

**PARAMOUNT SPINNING  
MILLS LIMITED**

**ANNUAL REPORT 2017**

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## 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 Junaid Akhtar

### AUDITORS

M/s Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants  
Lahore

### LEGAL ADVISOR

Akhtar Javed-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,  
8Aibak 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 product to its customers, a secured and environment friendly place of work to its employees and parent 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 2<sup>nd</sup> Floor Finlay House, I.I. Chundrigar Road, Karachi on **Tuesday 28<sup>th</sup> August, 2018 at 12:00 noon**, 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, 2017 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the next financial year 2017-2018 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 Juniad Akhtar**  
Company Secretary

Lahore:  
August 07, 2018

### NOTES:

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **21<sup>st</sup> August, 2018 to 28<sup>th</sup> August, 2018 (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.

## پیراماؤنٹ سپننگ ملز لمیٹڈ

### اطلاع برائے سالانہ مجلس عاملہ اجلاس

اطلاع دی جاتی ہے کہ پیراماؤنٹ سپننگ ملز لمیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ ۲۸ اگست ۲۰۱۸ بروز منگل کو بوقت ۱۲:۰۰ بجے صبح بمقام سیکنڈ فلور فٹے ہاؤس آئی آئی چندریگر روڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

- ۱۔ پچھلے سالانہ مجلس عاملہ کے اجلاس کے نکات پر عملدرآمد کا جائزہ لیا جائیگا۔
- ۲۔ کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دورانیہ مالی سال ۳۰ جون ۲۰۱۷ بمعدہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کیا جائے گا۔ (انکی نقول بورڈ ارکان کو بانٹی جائیں گی) اور ان میں موجود سفارشات، مشاہدات اعتراضات پر جائزہ/غور اور فیصلے کئے جائیں گے۔
- ۳۔ اگلے مالی سال ۲۰۱۸ - ۲۰۱۷ کے لئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اور ان کے معاوضہ کا تعین کیا جائے گا۔ درخواست شدہ آڈیٹرز میسرز باقر علی محمود، ادریس قمر، سندیا نٹھشی نے اپنی کمپنی کو دوبارہ مقرر ہونے کے لئے پیش کیا ہے۔ ان کی درخواست پر فیصلہ کیا جائے گا۔
- ۴۔ چیئرمین کی اجازت سے مزید کاروبار اپنانے کے امور کو نپٹایا جائے گا۔

۷ اگست ۲۰۱۸ء لاہور

جاری کیا گیا بذریعہ آرڈر مازاں بورڈ آف ڈائریکٹرز  
محمد جنید اختر (کمپنی سیکرٹری)

### اہم اطلاع۔

- ۱۔ کمپنی کے شیئرز ٹرانسفر کی کتابیں بند کر دی جائیں گی اور ۲۱ اگست ۲۰۱۸ تا ۲۸ اگست ۲۰۱۸ تک (بچ کے دونوں چھٹی کے دنوں کے لئے بھی) کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔
- ۲۔ وہ رکن جو سالانہ مجلس عاملہ کے اجلاس میں 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 کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کے اجلاس سے ۲۸ گھنٹے قبل متعلقہ پروکسی فارم پُر کر کے جمع کروانا ہوگا۔
- ۳۔ سی ڈی سی شیئرز ہولڈرز سے گزارش ہے کہ وہ سالانہ مجلس عاملہ کے اجلاس میں ووٹ دیتے وقت اپنا اصل شناختی کارڈ/ پاسپورٹ پیش کریں۔ تاکہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کا پورٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کا شہادیت/ قابل قبول معیار نامہ جس میں معیار دہندہ اور نمائندے/ معیار کنندہ کے specimen دستخط ثبت ہوں پیش کیا جائے۔
- ۴۔ ارکان سے گزارش ہے کہ وہ اپنے کسی بھی موقع پر پتہ کی تبدیلی کی صورت میں میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی جمیئر، حسرت موہانی روڈ کراچی کے شیئر رجسٹرار کو فوری طور پر آگاہ کریں۔

## 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, 2017 at the Annual General Meeting of Company.

### Overview

The year under review has also been proved difficult period. The on-going financial impediments have obstructed the operations of the Company. The root cause for this obstruction had been non-availability of working capital facilities which were blocked by the banks/financial institutions unilaterally, and resultantly the Company could not purchase raw material to run the mills..

The debt amortization profile, higher interest cost and associated liquidity problems have forced the Company to initiate restructuring of its debt obligations subject to reconciliation 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.

### Operating & Financial Performance

Operating indicators	2017	2016
	(Rupees)	(Rupees)
Sales	-	60,495,592
Cost of Sales	45,036,665	164,201,679
Financial cost	757,185	15,113,147
Pre tax Profit/ (Loss )	(53,632,814)	(153,697,791)
Provision for taxation	(6,923,088)	26,210,567
Profit / (Loss) after taxation	(46,709,726)	(179,908,358)

### Future Outlook

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 run the operations of the Company in a befitting manner.

### 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. A Scheme of Arrangement is in process of finalization with the creditors of the company 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 creditors of the

company. According to restructuring draft 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.

#### **Corporate Governance**

The 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:

<b>Name of Director</b>	<b>No of meeting attended</b>
Mr. Muhammad Akhtar Mirza	4
Mr. Sohail Maqsood	4
Mr. Iftikhar Ali	4
Mr. Muhammad Ashraf Khan	4
Mr. Muhammad Maqbool Anjum	0
Mr. Abid Sattar	4
Mr. Hussain Ather	0

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

#### **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 the Audit Committee were held and attendance thereof by each member is as follows:

Mr. Muhammad Maqbool Anjum	0
Mr. Hussain Ather	4
Mr. Muhammad Akhtar Mirza	4



**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, 2017 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, 2017 was Rs.(2.69) as compared to the previous year re-stated of Rs (10.37).

**Dividends**

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2017.

**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**

The 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 Nil.

**Statement on Value of Staff Retirement Benefit**

As on June 30, 2017 deferred liability for gratuity is Rs. 998,259

**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 2017-2018.


**Pattern of Shareholding**

The pattern of shareholding as at June 30, 2017 including the information under the code of corporate of governance is annexed.

