>42.2 Yarn dyeing unit - note 42.4</b>			
Total number of machines installed		7	7
Total number of days worked		-	90
Installed capacity	<b>Kg.</b>	<b>2,065,170</b>	2,065,170
Actual production	<b>Kg.</b>	-	349,629
<b>42.3 Stitching unit - note 42.4</b>			
Total number of machines installed		<b>832</b>	832
Total number of days worked		-	234
Installed capacity	<b>Pcs.</b>	<b>3,211,652</b>	3,211,652
Actual production	<b>Pcs.</b>	-	1,707,395
<b>42.4</b>	Due to non-availability of working capital lines and shortage of funds, the Company had closed its Yarn dyeing unit and Stitching unit from May 31, 2014.		

### 43. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

#### 43.1 Credit risk

Credit risk represents the financial loss that would be recognised 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 deposits, trade debts, loans and advances, accrued mark-up / interest, short term investments, 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:

	Note	2015 Rupees	2014 Rupees
Long term loans		-	516,253
Deposits		<b>7,228,064</b>	7,341,309
Trade debts		<b>30,260,806</b>	63,553,396
Loans and advances		<b>544,491</b>	3,043,256
Accrued mark-up / interest		<b>689,017</b>	549,488
Short term investment		-	24,731,100
Other receivables		<b>233,810</b>	800,000
Bank balances		<b>14,894,873</b>	10,972,961
		<b><u>53,851,061</u></b>	<b><u>111,507,763</u></b>
The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:			
Domestic		<b>30,260,806</b>	32,303,154
Export		-	31,250,242
		<b><u>30,260,806</u></b>	<b><u>63,553,396</u></b>

	2015	2014
<b>Ageing of trade debts at the reporting date:</b>		
Not past due	-	-
Past due 1-60 days	27,661,028	6,026,281
Past due 61-150 days	1,125,461	37,716,943
Past due 151-365 days	1,172,515	17,805,918
More than one year	301,802	2,004,254
	<u>30,260,806</u>	<u>63,553,396</u>

Based on past experience and keeping in view subsequent realisations, provision for doubtful debts aggregating Rs. 260.339 million (2014: Rs. 9.729 million) has been kept as at the reporting date and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

#### 43.2 Liquidity risk

Liquidity risk is the risk that an 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.

	June 30, 2015			June 30, 2014		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees			Rupees		
Long term finances	375,430,857	375,430,857	-	375,430,857	233,195,218	142,235,639
Liabilities against assets						
subject to finance lease	24,336,843	24,336,843	-	25,870,024	25,870,024	-
Trade and other payables	965,798,951	965,798,951	-	1,033,545,345	1,033,545,345	-
Accrued mark-up / interest	31,594,721	31,594,721	-	13,332,488	13,332,488	-
Short term borrowings	2,020,917,266	2,020,917,266	-	1,733,786,993	1,733,786,993	-
	<u>3,418,078,638</u>	<u>3,418,078,638</u>	-	<u>3,181,965,707</u>	<u>3,039,730,068</u>	<u>142,235,639</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 1.3 to the financial statements and the management envisages that sufficient financial resources will be available to manage the liquidity risk.

#### 43.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

##### (a) 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.

The Company is exposed to currency risk on import of raw materials, stores and spare parts, plant and machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollars (U.S.\$). The Company's exposure to foreign currency risk is as follows:

# PARAMOUNT SPINNING MILLS LIMITED

	June 30, 2015		June 30, 2014	
	Rupees	U.S.\$	Rupees	U.S.\$
<b>Trade and other payables</b>	80,235,544	785,216	77,919,158	785,216
<b>Trade debts</b>	-	-	(31,250,242)	(371,101)
<b>Bank balance</b>	(63,466)	(644)	(63,466)	(644)
	(63,466)	(644)	(31,313,708)	(371,745)
<b>Net balance sheet exposure</b>	80,172,078	784,572	46,605,450	413,471

The following significant exchange rate applied during the year:

	Average rate		Reporting date rate	
	2015	2014	2015	2014
U.S. Dollar to Rupee	101.40	103.96	101.70 / 101.50	98.75 / 98.55

### Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. Dollar with all other variables held constant, profit for the year would have been increased / (decreased) by the amounts shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2015	2014
	Rupees	Rupees
<b>Effect on profit for the year:</b>		
U.S. Dollar to Rupee	7,963,406	4,083,026
	<u>7,963,406</u>	<u>4,083,026</u>

The weakening of the Rupee against U.S Dollar would have had an equal but opposite impact on profit/loss for the year. The sensitivity analysis prepared is not necessarily indicative of the effects on profit/loss for the year and assets / liabilities of the Company.

### (b) 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.

Majority of the interest rate risk of the Company arises from short and long term borrowings from banks and deposits with banks. However, the Company is not providing for mark-up / interest on its long term finances, liabilities against assets subject to finance lease and short term borrowings due to litigation with banks and financial institutions as detailed in note 30.1.1. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2015	2014
	Rupees	Rupees
<b>Fixed rate instruments</b>		
Financial assets	3,058,672	3,058,672
Financial liabilities	26,958,913	26,958,913
<b>Variable rate instruments</b>		
Financial liabilities	2,402,707,252	2,135,087,874

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

Cash flow sensitivity analysis for variable rate instruments is not presented as the Company is not providing for mark-up / interest due to litigation with banks and financial institutions.

**43.4 Fair value of financial instruments**

As at June 30, 2015 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.

**43.5 Capital risk management**

The Company's prime objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no changes 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.