**Acknowledgement**

Finally, the Board avail this opportunity to thank our valued customers 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  
**SOHAIL MAQSOOD**  
CHIEF EXECUTIVE

Lahore July 17, 2018

## پیراماؤنٹ سپننگ ملز لمیٹڈ

شیرز ہولڈرز کو دی گئی ڈائریکٹرز کی رپورٹ

پیراماؤنٹ سپننگ ملز لمیٹڈ کی سالانہ جنرل میٹنگ کے موقع پر کمپنی کے ڈائریکٹرز کمپنی کی مالیاتی رپورٹ پیش کر رہے ہیں جو کہ آڈیٹرز کی رپورٹ کے ساتھ منسلک ہے یہ رپورٹ زیر جائزہ مالی سال مورچہ ۲۰۱۷ء کی پیش کی جا رہی ہے۔

مجموعی جائزہ۔

زیر جائزہ سال مجموعی طور پر کافی مشکل سال ثابت ہوا ہے۔ مالی ذرائع کی عدم دستیابی نے پیداواری صلاحیتوں کے استعمال میں رکاوٹ ڈالے رکھی۔ اسکے علاوہ ان نقصانات کا بنیادی سبب کام چلانے کے لئے 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 ہذا ختم مال جس کی مدد سے موجود مشینری کو مناسب سطح کی حد تک چلا کر پیداوار کو بڑھایا جانا، مناسب مقدار میں 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 فروخت کی مقدار 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 سرفروشی کر رہی ہے۔ قرضہ بڑھانے کی سخت شرائط بلند شرح سود، منسلک لیکویڈٹی کے مسائل نے کمپنی کو مجبور کیا کہ وہ اپنے فرض اور واجبات کی ادائیگیوں کے لئے مزید وقت حاصل کرے جو کہ گفت و شنید کے بعد اس شرط پر کہ وہ اپنے قرضہ جات وقت پر ادا کر گئی کمپنی کو مزید وقت مل جائے گا۔

کمپنی نے مارکیٹ میں کلیدی حیثیت رکھنے والی مالی اداروں / بینکس کے ساتھ مل کر فرض کے حصول کا عمل شروع کیا ہے۔ اس سلسلہ میں کمپنی نے معروف قانونی فرم کو بطور مالی امور کی وکیل مقرر کیا ہے اور شرائط و ضوابط اور منصوبہ بندی کی دستاویزی شکل میں تیاری اپنے آخری مراحل میں ہے اور پیشتر 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 کو مالی حیثیت اور دیگر حساب کتاب میں بہتری آئیگی۔ انتظامیہ حالیہ پیش آنے والے مالی مسائل سے باخبر ہے جو کہ ہمارے آپریٹرز 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 کے لئے پر عزم ہے اور اپنی اگلی پیشہ ورانہ صلاحیتوں کو بروئے کار لاتے ہوئے اپنے آپریٹرز / سرگرمیوں کو مضبوط کرے گی اور پیداواری عوامل (پراسس) میں ترقی لاتے ہوئے اپنے کسٹمز کو بہتر سے بہتر خدمات باہم پہنچائے گی۔

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

کام کی نوعیت	۲۰۱۷	۲۰۱۶
سیلز		۶۰,۳۹۵,۵۹۲
فروخت کے گئے سامان پر اٹھنے والی لاگت (اخراجات)	(۳۵,۰۳۶,۶۶۵)	(۱۶۳,۲۰۱,۶۷۹)
مالیاتی لاگت	(۷۵۷,۱۸۵)	(۱۵,۱۱۳,۱۳۷)
ٹیکس دینے سے پہلے کا نقصان	(۵۳,۶۳۲,۸۱۳)	(۱۵۳,۶۹۷,۷۹۱)
ٹیکس	۶,۹۳۳,۰۸۸	(۲۶,۲۱۰,۵۶۷)
ٹیکس دینے کے بعد کا نقصان	(۳۶,۷۰۹,۷۲۶)	(۱۷۹,۹۰۸,۳۵۸)

مستقبل کی تصویر کشی / منصوبہ بندی

ہماری قرضوں کے حصول کی منصوبہ بندی جلد از جلد اپنے پختہ ہونے میں ہے۔ اور پھر قرضوں کے حصول کے لئے پیداواری صلاحیتوں کے استعمال میں بڑھوتری ہو سکے گا۔ اگر ایک دفعہ قرضوں کے حصول کی گفت و شنید کا مرحلہ کامیابی سے مکمل ہو گیا تو کمپنی کی انتظامیہ اپنی تمام تر توجہ بھر پیداواری سرگرمیوں پر مرکوز کر دیگی۔

آڈیٹرز کی طرف سے اٹھائے گئے اعتراضات

آڈیٹرز نے اس معاملے میں توثیق کا اظہار کیا ہے کہ کمپنی نے ابھی تک بینک ہائے دیگر مالی اداروں کے ساتھ قرضوں کے حصول کے سلسلہ میں گفت و شنید اور قرض کے حصول کی نئی منصوبہ بندی سبقت ادا کیگیوں کے لئے مزید وقت کے حصول کے لئے تیز ترین اقدامات نہیں اٹھائے۔ اس سلسلے میں یہ امر قابل توجہ ہے کہ قرضوں کے حصول کی نئی منصوبہ بندی اپنے پختہ ہونے میں ہے جس کے تمام خاص

خاص امور پر سے پیشتر بینک ہائے/ مالی ادارے ہمارے ساتھ متفق ہیں۔ بینک ہائے/ قرض دہندگان کی طرف سے پیش کردہ ایک سیم آخری مراحل میں ہے اور جس کا ڈرافٹ ہمارے مالی امور کے قانونی ماہرین بنا رہے ہیں اور سندھ ہائی کورٹ کی منظور 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 کارروائیاں ختم ہو جائیں گی اور فریقین ہر طرح کی قانونی کارروائی سے دستبردار ہو جائیں گے۔ انتظامیہ ہر ممکن کوشش کر رہی ہے کہ وہ کمپنی کو حالیہ مالی مسائل اور بدترین بحران سے نکال لے۔ بینک انتظامیہ نے اپنی پیشتر افرادی قوت کو استعمال کیا ہے تاکہ وسائل کے تحفظ قدرتی وسائل اور خام مال کے موثر استعمال کے لئے کئے گئے ہر ممکن اقدامات کی کامیابی کو یقینی بنایا جائے۔

ہائیکورٹ میں جو کمپنی کے خلاف واجب الادا ادائیگیوں کے حصول کے لئے قانونی کارروائی چل رہی ہے اس سلسلہ میں کمپنی نے سوڈ پر اضافی سود کی ادائیگی کے تقاضے کو رد کر دیا ہے جس کے نتیجے میں بینک / مالی اداروں نے کمپنی کے ذمہ واجب الادا ادائیگیوں کو کنفرم نہیں کیا ہے جو کہ پیسے پہلے سے کمپنی ہذا نے تنازعہ قرار دیئے ہوئے ہیں۔ کمپنی کو یہ امید واثق ہے کہ ان تنازعہ رقوم کے سلسلہ میں اگر مفاہمت ہوگی تو ہمارے حق میں طے شدہ قرضوں کی اگلی اقساط جاری ہو جائیں گی اور سابقہ قسطوں کے لئے مزید وقت مل جائے گا۔ جس کے نتیجے میں کمپنی ہذا کی مالی صلاحیت میں اضافہ ہوگا اور کمپنی قرض اذوقت 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 مقامی اور عالمی مارکیٹ کے پریشر کو برداشت کر سکے گی۔