**44 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 41. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Nature of Transactions	Note	2015 Rupees	2014 Rupees
Sales		1,681,419	34,235,055
Dyeing / processing income		-	3,339,414
Purchases		156,154,718	175,523,692
Sale of investment in an associated company		-	76,816,413
Long term loan created		-	150,000,000
Long term loan adjusted		-	7,764,361
Interest free loans received from related parties		-	75,636,994
Interest free loans from related parties repaid/adjusted		-	76,866,413
Interest expenses		17,052,066	7,977,538
Interest paid		838,626	-

45 SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into following four operating segments:

- spinning;
- dying;
- garments; and
- weaving.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment revenues and results

	Spinning	Dying	Garments	Weaving	Elimination of inter segment transactions	Total
<b>Rupees</b>						
<b>For the year ended June 30, 2015</b>						
Sales	1,259,579,700	-	-	-	-	1,259,579,700
Cost of sales	1,380,668,789	7,252,248	25,702,067	-	-	1,413,623,104
<b>Gross loss</b>	<b>(121,089,088)</b>	<b>(7,252,248)</b>	<b>(25,702,067)</b>	-	-	<b>(154,043,404)</b>
Distribution cost	2,786,806	4,113	44,448	-	-	2,835,367
Administrative expenses	46,234,411	253,151	1,659,693	-	-	48,147,255
Other operating expenses	41,421,038	-	242,778,898	-	-	284,199,936
Other operating income	(1,402,319)	-	(3,503,219)	-	-	(4,905,538)
	89,039,935	257,264	240,979,820	-	-	330,277,019
<b>Loss from operations</b>	<b>(210,129,024)</b>	<b>(7,509,512)</b>	<b>(266,681,887)</b>	-	-	<b>(484,320,423)</b>
Finance cost	17,326,262	2,057,912	156,403	-	-	19,540,577
Share of loss from Associated Companies	-	-	-	-	-	-
<b>Loss before taxation</b>	<b>(227,455,286)</b>	<b>(9,567,424)</b>	<b>(266,838,290)</b>	-	-	<b>(503,860,999)</b>
Taxation	-	-	-	-	-	(12,989,742)
<b>Loss after taxation</b>						<b>(490,871,257)</b>
Sales	1,218,696,419	83,958,995	1,131,623,699	-	-	2,434,279,113
Cost of sales	1,318,291,428	136,362,389	1,474,564,018	-	-	2,929,217,836
<b>Gross loss</b>	<b>(99,595,010)</b>	<b>(52,403,394)</b>	<b>(342,940,319)</b>	-	-	<b>(494,938,723)</b>
Distribution cost	1,467,998	1,752,585	65,709,245	-	-	68,929,828
Administrative expenses	47,148,746	2,455,219	31,178,462	-	-	80,782,427
Other operating expenses	1,140,993	2,632,044	11,258,238	-	-	15,031,275
Other operating income	(795,804,466)	-	-	-	-	(795,804,466)
	(746,046,729)	6,839,848	108,145,945	-	-	(631,060,936)
<b>Profit / (Loss) from operations</b>	<b>646,451,720</b>	<b>(59,243,243)</b>	<b>(451,086,264)</b>	-	-	<b>136,122,213</b>
Finance cost	16,967,187	2,157,088	11,696,933	-	-	30,821,208
Share of loss from Associated Companies	(14,786,354)	-	-	-	-	(14,786,354)
<b>Profit / (Loss) before taxation</b>	<b>614,698,179</b>	<b>(61,400,331)</b>	<b>(462,783,197)</b>	-	-	<b>90,514,651</b>
Taxation	-	-	-	-	-	19,628,835
<b>Profit / (Loss) after taxation</b>						<b>70,885,816</b>

# PARAMOUNT SPINNING MILLS LIMITED

## Segment assets and liabilities

	Spinning	Dying	Garments	Weaving	Total
	Rupees				
<b>As at June 30, 2015</b>					
Segments assets	2,046,209,140	361,816,765	455,870,818	62,710,711	2,926,607,434
Inter segment assets					(783,046,668)
					<u>2,143,560,766</u>
<b>As at June 30, 2014</b>					
Segments Assets	2,672,586,912	438,054,716	664,592,903	63,762,485	3,838,997,016
Inter segment assets					(789,826,337)
					<u>3,049,170,678</u>

## 46 NUMBER OF EMPLOYEES

Number of employees as at June 30,

- Permanent

- Contractual

Average number of employees during the year

- Permanent

- Contractual

2015                      2014  
.....Number.....