### کارپوریٹ گورننس

آپ کی کمپنی سیکورٹیز اور اسٹیٹس کمیٹی آف پاکستان کے قوانین پر بہر صورت عمل پیرا ہے اور اسکے مطابق اپنے داخلی مالی و دیگر معاملات کے کنٹرول کی پالیسی کو بہتر طریقے سے پہلے سے زیادہ سختی سے اور توازن کے ساتھ نافذ کئے ہوئے ہیں۔

### بورڈ ممبران اور حاضر لوگ

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

نام ڈائریکٹر	میٹنگ میں حاضری
محمد اختر مرزا	۴
سہیل مقصود	۴
انتقاری	۴
محمد اشرف خان	۴
محمد مقبول انجم	0
عابد ستار	۴
حسین اطہر	0

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

### آڈٹ کمپنی

حکومت کی طرف سے جاری کردہ ضابطہ پر عمل پیرا ہونے کی کمپنی کے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمپنی جو بورڈ کے 3 ڈائریکٹرز/ ارکان پر مشتمل ہے، تشکیل دی اور ان آڈٹ کمپنی کے ارکان نے آڈٹ کمپنی کے اجلاس میں شرکت کی جن کی تفصیل درج ذیل ہے۔

رکن کا نام	میٹنگ میں شرکت کی تعداد
حسین اطہر	۴
محمد اختر مرزا	۴
محمد مقبول انجم	0

انسانی وسائل اور ان کے معاوضے کی کمی

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 کمی کی تشکیل دی اور ان ارکان کی تفصیل لف رپورٹ ہذا ہے۔

انٹرنل آڈٹ کا طریقہ کار (فرائض)

بورڈ آف ڈائریکٹرز نے مناسب اور موثر داخلی مالی کنٹرول سٹم بنایا ہے اور اس پر سختی سے عمل پیرا ہیں جس میں، آپریٹس، فنانشل اور کمپنی کے کاروباری معاملات سے متعلق حکمت عملی پر مناسب طریقے سے عملدرآمد بنایا جاسکے تاکہ کمپنی کے بنیادی اصول کے مقاصد کو حاصل کیا جاسکے۔ انٹرنل آڈٹ کی سفارشات اور مشاہدات کو آڈٹ کمپنی نے نظر ثانی کی 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 ڈائریکٹرز کو بخوش اسلوبی مندرجہ ذیل امور سرانجام دینے ہو گئے۔

- 1- 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/ماحول/منافع/تقصان، کیش فلو اور ایکٹیوٹی میں تبدیلیاں کی صحیح ترجمانی/آئینہ داری کرے
- 2- کمپنی کے اکاؤنٹ بکس کی مناسب تیاری اور دیکھ بھال کرے۔
- 3- مناسب اکاؤنٹنگ حکمت عملی 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 کئے جائیں۔
- 4- بین الاقوامی اکاؤنٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں کے مطابق مالی امور کا بیان تیار کیا جائے۔
- 5- اندرونی مالی نظم و ضبط کا کنٹرول کا سٹم موثر اور محکم ہوا سکا نفاذ کا مناسب مانیٹرنگ سٹم موجود ہو۔
- 6- 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۔
- 7- کارپوریٹ گورننس کے سلسلہ میں بہترین طریقوں کو اختیار کیا جائے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔
- 8- گزشتہ 6 سالوں کا آپریٹنگ اور مالی امور کا کلیدی ڈیٹا لف ہذا ہے۔
- 9- ٹیکسز، ڈیوٹیز، محصولات اور دیگر چارجز کی مد میں کوئی اضافی یا غیر قانونی ادائیگیاں نہیں کی گئیں۔
- 10- حالیہ مالی سال کے اختتام پر جو بیلس شیٹ اور ڈائریکٹرز رپورٹ پیش کی گئی اسکے مطابق کمپنی کی مالی پوزیشن کے مواد میں کسی قسم کی کوئی کلیدی یا بنیادی تبدیلی نہیں کی گئی جو ایک کمپنی کی مالیاتی صورتحال کو متاثر کرے سوائے ان کے جو مالی امور کے بیان میں افکار کی گئیں۔

نفع/تقصان بمطابق شیئرز کی قیمت

بمطابق شیئرز کی حالیہ قیمت، کمپنی کا نقصان برائے اختتامی دوران ۳۰ جون ۲۰۱۷ء، فی شیئر (۲.۶۹) روپے ہے جو کہ پچھلے سال (۱۰.۳۷) روپے فی شیئر تھا۔

منافع

تذکرہ بلا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ ۳۰ جون ۲۰۱۷ء کے لئے کسی منافع کی سفارش نہیں کی ہے۔

ضابطہ اخلاق

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

کارپوریٹ سوسائٹی ذمہ داری

آپ کی کمپنی کارپوریٹ سوسائٹی 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) شیئرز ہولڈرز اور دیگران کی آگاہی کے لئے موجود ہے۔

متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین کو آرمز کنٹریبیٹ قیمت کے قانون کے مطابق کیا جاتا ہے جو کہ "کمپنیز ان کنٹریبیٹ پرائس میٹھڈ" کے مطابق طے شدہ ہے۔ کمپنی ہذا کارپوریٹ گورننس کے بہترین طریقوں کو اختیار کئے ہوئے ہے جن کا ذکر سٹاک ایکچینج 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/خاندان اور بچوں کی طرف سے کمپنی کے شیئرز کا کوئی کاروبار نہیں کیا گیا۔  
عملہ کے ریٹائرمنٹ کے پیونڈ کی قیمت کا بیان۔

دورانہ برائے مورخہ ۳۰ جون ۲۰۱۷ ڈیفنڈ لائٹٹی برائے گریجویٹی کی رقم - ۲۵۹/۱-۹۹۸ روپے مختص کی گئی ہے۔

آڈیٹرز

میسرز باقر علی محمود اور ایس قرہ چارٹراڈ اکاؤنٹنٹس نے اپنی کمپنی دوبارہ مقرر کرنے کی پیشکش کی ہے اور آڈٹ کمپنی نے بھی ان کو بطور کمپنی کی بیرونی آڈیٹرز برائے اگلے مالی ۲۰۱۸-۲۰۱۷ کی تہیتالی کی سفارش/مشوری کی ہے۔

شیئرز ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق ۳۰ جون ۲۰۱۷ شیئرز 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/بینکنگز کا شکریہ ادا کریں جو کہ انہوں نے کمپنی کی ترقی اور نشوونما کے لئے مسلسل حمایت اور تعاون کیا اور ہم امید کرتے ہیں کہ اس جذبے سے بھی تعاون اور حمایت جاری رہے گی۔ ہم اپنے 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 آئندہ 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 لئے مستقبل کی زبردست منصوبہ بندی، بہتر رہنمائی اور مقاصد کا تعین کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف/منجانب سے

سہیل مقصود چیف ایگزیکٹو

مورخہ ۲۰۱۸-۲۰۱۷-۱۷

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year Ended

June30, 2017

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 Ather
Executive Directors	Mr. Sohail Maqsood , Mr.Muhammad Ashraf Khan
Non-Executive Directors	Mr. Muhammad Akhtar Mirza , Mr. Abid Sattar, Mr. Iftikhar Ali , Mr.Hussain Ather , Mr.Muhammad Maqbool Anjum

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 NBFI 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(s).
22. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore July 17, 2018

  
(Sohail Maqsood)

Chief Executive



**REVIEW REPORT TO THE MEMBERS  
ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCES**

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, 2017 to comply with the requirements of Listing Regulations No. 3 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, 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 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 control or to form 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 of 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 of proper jurisdiction for using such alternate prices 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 Director 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 Company with the requirements of the Code were observed which are not stated in the Statement of compliance:

- i During the year, no director of the Company has obtained certification under director training program 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 the clause (v) of the Code. Subsequent to the year end, the Board of discussed and agreed on the process of evaluation based on which its evaluation would be completed in the ensuring year.
- iii The Company has not prepared, circulated and filed quarterly unaudited financial statements and half yearly financial statements subject to a limited scope review as required by clauses (xviii and xix) of the Code.

Based on our review, except for the above transactions of non-compliance, nothing has come to our attention that causes to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

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

Lahore

## **AUDITOR'S REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Paramount Spinning Mills Limited ("the Company") as at June 30, 2017 and the related profit and loss account, statement of other 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. 3,403.41 million as at June 30, 2017, shareholder's equity is negative by Rs. 2,754.48 million and as of that date the Company's current liabilities exceed its current assets by Rs. 3,164.11 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 29.1.1 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. 950.325 million, including balance of Rs. 148.719 million for the current year, has not been accrued in these financial statements, thereby increasing shareholders' equity and current liabilities by Rs. 950.325 million, and reducing loss for the current year by Rs. 148.719 million as fully detailed in note 26.3 to the financial statements.
- c) we have not received year end confirmations from banks and financial institutions in respect of bank balances aggregating Rs. 6.431 million (note 16.1) and short-term borrowings aggregating Rs. 1,727.308 million (note 27.6). No confirmations have been received in respect of lease deposits (note 7), long-term finances from banking companies (note 21 and 28), liabilities against assets subject to finance lease (note 22 and 28), payable against overdue letter of credit (note 25.2), and accrued mark-up / interest (note 26 and 13). 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 in 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;
  - (iii) and 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, 2017 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).

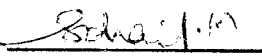
**BAKER TILLY MEHMOOD IDREES QAMAR**  
Chartered Accountants  
Name of Engagement Partner: Bilal Ahmed Khan

Lahore

BALANCE SHEET  
AS AT JUNE 30, 2017

		2017	2016
ASSETS	Note	Rupees	Rupees
<b>Non-current assets</b>			
Property, plant and equipment	5	1,659,648,417	1,692,439,487
Long-term investments	6	-	-
Long-term deposits	7	3,534,361	3,534,361
		1,663,182,778	1,695,973,848
<b>Current assets</b>			
Stores, spare parts and loose tools	8	8,390,921	10,488,652
Stock-in-trade	9	88,028,866	93,358,615
Trade debts	10	17,355,889	12,382,110
Loans and advances	11	14,090,609	14,001,274
Deposits and prepayments	12	3,543,198	3,543,198
Accrued mark-up / interest	13	689,018	689,017
Short-term investment	14	-	-
Other receivables	15	103,956,009	105,023,551
Cash and bank balances	16	9,434,041	9,496,261
		245,488,551	248,982,678
<b>Total assets</b>		<b>1,908,671,330</b>	<b>1,944,956,526</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	17	173,523,290	173,523,290
Reserves	18	475,400,000	475,400,000
Accumulated losses		(3,403,410,039)	(3,366,622,058)
		(2,754,486,749)	(2,717,698,768)
<b>Surplus on revaluation of operating fixed assets</b>	19	919,840,065	929,761,809
<b>Sub-ordinated loan</b>	20	175,000,000	175,000,000
<b>Non-current liabilities</b>			
Long-term financing	21	-	142,020,639
Liabilities against assets subject to finance lease	22	-	-
Staff retirement benefits - gratuity	23	998,259	3,686,026
Deferred taxation	24	157,718,270	164,641,358
		158,716,529	310,348,023
<b>Current liabilities</b>			
Trade and other payables	25	820,342,658	849,607,999
Accrued mark-up / interest	26	36,302,787	36,295,422
Short-term borrowings	27	2,157,391,227	2,104,967,867
Current maturity of non-current liabilities	28	395,564,813	256,674,174
		3,409,601,485	3,247,545,462
<b>Contingencies and commitments</b>	29	-	-
<b>Total equity and liabilities</b>		<b>1,908,671,330</b>	<b>1,944,956,526</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

  
Chief Executive  
Sohail Mqasood

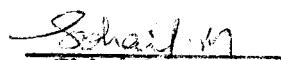
\_\_\_\_\_  
Director  
M. Akhtar Mirza


**PARAMOUNT SPINNING MILLS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017**

		2017	2016
	Note	Rupees	Rupees
Sales	30	-	60,495,592
Cost of sales	31	(45,036,665)	(164,201,679)
<b>Gross loss</b>		<b>(45,036,665)</b>	<b>(103,706,087)</b>
Distribution cost	32	-	(83,668)
Administrative expenses	33	(17,931,906)	(37,039,797)
Other expenses	34	-	(2,419,348)
Other operating income	35	10,092,942	4,664,256
		(7,838,964)	(34,878,557)
<b>Loss from operations</b>		<b>(52,875,629)</b>	<b>(138,584,644)</b>
Finance cost	36	(757,185)	(15,113,147)
<b>Loss before taxation</b>		<b>(53,632,814)</b>	<b>(153,697,791)</b>
Taxation	37	6,923,088	(26,210,567)
<b>Loss after taxation</b>		<b>(46,709,726)</b>	<b>(179,908,358)</b>
<b>Loss per share - basic and diluted</b>	38	<b>(2.69)</b>	<b>(10.37)</b>

The annexed notes 1 to 47 form an integral part of these financial statements.