382	524
<u>37</u>	<u>382</u>
444	1,588
<u>42</u>	<u>753</u>

## 47 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 07, 2017 by the Board of Directors of the Company.

## 48 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

**Sohail Maqsood**  
Chief Executive

**M. Akhtar Mirza**  
Director

# PARAMOUNT SPINNING MILLS LIMITED

## KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

	2015	2014	2013	2012	2011	2010
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
<b>OPERATING RESULTS</b>						
Total number of spindles installed	25,920	25,920	25,920	25,920	25,920	25,920
Total spindles worked	23,949	24,379	18,559	15,327	23,287	25,649
Number of shifts worked per day	3	3	3	3	3	3
Installed capacity after conversion into 20's	8,841,118	8,841,118	8,841,118	8,841,118	8,841,118	8,841,118
Actual production after conversion into 20's	5,748,052	5,665,800	4,404,178	4,875,292	7,525,383	8,512,025
Turnover	1,259,579,700	2,434,279,113	2,531,006,999	3,844,878,196	4,992,391,443	3,093,109,670
Gross profit / (Loss)	(154,043,404)	(494,938,723)	(129,456,682)	(1,155,618,771)	684,395,033	548,732,921
Operating profit / (Loss)	(205,026,025)	(644,650,978)	(308,774,637)	(1,400,049,427)	457,561,310	381,686,891
Other income	4,905,538	795,804,466	129,285,204	370,492	4,028,762	3,722,749
Financial expenses	19,540,577	30,821,208	58,949,416	266,252,444	280,439,613	237,054,136
Profit / (Loss) before other charges	(219,661,063)	105,545,926	(418,718,469)	(2,636,980,574)	208,833,524	160,114,578
Other Charges	284,199,936	15,031,275	28,235,827	89,642,388	15,558,872	22,363,511
Profit/(loss) for the year before taxation	(503,860,999)	90,514,651	(446,954,296)	(2,726,622,962)	193,274,652	137,751,067
Profit/(loss) for the year after taxation	(490,871,257)	70,885,816	(491,627,793)	(2,730,772,330)	165,530,457	108,036,911
Reserves for issue of bonus shares	-	-	-	-	15,774,840	14,340,760
Proposed dividend	-	-	-	16,787,204	10,175,891	-
Unappropriated profit / (loss) carried forward	(3,188,148,474)	(2,707,407,801)	(2,798,842,238)	(2,415,258,592)	332,300,942	192,721,216
<b>FINANCIAL POSITION</b>						
Paid up capital	173,523,290	173,523,290	173,523,290	173,523,290	173,523,290	157,748,450
Shareholder's equity	(2,539,225,184)	(2,058,484,511)	(2,149,918,948)	(1,766,335,302)	981,224,232	825,869,666
Long term loans/ redeemable capital	142,235,639	142,235,639	-	-	230,492,143	41,733,397
Obligation under finance leases	-	-	-	-	28,862,163	43,324,547
Deferred liabilities	2,493,482	32,319,898	58,119,074	51,323,641	83,135,249	80,351,310
Current liabilities	3,284,833,453	3,073,147,854	3,078,370,803	3,130,808,774	2,033,146,259	1,948,176,539
Fixed assets	1,727,472,357	2,364,232,897	2,410,718,695	2,559,079,305	835,302,227	763,409,503
Long term investments	-	-	55,066,672	485,877,044	493,083,783	448,247,039
Long term deposits / loans	3,534,361	4,000,659	4,732,190	3,484,406	7,077,604	6,780,731
Current assets	412,554,048	680,937,122	1,138,218,398	1,398,633,644	2,285,572,125	1,966,188,683

# PARAMOUNT SPINNING MILLS LIMITED

## Pattern of Shareholding

As At June 30, 2015

Number of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
1,999	1	100	24,495	0.14
456	101	500	113,337	0.65
208	501	1,000	163,821	0.94
142	1,001	5,000	364,668	2.10
33	5,001	10,000	262,399	1.51
9	10,001	15,000	113,758	0.66
6	15,001	20,000	108,197	0.62
2	20,001	25,000	48,590	0.28
2	25,001	30,000	56,500	0.33
2	30,001	35,000	65,197	0.38
1	35,001	40,000	37,173	0.21
2	40,001	45,000	85,493	0.49
2	45,001	50,000	95,642	0.55
1	50,001	60,000	55,500	0.32
1	60,001	65,000	61,000	0.35
1	65,001	90,000	83,500	0.48
1	90,001	120,000	101,500	0.58
1	120,001	130,000	124,500	0.72
1	130,001	155,000	134,221	0.77
1	155,001	175,000	157,668	0.91
1	175,001	180,000	178,383	1.03
1	180,001	500,000	314,622	1.81
1	500,001	800,000	576,961	3.32
1	800,001	990,000	803,651	4.63
1	990,001	995,000	994,301	5.73
1	995,001	1,025,000	1,022,233	5.89
2	1,025,001	1,330,000	2,243,708	12.93
1	1,330,001	1,350,000	1,347,907	7.77
1	1,350,001	1,500,000	1,499,776	8.64
1	1,500,001	1,950,000	1,500,000	8.64
1	1,950,001	2,600,000	1,951,186	11.24
1	2,660,001	2,665,000	2,662,442	15.34
<b>2,884</b>			<b>17,352,329</b>	<b>100</b>

\* Note: There is no shareholding in the slab not mentioned

Particulars	No. of Share Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer, Their Spouse and Minor Children	10	5,151,073	29.69
Associated Companies, Undertakings and Related Parties	2	1,543,956	8.90
NIT & ICP	4	1,952,919	11.25
Banks, Development Finance Institutions, Non-Banking Financial Institutions	6	995,595	5.74
Insurance Companies	1	576,961	3.32
General Public (Local)	2,845	2,917,645	16.81
Joint Stock Companies	4	51,464	0.30
Other Companies	12	4,162,716	23.99
	<b>2,884</b>	<b>17,352,329</b>	<b>100.00</b>



# PARAMOUNT SPINNING MILLS LIMITED

## CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2015

	SHARES
<b>A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	
Gulshan Spinning Mills Limited	44,180
Gulistan Fibers Limited	1,499,776
<b>B) NIT &amp; ICP</b>	
IDBP (ICP UNIT)	233
Investment Corporation of Pakistan	1,400
CDC - Trustee National Investment (Unit) Trust	1,951,186
National Bank of Pakistan Trustee Department	100
<b>C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN</b>	
<b><u>DIRECTORS</u></b>	
Mr. Tanveer Ahmed (Resigned during the period)	2,662,442
Mr. Iftikhar Ali	500
Mr. Ali Afzal Shaikh	30,197
Mr. Riaz Ahmed	864
Mr. Muhammad Shafiq (Resigned during the period)	-
Mr. Maqsood ul Haq	500
Mr. Sohail Maqsood	605
Mr. Muhammad Maqbool Anjum	550
Mr. Muhammad Salman Hussain chawla ( NIT Nominee)	-
<b><u>SPOUSES</u></b>	
Mrs. Naureen Tanveer	1,336,855
Mr. Ebrahim shakoor	1,118,560
<b>D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS &amp; MUTUAL FUNDS</b>	
<b><u>BANKS</u></b>	
National Bank of Pakistan Investor Account (Former NDFC)	8
National Development Finance Corporation Ltd	110
National Bank of Pakistan	995,397
Midland Bank Trust Corporation (Jersey) Limited	38
Innovative Investment Bank Limited	42
<b><u>INSURANCE</u></b>	
State Life Insurance Corporation of Pakistan	576,961
<b>E) Other Companies</b>	4,162,716
<b>F) Joint Stock Company</b>	51,464
<b>G) General Public (Local)</b>	2,917,645
	<b><u>17,352,329</u></b>
<b>H) SHAREHOLDERS HOLDING 05% OR MORE</b>	
Mr. Tanveer Ahmed	2,662,442
Mr. Ebrahim Shakoor	1,118,560
Mrs. Naureen Tanveer	1,336,855
Gulistan Textile Mills Limited	1,347,907
Blessed Corporation (pvt.) Ltd.	1,500,000
Gulistan Fibers Limited	1,499,776
Peridot Products (Pvt.) Limited	1,125,148
CDC - Trustee National Investment (Unit) Trust	1,951,186
National Bank of Pakistan	995,397
<b>I) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN</b>	995,355

FORM OF PROXY

I/We \_\_\_\_\_ being member of Paramount Spinning Mills Limited holder of \_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_ and/or CRC participant I.D. No. \_\_\_\_\_ Account No. \_\_\_\_\_ hereby appoint Mr. \_\_\_\_\_ who is also member of Paramount Spinning 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 Paramount Spinning 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 Annual General Meeting of the Company to be held on 29 August 2017 at 11:00 a.m. and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signed by the said \_\_\_\_\_

Witness 1:-

Name:- \_\_\_\_\_

Adress:- \_\_\_\_\_

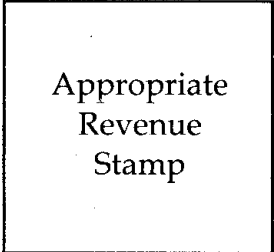
CNIC:- \_\_\_\_\_

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.

## پیرا مائونٹ سپینگ ملز لمیٹڈ

شیر ہولڈرز کو دی گئی ڈائریکٹر کی رپورٹ

پیرامائونٹ سپینگ ملز لمیٹڈ کی سالانہ جنرل میٹنگ کے موقع پر کمپنی کے ڈائریکٹرز کمپنی کے مالی بیانات کی رپورٹ پیش کر رہے ہیں جو کہ آڈیٹرز کی رپورٹ کے ساتھ منسلک ہے یہ رپورٹ زیر جائزہ مالی سال مورخہ 30 جون 2015 پیش کیا جا رہا ہے۔

### مجموعی جائزہ

زیر جائزہ سال مجموعی طور پر کافی مشکل سال ثابت ہوا ہے۔ سنگین توانائی کے بحران کے ساتھ ساتھ مالی ذرائع کی عدم دستیابی نے پیداواری صلاحیتوں کے استعمال میں رکاوٹ ڈالے رکھی۔

اس کے علاوہ ان نقصانات کا بنیادی سبب کام چلانے کے لیے سرمایہ کی عدم دستیابی سے پیدا ہونے والے مالی بحران کی وجہ سے بینکس اور دیگر مالی اداروں کی طرف سے بھی مالی امداد کو بھی یکطرفہ طور پر روک دیا گیا۔ جس کے نتیجے میں کمپنی بڑا خام مال جس کی مدد سے موجود مشنری کو مناسب سطح کی حد تک چلا کر پیداوار کو بڑھایا جاتا مناسب مقدار میں اور مناسب وقت پر نہ خرید سکی۔

ان حالات نے مطلوبہ پیداوار کے اہداف کو حاصل کرنے کے لئے کمپنی کی منصوبہ بندی کو روک دیا نتیجتاً ہماری سیلز ٹرن اوور پر اور کمپنی کے منافع کی صلاحیت پر بری طرح اثر پڑا۔ جبکہ اس کے برعکس موجودہ بدترین حالات کے باوجود انتظامیہ کمپنی کی ملز کو چلانے کی ہر ممکن سرتوڑ کوشش کر رہی ہے۔

قرضہ بڑھانے کی سخت شرائط، بلند شرح سود، منسلکہ لیکویڈٹی کے مسائل نے کمپنی کو مجبور کیا کہ وہ اپنے قرض اور واجبات کی ادائیگیوں کیلئے مزید وقت حاصل کرے جو کہ گفت و شنید کے بعد اس شرط پر کہ وہ اپنے قرضہ جات وقت پر ادا کرے گی کمپنی کو مزید وقت مل جائے گا۔

کمپنی نے مارکیٹ میں کلیدی حیثیت رکھنے والے مالی اداروں / بینکس کے ساتھ مل کر قرض کے حصول کا عمل شروع کیا ہے۔

اس سلسلہ میں کمپنی نے معروف قانونی فرم کو بطور مالی امور کے وکیل مقرر کیا ہے اور شرائط و ضوابط اور منصوبہ بندی کی دستاویزی شکل میں تیاری اپنے آخری مراحل میں اور بیشتر مالی اداروں نے ہمارے قرض کے حصول کی منصوبہ بندی کو سراہا / منظور کیا ہے۔ اگر ایک دفعہ ہم اپنی اس منصوبہ بندی کو پورا کرنے میں کامیاب ہو گئے تو اس سے کمپنی کی مالی حیثیت اور دیگر حساب کتاب میں بہتری آئے گی۔

انتظامیہ حالیہ پیش آنے والے مالی مسائل سے باخبر ہے جو کہ ہمارے آپریشنز پر اثر انداز ہو رہے ہیں۔ اور انتظامیہ اپنے مالی امور کی تشکیل نو اور بہتر منصوبہ بندی کر کے کمپنی کو ایک منافع بخش کمپنی بنانے کیلئے پر عزم ہے۔ اور اپنی اعلیٰ پیشہ وارانہ صلاحیتوں کو بروئے کار لاتے ہوئے اپنے آپریشنز / سرگرمیوں کو مضبوط کرے گی اور پیداواری عوامل (پراسیس) میں ترقی لاتے ہوئے اپنے کسٹمرز کو بہتر سے بہتر خدمات باہم پہنچائے گی۔

آپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

2014	2015	کام کی نوعیت
2,434,279,113	1,259,579,700	سیلز
2,929,217,836	1,413,623,104	بیچے گئے سامان پر اٹھنے والی لاگت (اخراجات)
30,821,208	19,540,577	مالیاتی لاگت
90,514,651	(503,860,999)	ٹیکس دینے سے پہلے کا نقصان
19,628,835	(12,989,742)	ٹیکس
70,885,816	(490,871,257)	ٹیکس دینے کے بعد کا نقصان