  
**Chief Executive**  
**Sohail Mqasood**

  
**Director**  
**M. Akhtar Mirza**

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	Rupees	Rupees
Loss after taxation	(46,709,726)	(179,908,358)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(46,709,726)</b>	<b>(179,908,358)</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

  
**Chief Executive**  
Sohail Mqasood

  
**Director**  
M. Akhtar Mirza

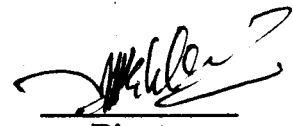
# PARAMOUNT SPINNING MILLS LIMITED

## PARAMOUNT SPINNING MILLS LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	39	(46,936,271)	(78,484,140)
Finance cost paid		(749,819)	(10,412,445)
Interest received		52,941	96,142
Income tax paid		(27,415)	(297,275)
Staff retirement benefits - gratuity paid		(1,695,015)	(90,000)
<b>Net cash used in operating activities</b>		<b>(49,355,579)</b>	<b>(89,187,719)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of operating fixed assets		-	5,680,084
<b>Net cash from investing activities</b>		<b>-</b>	<b>5,680,084</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>(Payments)/receipts against:</b>			
Long-term finances - net		(3,130,000)	(215,000)
Lease finances		-	(707,382)
Short-term borrowings - net		52,423,360	75,069,402
<b>Net cash generated from financing activities</b>		<b>49,293,360</b>	<b>74,147,020</b>
<b>Net decrease in cash and cash equivalents during the year</b>		<b>(62,220)</b>	<b>(9,360,615)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>9,496,261</b>	<b>18,856,876</b>
<b>Cash and cash equivalents at the end of the year</b>	16	<b>9,434,041</b>	<b>9,496,261</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

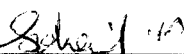
  
Chief Executive  
Sohail Mqasood

  
Director  
M. Akhtar Mirza

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Reserves		Accumulated loss	Total
		Share premium	General reserve		
(Rupees)					
Balance as at July 1, 2015 - restated	173,523,290	15,400,000	460,000,000	(3,196,744,475)	(2,547,821,184)
Loss for the year - restated	-	-	-	(179,908,358)	(179,908,358)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	10,030,775	10,030,775
<b>Balance as at June 30, 2016</b>	<b>173,523,290</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>(3,366,622,058)</b>	<b>(2,717,698,767)</b>
Loss for the year	-	-	-	(46,709,726)	(46,709,689)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	9,921,745	9,921,745
<b>Balance as at June 30, 2017</b>	<b>173,523,290</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>(3,403,410,039)</b>	<b>(2,754,486,711)</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Executive  
Sohail Mqasood

  
\_\_\_\_\_  
Director  
M. Akhtar Mirza

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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 High Court of Sindh called Extra Ordinary General Meeting on August 01, 2011 in which the said scheme was approved by shareholders of the Company. The Company filed an application for withdrawal of merger petition. The Honourable High Court of Sindh vide order dated December 21, 2017, dismissed the merger petition as withdrawn on the application filed by the Company.

**1.3 Going concern assumption**

The Company has accumulated loss of Rs. 3,403.41 million as at June 30, 2017 and as at that date its current liabilities exceeded its current assets by Rs. 3,164.11 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 29.1.1 to the financial statements. These conditions along with 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. 250.00 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, 2017, 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 benefits 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 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise

its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives, residual values of property, plant and equipment and recoverable values to account for impairment loss.(note 5)
- (ii) Net realisable values of stores, spares and loose tools and stock-in-trade.(note 8 and 9)
- (iii) Provision for impairment of trade debts.(note 10)
- (iv) Provision for staff retirement benefit - gratuity.(note 23)
- (v) Provision for taxation.(note 37)

**3 STANDARDS, INTERPRETATIONS AND AMENDMENTS 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:

**3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017**

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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 amortization of an intangible asset.

**Amendments to IAS 16 and IAS 41 - Measurement of bearer plants.**

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

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

**Effective from accounting period beginning on or after January 01, 2016. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

**Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations**

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

**Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative**

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

**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 IFRS 1 'First Time Adoption of International Reporting Standards'

Effective from accounting period beginning on or after January 01, 2018

Amendments to IFRS 2 - Share-based Payment - Clarification on the classification and measurement of share-based payment transactions.

Effective from accounting period beginning on or after January 01, 2018.

Amendments to IFRS 09 'Financial Instrument' - as revised in 2014

Effective from accounting period beginning on or after January 01, 2018

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investment in associates and Joint Ventures' - sale or contribution of assets between an investor and its associate and joint venture

Effective date is deferred indefinitely. Earlier adoption is permitted

IFRS 15 Revenue from Contracts with Customers

Effective from accounting period beginning on or after January 01, 2018

IFRS 16 - Leases

Effective from accounting period beginning on or after January 01, 2019

Amendments to IAS 7 - Statement of Cash Flows - Amendments as a result of disclosure initiative.

Effective from accounting period beginning on or after January 01, 2017.

Amendments to IAS 12 - Income Taxes - Recognition of deferred tax assets for unrealised losses.

Effective from accounting period beginning on or after January 01, 2017.

Amendments to IAS 40 transfer of investment property

Amendments to IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

Effective from accounting period beginning on or after January 01, 2018

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

Effective from accounting period beginning on or after January 01, 2018

Effective from accounting period beginning on or after January 01, 2019

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 14 Regulatory Deferral accounts
- IFRS 17 Insurance Contracts

#### 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, mill's 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 mill's 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 expenditures 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 upto 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 investments**

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 year.

**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.

		2017	2016
	Note	Rupees	Rupees
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<u>1,659,648,417</u>	<u>1,692,439,487</u>