### مستقبل کی تصویر کشی / منصوبہ بندی

کمپنی کی انتظامیہ پیداواری لاگت کو کم کرنے کیلئے اور روپے کی قدر میں کمی کے اثرات / نقصانات کو کم کرنے کیلئے پیداواری صلاحیت کے زیادہ سے زیادہ استعمال میں لانے کیلئے زبردست محنت کر رہی ہے۔

پیداواری لاگت میں اضافہ اصل میں کپاس کی قیمت میں اضافہ، توانائی کے ذرائع کے شدید بحران، روپے کی قدر میں کمی کی وجہ سے اور درآمدی اشیاء کی قیمتوں میں اضافے، دو عددی افراط زر اور بجلی کی طویل لوڈ شیڈنگ کی وجہ سے ہوئی جس کی وجہ سے ٹیکسٹائل سیکٹر کو شدید حالات کا سامنا ہے۔

ان حالات کے پیش نظر مستقبل میں بھی انہی حالات کا اندیشہ ہے۔ اس کے برعکس کمپنی کی توجہ اپنے کسٹمرز کے ساتھ تعلقات کو مستحکم کرنے پر اور اپنے پیداواری حجم کو معقول کرنے اور اپنی قیمتوں کے تعین کے اہداف کے حصول پر مرکوز رکھے ہوئے ہے تاکہ منافع میں اضافہ ہو سکے۔

ان سب کے حاصل کرنے کی سب سے بڑی رکاوٹ مالی ذرائع کے حصول کی عدم دستیابی ہے۔

لیکن ہم یہ حالات مستقبل قریب میں ختم ہونے کی امید رکھ سکتے ہیں کیونکہ ہماری قرضوں کے حصول کی منصوبہ بندی جلد از جلد اپنے تکمیل کے مراحل میں ہے

اور پھر قرضوں کے حصول کے بعد پیداواری صلاحیتوں کے استعمال میں بڑھوتری ہوسکے گا۔

اگر ایک دفع قرضوں کے حصول کی گفت شنید کا مرحلہ کامیابی سے مکمل ہو گیا تو ہم خام مال کو بروقت اور بہتر/کم قیمت میں خرید سکیں گے۔

منافع میں اضافہ اور کارکردگی میں ترقی کیلئے کمپنی کی طرف سے طویل المدت اور اہم اقدامات لاگو کیے جا رہے ہیں اور کمپنی پیداواری لاگت میں کمی اور مارجن میں اضافہ پر اپنی توجہ مرکوز رکھے ہوئے ہے۔

متذکرہ بالا اقدامات برائے حصول قرض میں کامیابی کے بعد کمپنی کی انتظامیہ اپنی تمام تر توجہ پیداواری سرگرمیوں پر کر دے گی۔ مالی معاملات میں بہتری اور پیداواری لاگت میں مناسب کمی، مالی ذرائع کے حصول اور خام مال کی خریداری کیلئے مزید موثر انتظامی اقدامات ہونے کے بعد کمپنی ہذا امید واثق رکھتی ہے کہ وہ منافع کی راہ پر گامزن ہوجائے گی لیکن اس شرط پر کہ بیرونی طور پر کوئی ایسے ناگہانی حالات نہ پیدا ہوجائیں جیسا کہ زبردست توانائی کا بحران اور عالمی مارکیٹ کے برے حالات وغیرہ۔

### آڈیٹرز کی طرف سے اٹھائے گئے اعتراضات

آڈیٹر نے اس معاملے میں تشویش کا اظہار کیا ہے کہ کمپنی نے ابھی تک بینک ہائے و دیگر مالی اداروں کے ساتھ قرضوں کے حصول کے سلسلہ میں گفت و شنید اور قرض کے حصول کی نئی منصوبہ بندی سابقہ ادائیگیوں کیلئے مزید وقت کے حصول کیلئے تیز ترین اقدامات نہیں اٹھائے۔

اس سلسلہ میں یہ امر قابل توجہ ہے کہ قرضوں کے حصول کی نئی منصوبہ بندی اپنے تکمیلی مراحل پر ہے جس کے تمام خاص خاص امور پر سے بیشتر بینک ہائے/مالی ادارے ہمارے ساتھ متفق ہیں۔

بینک ہائے/قرض دہندگان کی طرف سے پیش کردہ ایک سکیم آخری مراحل میں ہے اور جس کا ڈرافٹ ہمارے مالی امور کے قانونی ماہرین بنا رہے ہیں اور سندھ ہائی کورٹ کی منظور ی کے بعد ایک معاہدہ مابین فریقین برائے حصول قرضہ کمپنی اور متعلقہ بینک ہائے کے درمیان طے پا جائے گا۔

اور اس معاہدہ کی شرائط و ضوابط کے مطابق کمپنی اور اسکی مخالف اداروں کے درمیان جاری تمام قانونی کاروائیاں ختم ہوجائیں گی اور فریقین ہر طرح کی قانونی کاروائی سے دستبردار ہوجائیں گے۔

انتظامیہ ہر ممکن کوشش کر رہی ہے کہ وہ کمپنی کو حالیہ مالی مسائل اور بدترین بحران سے نکال لے۔

بے شک انتظامیہ نے اپنی بیشتر افرادی قوت کو استعمال کیا ہے تاکہ وسائل کے تحفظ، قدرتی وسائل اور خام مال کے مؤثر استعمال کیلئے کیے گئے ہر ممکن اقدامات کی کامیابی کو یقینی بنایا جائے۔

ہائی کورٹ میں جو کمپنی کے خلاف واجب الادا ادائیگیوں کے حصول کیلئے قانونی کاروائی چل رہی ہے اس سلسلہ میں کمپنی نے سود پر اضافی سود کی ادائیگی کے تقاضے کو رد کر دیا ہے جس کے نتیجہ میں بینک / مالی اداروں نے کمپنی کے ذمے واجب الادا پیسوں کو کنفرم نہیں کیا ہے جو کہ پیسے پہلے سے کمپنی ہذا نے متنازعہ قرار دیے ہوئے ہیں۔

کمپنی کو یہ امید واثق ہے کہ ان متنازعہ رقوم کے سلسلہ میں اگر مفاہمت ہوگئی تو ہمارے حق میں طے شدہ قرضوں کی اگلی اقساط Release ہو جائیں گی اور سابقہ قسطوں کیلئے مزید وقت مل جائے گا، جس کے نتیجہ میں کمپنی ہذا کی مالی صلاحیت میں اضافہ ہوگا اور کمپنی قبل از وقت موثر سرمایہ کاری کرتے ہوئے مناسب قیمت پر خام مال خرید سکے گی اور اپنے مالی ذرائع کو بہتر طور پر چلا سکے گی۔ اور لوکل اور عالمی مارکیٹ کے پریشر کو Manage کر سکے گی اور ملکی توانائی کے بحران سے لڑ سکے گی۔

### کارپوریٹ گورننس

آپ کی کمپنی سیکورٹیز اور ایکسچینج کمیشن آف پاکستان کے قوانین پر بہر صورت عمل پیرا ہے اور اس کے مطابق اپنے داخلی مالی و دیگر معاملات کے کنٹرول کی پالیسیز کو بہتر طریقے سے پہلے سے زیادہ سختی سے اور توازن کے ساتھ نافذ کیے ہوئے ہے۔

### بورڈ میٹنگز اور حاضر لوگ

بورڈ ڈائریکٹرز کی چار دفعہ میٹنگ منعقد کی گئی اور ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے۔

#### میٹنگ میں حاضری

نام ڈائریکٹر	میٹنگ میں حاضری
تنویر احمد گل (ریٹائرڈ شدہ مورخہ 6-01-2015)	4
ریاض احمد	4
سہیل مقصود	4
افتخار علی	4
مقصود الحق	2
محمد شفیق (مستعفی شدہ مورخہ 01-01-2015)	0
محمد مقبول انجم	4
محمد سلمان حسین چاولہ	4
علی افضل شیخ	0

جو ارکان شامل ہونے سے قاصر تھے ان کی حاضری سے چھٹی منظور کی گئی۔

#### آڈٹ کمیٹی

حکومت کی طرف سے جاری کردہ ضابطہ پر عمل پیرا ہوتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی جو بورڈ کے 4 ڈائریکٹرز / ارکان پر مشتمل ہے

تشکیل دی اور ان آڈٹ کمیٹی کے ارکان نے آڈٹ کمیٹی کے اجلاس میں شرکت کی جن کی تفصیل درج ذیل ہے۔

میتنگ میں شرکت کی تعداد	رکن کا نام
4	محمد مقبول انجم
4	سہیل مقصود
0	محمد شفیق (مستعفی شدہ مورخہ 01-01-2015)
2	مقصود الحق

انسانی وسائل اور ان کے معاوضے کی کمیٹی

حکومت کی طرف سے جاری کردہ ضابطہ پر عمل پیرا ہوتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے ایک انسانی وسائل اور ان کے معاوضے کی کمیٹی تشکیل دی اور ان ارکان کی تفصیل لف رپورٹ ہذا ہے۔

انٹرنل آڈٹ کا طریقہ کار (فرائض)

بورڈ آف ڈائریکٹرز نے مناسب اور مؤثر داخلی مالی کنٹرول سسٹم بنایا ہے اور اس پر سختی سے عمل پیرا ہیں جس میں ، آپریشنل ، فنانشل اور کمپنی کے کاروباری معاملات کی متعلقہ پالیسیز پر مناسب طریقے سے عمل درآمد ممکن بنایا جاسکے تاکہ کمپنی کے بنیادی اصول کے مقاصد کو حاصل کیا جاسکے۔ انٹرنل آڈٹ کی سفارشات اور مشاہدات کو آڈٹ کمیٹی نے نظر ثانی کیا اور جہاں پر ضروری سمجھا انہوں نے دی گئی سفارشات اور مشاہدات کی روشنی میں مناسب کارروائی کی۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے فریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹر کو بخوش اصولی مندرجہ ذیل امور سرانجام دینے ہوں گے۔

- کمپنی انتظامیہ کی طرف سے جو مالی امور کا بیان پیش کیا جائے گا وہ کمپنی کے مالی امور کا اصل اور سچے چہرے کی عکاسی کرے اور کمپنی کے آپریشن کے نتائج / ماحاصل / منافع / نقصان ، کیش فلو اور ایکویٹی میں تبدیلیاں کی صحیح ترجمانی / آئینہ داری کرے۔
- کمپنی کے اکائونٹ بکس کی مناسب تیاری اور دیکھ بھال کرے۔
- مناسب اکائونٹنگ پالیسیز کی تیاری اور اس کی روشنی میں مالی امور کے بیان اور مالی تخمینہ جات کی تیاری اور اس سلسلہ میں معقول اور دانشمندانہ فیصلے کیے جائیں۔
- بین الاقوامی اکائونٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں کے مطابق مالی امور کا بیان تیار کیا جائے۔
- انٹرنل مالی و نظم و ضبط کا کنٹرول کا سسٹم مؤثر اور مستحکم ہو اس کا نفاذ کا مناسب مانیٹرنگ سسٹم موجود ہو۔

- بورڈ کے ڈائریکٹرز کو مالی امور کے بیان کے پیرا نمبر 1-3 میں دیے گئے ضابطہ کے سلسلہ میں کسی قسم کی کوئی خلاف ورزی نہ ہو۔
- کارپوریٹ گورننس کے سلسلہ میں بہتر بن طریقوں کو اختیار کیا جائے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔
- گزشتہ 6 سالوں کا آپریٹنگ اور مالی امور کا کلیدی ڈاٹا لف ہذا ہے۔
- ٹیکسز، ڈیوٹیز، محصولات اور دیگر چارجز کی مد میں کوئی اضافی یا غیر قانونی ادائیگیاں نہیں کی گئیں۔
- حالیہ مالی سال کے اختتام پر جو بیلنس شیٹ اور ڈائریکٹر رپورٹ پیش کی گئی اس کے مطابق کمپنی کی مالی پوزیشن کے مواد میں کسی قسم کی کوئی کلیدی یا بنیادی تبدیلی نہیں کی گئی جو آپکی کمپنی کی مالیاتی صورتحال کو متاثر کرے سوائے ان کے جو مالی امور کے بیان میں آشکار کی گئیں۔