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>As July 01, 2015</b>															
Opening net book value	88,978,460	343,101,312	393,970,000	195,664,358	483,821,859	36,272,071	25,879,384	3,172,606	5,276,535	6,004,480	142,289,843	1,002,918	2,838,732	1,727,472,357	
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- cost	-	-	-	-	2,161,000	-	-	(6,287,900)	-	-	(2,161,000)	(652,000)	-	(6,939,900)	
- accumulated depreciation	-	-	-	-	(245,046)	-	-	5,299,882	-	-	245,048	528,048	-	5,827,930	
Depreciation charge	(1,348,158)	(8,577,533)	-	(4,891,609)	(12,095,546)	(996,802)	(646,985)	(531,727)	(527,633)	(600,448)	(3,557,246)	(186,244)	(50,968)	(33,920,900)	
Closing net book value	87,630,302	334,523,779	393,970,000	190,772,749	473,642,264	35,365,270	25,232,399	1,652,861	4,748,701	5,404,032	136,816,645	692,722	1,987,764	1,692,439,487	
As June 30, 2016															
Revaluation / cost	93,150,000	411,289,609	393,970,000	211,055,709	1,077,928,511	79,477,691	57,434,808	5,021,922	14,515,863	17,850,215	152,068,741	16,777,350	2,578,186	2,533,118,515	
Accumulated depreciation/ impairment loss	(5,519,698)	(76,765,830)	-	(70,282,960)	(604,286,247)	(44,112,331)	(32,202,409)	(3,369,061)	(9,767,162)	(12,446,183)	(15,252,096)	(16,084,623)	(590,422)	(840,679,028)	
Net book value	87,630,302	334,523,779	393,970,000	190,772,749	473,642,264	35,365,270	25,232,399	1,652,861	4,748,701	5,404,032	136,816,645	692,722	1,987,764	1,692,439,487	
Year ended June 30, 2017															
Opening net book value	87,630,302	334,523,779	393,970,000	190,772,749	473,642,264	35,365,270	25,232,399	1,652,861	4,748,701	5,404,032	136,816,645	692,722	1,987,764	1,692,439,487	
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation charge	(1,348,158)	(8,577,533)	-	(4,769,319)	(11,841,057)	(884,132)	(630,810)	(330,572)	(474,870)	(540,403)	(3,420,416)	(136,544)	(49,694)	(32,791,070)	
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing net book value	86,282,143	326,160,685	393,970,000	186,003,430	461,801,208	34,481,138	24,601,589	1,322,289	4,273,831	4,863,628	133,396,229	554,177	1,938,069	1,659,648,417	
Revaluation / Cost	93,150,000	411,289,609	393,970,000	211,055,709	1,077,928,511	79,477,691	57,434,808	5,021,922	14,515,863	17,850,215	152,068,741	16,777,350	2,578,186	2,533,118,515	
accumulated Depreciation	(6,867,857)	(85,128,924)	-	(25,052,279)	(616,127,303)	(44,996,463)	(32,833,219)	(3,699,633)	(10,242,032)	(12,966,587)	(18,672,512)	(16,223,173)	(640,117)	(873,470,098)	
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net book value	86,282,143.03	326,160,685	393,970,000	186,003,430	461,801,208	34,481,138	24,601,589	1,322,289	4,273,831	4,863,628	133,396,229	554,177	1,938,069	1,659,648,417	
Depreciation rate - per annum (%)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	

## PARAMOUNT SPINNING MILLS LIMITED

	2017	2016
	Rupees	Rupees
<b>5.2 Depreciation charge has been allocated as follows;</b>		
Cost of goods manufactured	31,306,680	32,074,848
Administrative expenses	1,484,390	1,846,052
	<u>32,791,070</u>	<u>33,920,900</u>

**5.3** Leased assets include plant and machinery at net book value of Rs. 29.757 million (2016: Rs. 30.521 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 29.1.1, lessors have not issued relevant supporting documents for transfer of the ownership of these assets.

**5.4** The Company has revalued its leasehold land, freehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's 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	2017	2016
		Rupees	Rupees
<b>Owned</b>			
Leasehold land		1,428,403	1,450,722
Buildings on leasehold land		31,124,810	31,922,882
Freehold land		32,683,561	32,683,561
Buildings on freehold land		92,578,433	94,952,239
Plant and machinery		393,562,133	403,653,470
Electric installations		25,247,022	25,894,382
Mill's equipment		16,035,992	16,447,171
<b>Leased</b>			
Plant and machinery		70,915,661	72,734,011
Electric installations		468,682	480,700
		<u>664,044,697</u>	<u>680,219,138</u>

## 6 LONG-TERM INVESTMENTS

### In Associated Companies

#### Quoted

Gulistan Spinning Mills Limited

6.1

#### 6.1 Gulistan Spinning Mills Limited (GTSM)

202,777 (2016: 202,777) ordinary shares

of Rs 10 each - cost

2,346,250

2,346,250

Equity held 1.39% (2016: 1.39%)

Share of post acquisition losses

(14,452,640)

(14,452,640)

Share of item directly credited in the equity of associated company

374,407

374,407

Share of surplus on revaluation of fixed assets

11,731,983

11,731,983

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, 2017 based on unaudited financial statements is as follows:

	2017	2016
	— Rupees in '000 —	
Total assets	<u>989,985</u>	<u>1,042,786</u>
Total liabilities	<u>2,028,008</u>	<u>2,048,036</u>
Revenues	<u>11,700</u>	<u>3,000</u>
Loss after taxation	<u>32,773</u>	<u>37,515</u>

The market value of investment as at June 30, 2017 was nil (2016: nil).

	Note	2017 Rupees	2016 Rupees
<b>7 LONG-TERM DEPOSITS</b>			
Security deposits		3,534,361	3,534,361
Lease deposits		<u>3,543,198</u>	<u>3,543,198</u>
		7,077,559	7,077,559
Less: transferred to current assets			
- deposits pertaining to over due portion of lease liabilities		(3,543,198)	(3,543,198)
		<u>3,534,361</u>	<u>3,534,361</u>
<b>8 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		2,445,851	2,445,851
Spare parts		12,363,746	12,363,746
Loose tools		174,190	174,190
		14,983,787	14,983,787
Less: provision for slow moving stores		6,592,866	4,495,136
		<u>8,390,921</u>	<u>10,488,651</u>
<b>9 STOCK-IN-TRADE</b>			
Raw materials	9.1	99,490,847	99,490,847
Packing material		2,866,984	2,866,984
Finished goods	9.2	20,580,108	20,580,108
Waste		4,928,371	4,928,371
		127,866,310	127,866,310
Less: provision for slow moving stocks		39,837,444	34,507,695
		<u>88,028,866</u>	<u>93,358,615</u>

9.1 Raw materials include items costing Rs. 99.506 million (2016: Rs. 99.506 million) stated at their replacement cost aggregating Rs. 65.843 (2016: Rs. 65.843 million). The amount charged to the profit and loss account for the year in respect of raw materials written down to their replacement cost was Rs. nil (2016: Rs. 33.663 million).

9.2 Finished goods include items costing Rs. 43.558 million (2016: Rs. 43.558 million) stated at their net realisable values aggregating Rs. 20.580 million (2016: Rs. 25.508 million). The amount charged to the profit and loss account for the year in respect of stocks written down to their net realisable values was Rs. 4.928 million (2016: Rs. 18.049 million).

**PARAMOUNT SPINNING MILLS LIMITED**

9.3 All of the current assets of the Company are under banks' charge as security of short-term borrowings (note 27). 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, High Court of Sindh 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 29.1.1.

	Note	2017 Rupees	2016 Rupees
<b>10 TRADE DEBTS</b>			
<b>Considered good</b>			
Local - unsecured		17,355,889	12,382,110
<b>Considered doubtful</b>		<u>250,299,191</u>	<u>260,339,191</u>
		267,655,080	272,721,301
Provision for doubtful debts	10.1	<u>250,299,191</u>	<u>260,339,191</u>
		<u>17,355,889</u>	<u>12,382,110</u>

10.1 This includes Rs. 236.00 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 27.1)

	2017 Rupees	2016 Rupees
<b>Movement in provision for doubtful debts</b>		
Balance at beginning of the year	260,339,191	260,339,191
Less: reversal during the year	(10,040,000)	-
Balance at end of the year	<u>250,299,191</u>	<u>260,339,191</u>

**11 LOANS AND ADVANCES - unsecured and considered good**

Advances to / against:

- non-executive staff
- suppliers
- expenses

11.1

	2017 Rupees	2016 Rupees
- non-executive staff	102,370	102,370
- suppliers	911,014	911,014
- expenses	1,249,599	1,187,679
	2,262,983	2,201,063
Advance income tax	11,827,626	11,800,211
	<u>14,090,609</u>	<u>14,001,274</u>

11.1 This includes advance to Gulistan Spinning Mills Limited, a related company, receivable under normal course of business.

	Note	2017 Rupees	2016 Rupees
<b>12 SHORT-TERM DEPOSITS</b>			
Current portion of lease deposits	7	<u>3,543,198</u>	<u>3,543,198</u>

		2017	2016
	Note	Rupees	Rupees
<b>13 ACCRUED MARK-UP / INTEREST</b>			
Mark-up / interest accrued on;			
- term deposit receipts		411,128	411,128
- receivable from banks		277,890	277,890
		<b>689,018</b>	<b>689,017</b>

**14 SHORT-TERM INVESTMENT**  
 - At fair value through profit or loss  
**Gulistan Textile Mills Limited**  
 1,648,740 (2016: 1,648,740) ordinary shares  
 of Rs. 10 each

Equity held 8.68% (2016: 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.

		2017	2016
	Note	Rupees	Rupees
<b>15 OTHER RECEIVABLES - unsecured and considered good</b>			
Export rebate		41,337,762	42,415,474
Duty drawback	15.1	41,734,276	41,734,276
Insurance claims receivable		233,810	233,810
Sales tax		20,650,161	20,639,991
		<b>103,956,009</b>	<b>105,023,551</b>

15.1 Duty drawback is receivable from various banks on exports made in previous financial years starting from the year 2009. The current status of the receivables is not clear due to on-going litigations with these banks as detailed in note 29.1.1 to the financial statements.

		2017	2016
	Note	Rupees	Rupees
<b>16 CASH AND BANK BALANCES</b>			
Cash-in-hand		-	-
Balances with banks in;			
- current accounts	16.1	6,375,370	6,437,589
- deposit accounts	16.1& 16.2	109,207	109,207
- term deposit receipts	16.1& 16.3	2,949,465	2,949,465
		<b>9,434,041</b>	<b>9,496,261</b>
		<b>9,434,041</b>	<b>9,496,261</b>

16.1 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 29.1.1 to these financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended

# PARAMOUNT SPINNING MILLS LIMITED

June 30, 2017 from various banks having balances aggregating to Rs. 3.736 million (2016: Rs. 6.431 million) were not available to ensure balances held with these banks. Further, year end balance confirmation of banks having balances aggregating to Rs. 6.431 million (2016: Rs. 6.431 million) have also not been received due to litigation.

16.2 Deposit accounts carry mark-up at rates ranging from 2% to 5% (2016: 2% to 5%) per annum.

16.3 Term deposit receipts (TDRs) carry mark-up at rates ranging from 3.87% to 6.05% (2016: 3.87% to 6.05%) per annum. One of the TDRs is under lien with a bank against guarantee amounting to Rs. 0.068 million (2016: Rs. 0.068 million).

## 17 SHARE CAPITAL

June 2017	June 2016		June 2017	June 2016
Numbers			Rupees	Rupees
		<b>Authorized share capital</b>		
<u>25,000,000</u>	<u>25,000,000</u>	Ordinary shares of Rs.10 each	<u>250,000,000</u>	<u>250,000,000</u>
		<b>Issued, subscribed and paid-up capital</b>		
2,700,000	2,700,000	Ordinary shares of Rs.10 each issued as fully paid in cash	27,000,000	27,000,000
14,652,329	14,652,329	Ordinary shares of Rs.10 each issued as fully paid bonus shares	146,523,290	146,523,290
<u>17,352,329</u>	<u>17,352,329</u>		<u>173,523,290</u>	<u>173,523,290</u>

17.1 Ordinary shares held by the related parties at the year end:

Gulistan Fibres Limited

2017  
2016  
Numbers

1,499,776      1,499,776

Note  
Rupees      Rupees

## 18 RESERVES

Capital reserve

Share premium

Revenue reserve

General reserve

15,400,000      15,400,000

460,000,000      460,000,000

475,400,000      475,400,000

## 19 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

Surplus arisen on revaluation of:

- Company's operating fixed assets

- fixed assets of Associated Companies

19.1      908,108,082      918,023,000

11,731,983      11,731,983

919,840,065      929,754,983

19.1 Surplus on revaluation of Company's assets	Note	2017 Rupees	2016 Rupees
Balance at beginning of the year		1,019,864,460	1,034,401,815
Less: transferred to unappropriated profits on account of incremental depreciation for the year		14,173,922	14,537,355
		<u>1,005,690,539</u>	<u>1,019,864,460</u>
Less: related deferred tax:			
- balance at the beginning of the year		101,834,634	106,341,214
- on incremental depreciation for the year		(4,252,177)	(4,506,580)
		<u>97,582,457</u>	<u>101,834,634</u>
Balance at end of the year		<u>908,108,082</u>	<u>918,029,826</u>

The Company had revalued its freehold land, leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment as on June 30, 2012. The revaluation exercise was carried-out by an independent valuer - Maricon Consultants (Private) 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 and 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.

20 SUB-ORDINATED LOAN - unsecured	2017 Rupees	2016 Rupees
Sub-ordinated loan	<u>175,000,000</u>	<u>175,000,000</u>

This is an interest-free loan obtained from the ex-chief executive and an ex-director of the Company in previous years. This loan is sub-ordinated to the finances provided by secured creditors and does not carry mark-up. The loan shall not be repaid without obtaining consent from the secured creditors. During the year ended June 30, 2015, this loan has been reclassified in equity as per technical release (TR-32) of the Institute of Chartered Accountants of Pakistan (ICAP).

21 LONG-TERM FINANCING	Note	2017 Rupees	2016 Rupees
From banking companies - secured			
- NIB Bank Limited	21.1	-	-
- United Bank Limited	21.2	-	-
- The Bank of Punjab	21.3	-	-
From an associated company - unsecured			
- Gulistan Fibres Limited	21.6	-	142,020,639
		<u>-</u>	<u>142,020,639</u>

21.1 NIB Bank Limited	Note	2017 Rupees	2016 Rupees
Balance at beginning of the year		26,958,913	26,958,913
Less: current portion:			
- over due instalments		26,958,913	26,958,913
		-	-

The facility sanctioned was Rs. 110.00 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 21.4, the Company has not made any payments.