#### کمائی / نقصان بمطابق شیئر کی قیمت

بمطابق شیئر ز کی حالیہ قیمت، کمپنی کا نقصان برائے اختتامی دورانیہ 30 جون 2015، فی شیئر 28.29 روپے ہے جو کہ پچھلے سال 4.09 روپے فی شیئر تھا۔

#### منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ ڈائریکٹر نے اختتامی دورانیہ 30 جون 2015 کیلئے کسی منافع کی سفارش نہیں کی ہے۔

#### ضابطہ اخلاق

کمپنی ہذا کے ہر ڈائریکٹر، ملازم کو مجوزہ ضابطہ اخلاق کے بارے میں تیار، آگاہ اور متعرف کروایا گیا ہے۔

#### کارپوریٹو سماجی ذمہ داری

آپکی کمپنی کارپوریٹو سماجی ذمہ داریاں جو کہ سماج، شہری دفاع، ملازمین کی بہبود اور ماحول دوستی پر مبنی ہے کو پوری طرح سے تسلیم کرتی ہے اور اس پر عمل پیرا ہے۔

#### ویب / سماجی رابطہ کے ذرائع پر موجودگی

کمپنی کی سالانہ اور متواتر مالی امور کا بیان کمپنی کی ویب سائٹ [www.gulshan.com.pk](http://www.gulshan.com.pk) پر شیئر ہولڈرز اور دیگران کی آگاہی کیلئے موجود ہے۔

#### متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین کو آرمز لنگتہ پرائسز کے قانون کے مطابق کیا جاتا ہے جو کہ "کمپیئرڈ ان کنٹرولڈ پرائس میتھڈ" کے



مطابق طے شدہ ہے۔ کمپنی ہذا کاروپوریٹ گورننس کے بہترین طریقوں کو اختیار کیے ہوئے ہے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے۔

**کمپنی کے شیئرز کی ٹریڈنگ**  
زیر جائزہ سال میں چیف ایگزیکٹو آفیسران، چیف فنانشل آفیسر، کمپنی سیکرٹری، ڈائریکٹرز اور ان کی ازواج/خاوند اور بچوں کی طرف سے کمپنی کے شیئر کا کاروبار کیا گیا جس کی تفصیل درج ذیل ہے:

نام	اوپننگ بیلینس مورخہ	خریداری	فروخت	کلوزنگ بیلینس مورخہ
علی افضل شیخ	2014-07-01	کوئی نہیں	994,855-	2015-06-30
مقصودالحق	کوئی نہیں	500	کوئی نہیں	500
	1,025,052			30,197

عملہ کے ریٹائرمنٹ کے بینفٹ کی قیمت کا بیان  
دورانیہ برائے مورخہ 30 جون 2015 ڈیفیر ڈلائبلٹی برائے گریجوٹی  
کی رقم 2,493,482 روپے مختص کی گئی ہے۔  
آڈیٹرز

میسرز باقر تلی محمود ادیس قمر، چارٹر اکاؤنٹنٹس نے اپنی کمپنی  
دوبارہ مقرر کرنے کی پیشکش کی ہے اور آڈٹ کمیٹی نے بھی ان کی  
بطور کمپنی کے بیرونی آڈیٹرز برائے اگلے مالی سال 16/2015 کی  
تعیناتی کی سفارش /منظوری کی ہے۔

#### شیئر ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق 30 جون 2015 تک کا  
شیئر ہولڈنگ کا پیٹرن لف رپورٹ ہذا ہے۔

#### تحسینی اعترافات

آخر میں ہم اس موقع کا فائدہ اٹھاتے ہوئے چاہیں گے کہ اپنے کسٹمرز، اور مالی  
ادارے /بینکرز کا شکریہ ادا کریں جو کہ انہوں نے کمپنی کی ترقی اور نشوونما  
کیلئے مسلسل حمایت اور تعاون کیا اور ہم امید کرتے ہیں کہ اسی جذبے سے یہی  
تعاون اور حمایت جاری رہے گی۔

ہم اپنی جذبے سے سرشار ٹیم اور ایگزیکٹوز /ڈائریکٹرز، دیگر عملے اور کارکنوں  
کا بھی شکریہ ادا کرتے ہیں جنہوں نے اس تمام عرصہ میں سخت محنت اور لگن  
سے کام کیا اور ہم آمدہ سال میں بھی اسی لگن اور محنت کی امید رکھتے ہیں تاکہ  
ہماری کمپنی پہلے سے بھی زیادہ بہتر نتائج حاصل کرے۔

آخر میں (لیکن بالکل آخری نہیں) انتظامیہ اپنے بورڈ کی ہر دفعہ کی طرح اس دفعہ  
بھی بھرپور تعاون اور رہنمائی کا شکریہ ادا کرتے ہیں جو ہماری کمپنی کے لیے  
مستقبل کی زبردست منصوبہ بندی، بہتر رہنمائی اور Objectives کا تعین کرتے  
ہیں۔

لاہور اگست 2017، 07

بورڈ آف ڈائریکٹرز کی طرف

/جانب سے

سہیل مقصود ،  
چیف ایگزیکٹو

فارم برائے پروکسی ممبر

## پیرا مائونٹ سپننگ ملز لمیٹڈ

میں پیرا مائونٹ سپننگ ملز لمیٹڈ کے ..... عدد عام شیئر کا مالک / رکھتا ہوں جو کہ شیئر رجسٹر کے فولیو نمبر ..... پر درج ہے اور یا سی آرس سی کے امیدوار شناختی نمبر ..... اکائونٹ نمبر ..... کے مطابق درج ہے۔ میں مسمی ..... جو کہ بھی بذریعہ فولیو نمبر ..... یا سی ڈی سی امیدوار شناختی نمبر ..... اکائونٹ نمبر ..... پیرا مائونٹ سپننگ ملز لمیٹڈ کا رکن / شیئر ہولڈر ہے کو میں اپنا پروکسی / شرکت کنندہ / نمائندہ مقرر کرتا ہوں یا اس کے ناکام ہوجانے /پیش ہونے میں ناکام ہونے کے بعد دوسرے شخص مسمی ..... جو کہ بھی بذریعہ فولیو نمبر ..... یا سی ڈی سی امیدوار شناختی نمبر ..... اکائونٹ نمبر ..... پیرا مائونٹ سپننگ ملز لمیٹڈ کا رکن / شیئر ہولڈر ہے کو اپنا پروکسی / شرکت کنندہ / نمائندہ میں مقرر کروں گا جو میری جگہ سالانہ کمپنی کی مجلس عاملہ جو کہ 29 اگست 2017 کو بوقت 12:00 بجے یا کسی دیگر وقت و جگہ پر منعقد ہوگی پیش / شرکت کرے گا اور میری جگہ بیان اور ووٹ دے گا ۔

دستخط و مہر پراکسی ممبر

میں آج کے دن ..... مورخہ ..... 2017 کو اپنے بیان کی تصدیق کرتا ہوں اور اپنے دستخط کرتا ہوں ۔

گواہ نمبر 1

نام.....

پتہ.....

شناختی کارڈ نمبر.....

گواہ نمبر 2

نام.....

پتہ.....

شناختی کارڈ نمبر.....

نوٹ:

- 1- پروکسی فارم پر شیئر ہولڈر اور گواہوں کی مہر ، دستخط ثبت ہوں گے اور فارم سالانہ مجلس عاملہ /میٹنگ کے انعقاد کے 48 گھنٹوں سے پہلے پیش کرنا ہوگا۔
- 2- پروکسی کنندہ کمپنی کا شیئر ہولڈر/رکن ہوگا۔
- 3- پروکسی کنندہ کے دستخط کمپنی میں رجسٹرڈ شدہ دستخط سے مشابہہ ہوں گے۔
- 4- سی ڈی سی شیئر و ہولڈر ووٹ دینے کے مستحق ہوں گے اور وہ سالانہ مجلس عاملہ /میٹنگ میں ووٹ دیتے وقت اپنے اصل شناختی کارڈ /پاسپورٹ پیش کریں گے تاکہ ان کی شناخت ہوسکے بصورت دیگر وہ اپنے شناختی کارڈ/پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔
- 5- کارپوریٹ ممبر ز کے نمائندے اپنے متعلقہ کاغذات پیش کریں گے۔

## پیرا مائونٹ سپننگ ملز لمیٹڈ

### اطلاع برائے سالانہ مجلس عاملہ

اطلاع دی جاتی ہے کہ پیرا مائونٹ سپننگ ملز لمیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ 29 اگست 2017 کو 11 بجے صبح بمقام سیکنڈ فلور فنلے ہائوس آئی آئی چنڈیگر روڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیے جائیں گے۔

1. پچھلے سالانہ مجلس عاملہ کا اجلاس کے منٹس پر عملدرآمد کا جائزہ لیا جائے گا۔
2. کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دورانیہ مالی سال 30 جون 2015 بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کیا جائے گا (ان کی نقول بورڈ ارکان کو بانٹی جائیں گی) اور ان میں موجود سفارشات، مشاہدات اعتراضات پر جائزہ / غور اور فیصلے کیے جائیں گے۔
3. اگلے مالی سال 2015/16 کیلئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اور ان کے معاوضات کا تعین کیا جائے گا۔ برخاست شدہ آڈیٹرز میسرز باقر تلی محمود ادیس قمر، چارٹرڈ اکائونٹنٹس نے اپنی کمپنی کو دوبارہ مقرر ہونے کیلئے پیش کیا ہے۔ ان کی درخواست پر فیصلہ کیا جائے گا۔
4. چیئرمین کی اجازت سے مزید کاروبار اپنانے کے امور کو نپٹایا جائے گا۔

17 اگست 8 لاہور :

جاری کیا گیا بذریعہ آرڈر ازان بورڈ آف ڈائریکٹرز

محمد سلیم رضا

کمپنی سیکرٹری

## اہم اطلاع:

- 1- کمپنی کی شیئر ٹرانسفر بکس بند کردی جائیں گے اور مورخہ 22 اگست 2017 تا 29 اگست 2017 تک (بیچ کے دنوں چھٹی کے دنوں کیلئے بھی) کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔
- 2- وہ رکن جو سالانہ مجلس عاملہ کا اجلاس ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پروکسی مقرر کر سکتا ہے جو اس کے بدلے / اس کی جگہ ووٹ دے۔ جس کیلئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کا اجلاس سے 48 گھنٹے قبل متعلقہ پروکسی فارم پُر کر کے جمع کروانا ہوگا۔
- 3- سی ڈی سی شیئر ہولڈرز سے گزارش ہے کہ وہ سالانہ مجلس عاملہ / میٹنگ میں ووٹ دیتے وقت اپنے اصل شناختی کارڈ / پاسپورٹ پیش کریں۔ تاکہ ان کی شناخت ہوسکے بصورت دیگر وہ اپنے شناختی کارڈ / پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کاپوریٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کا سرٹیفکیٹ / قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے / مختار کنندہ کے سپیسمن دستخط ثبت ہوں پیش کیا جائے۔
- 4- ارکان کسے گزارش ہے کہ وہ اپنے کسی بھی موقع پر پتہ کی تبدیلی کی صورت میں میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبر، حسرت موہانی روڈ کراچی کے شیئر رجسٹرار کو فوری طور پر آگاہ کریں۔



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