21.2 United Bank Limited	Note	2017 Rupees	2016 Rupees
Balance at beginning of the year		150,000,000	150,000,000
Less: current portion;			
- over due instalments		150,000,000	150,000,000
		-	-

The Company had obtained Non-Interest Demand Finance (NIDF) from United Bank Limited amounting to Rs. 200.00 million under mark-up arrangement. It is secured against mortgage charge of Rs. 102.00 million and ranking charge of Rs. 178.00 million over land, building and plant and 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 03, 2011, however, due to factors stated in note 21.5 below the whole amount has been grouped in current liabilities.

21.3 The Bank of Punjab	Note	2017 Rupees	2016 Rupees
Balance at beginning of the year		56,236,305	56,236,305
Less: current portion:			
- over due instalments		56,236,305	51,198,343
- instalments due within next twelve months			5,037,962
		56,236,305	56,236,305
		-	-

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. 80.00 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 21.5 below the whole amount has been grouped in current liabilities.



21.4 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, 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 29.1.1. Due to these litigations, year-end confirmations from all lenders have not been received.

21.5 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, 2017, 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	2017 Rupees	2016 Rupees
<b>21.6 Gulistan Fibres Limited - unsecured</b>			
Balance at beginning of the year		142,020,639	142,235,639
Less: payments made during the year		3,130,000	215,000
Less: current portion:			
- over due instalments		<u>138,890,639</u>	<u>-</u>
		<u>-</u>	<u>142,020,639</u>

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 Fibres Limited (an Associated Company) and the Company. As per these agreements, short-term borrowings and outstanding bills payables aggregating Rs.150.00 million of the Company have been adjusted by the Lender against mortgaged property of the Gulistan Fibres 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 27) and bills payable (note 25).

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 previous year was at 9.11%. The said loan is classified as short-term on account of non-payment with the agreed period of time due to non-availability of funds and the Company did not charge interest on the same as well.

	2017 Rupees	2016 Rupees
<b>22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured</b>		
Balance at beginning of the year	23,478,956	24,336,843
Less: payments made during the year	-	857,887
	<u>23,478,956</u>	<u>23,478,956</u>
Less: current portion:		
- over due instalments	<u>23,478,956</u>	<u>23,478,956</u>
	<u>-</u>	<u>-</u>

- 22.1 The Company had acquired plant and 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% (2016: 12.5% to 14.67%) 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.
- 22.2 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 High Court of Sindh for recovery of lease finance through attachment and sale of charged properties as fully disclosed in note 29.1.1. Due to these litigations, year-end confirmations from all lessors have not been received.
- 22.3 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 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statement Presentation'.
- 22.4 Due to the facts explained in notes 22.2 and 22.3 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, 2017 and June 30, 2016. 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;

	June 30, 2017			June 30, 2016		
	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	26,882,657	3,403,701	23,478,956	26,882,657	3,403,701	23,478,956
Not later than one year	-	-	-	-	-	-
Minimum lease payments	<u>26,882,657</u>	<u>3,403,701</u>	<u>23,478,956</u>	<u>26,882,657</u>	<u>3,403,701</u>	<u>23,478,956</u>
				2017		2016
				Rupees		Rupees

**23 STAFF RETIREMENT BENEFITS - GRATUITY**

Staff retirement benefits - gratuity 998,259 3,686,026

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;

₹		2017	2016
23.1	Note	Rupees	Rupees
<b>The amount recognised in the balance sheet</b>			
Net liability at beginning of the year		3,686,026	2,493,482
Add: charge to profit and loss account	23.3	99,959	1,282,544
Less: benefits paid		(80,000)	(90,000)
Less: gratuity due but not paid		(2,707,726)	-
Net liability at end of the year	23.2	<u>998,259</u>	<u>3,686,026</u>
<b>23.2 Movement in the present value of defined benefit obligation</b>			
Balance at beginning of the year		3,686,026	2,493,482
Current service cost		99,959	213,757
Past service cost		-	943,741
Interest cost		-	125,046
Benefits due but not paid		(2,707,726)	-
Benefits paid		(80,000)	(90,000)
Balance at end of the year		<u>998,259</u>	<u>3,686,026</u>
<b>23.3 Expense recognised in profit and loss account</b>			
Current service cost		99,959	213,757
Past service cost		-	943,741
Interest cost		-	125,046
		<u>99,959</u>	<u>1,282,544</u>
<b>23.4 Actuarial assumptions used</b>			
Discount rate		13.25%	13.25%
Expected rate of growth per annum 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
<b>23.5</b> The weighted average duration of the scheme is 6 years.			
<b>23.6</b> The methods and types of assumptions, used in preparing the sensitivity analysis did not change compared to the previous year.			
<b>23.7</b> 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.			

# PARAMOUNT SPINNING MILLS LIMITED

	2017	2016
	Rupees	Rupees
<b>24 DEFERRED TAXATION - net</b>		
The liability for deferred taxation comprises of temporary differences relating to:		
- accelerated tax depreciation allowance	149,075,991	155,787,249
- surplus on revaluation of operating fixed assets	97,582,457	101,834,634
- lease finances	14,371,616	15,418,084
- staff retirement benefits - gratuity	(299,478)	(1,142,668)
- stock-in-trade	(25,944,699)	(25,157,300)
- stores, spare and loose tools	(1,977,860)	(1,393,492)
- provision for doubtful debts	(75,089,757)	(80,705,149)
	<u>157,718,270</u>	<u>164,641,358</u>

Deferred Tax asset in respect of the unused tax losses amounting Rs. 281.276 million (2016: Rs. 249.016 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.

		2017	2016
	Note	Rupees	Rupees
<b>25 TRADE AND OTHER PAYABLES</b>			
Creditors for suppliers	25.1	107,299,202	136,313,916
Creditors for expenses		57,883,437	59,321,770
Bills payable / letters of credit payable	25.2	623,571,213	623,571,213
Staff retirement benefits due but not paid		23,926,041	22,833,330
Accrued expenses		6,543,929	6,448,933
Unclaimed dividend		1,118,836	1,118,836
		<u>820,342,658</u>	<u>849,607,999</u>
<b>25.1 These include following amounts, which pertain to related parties:</b>			
Gulshan Spinning Mills Limited		733,235	684,698
Gulistan Power Generations Limited		34,466,581	34,474,716
		<u>35,199,816</u>	<u>35,159,414</u>

**25.2** 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 29.1.1, 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.

		2017	2016
	Note	Rupees	Rupees
<b>26 ACCRUED MARK-UP / INTEREST</b>			
Mark-up / interest accrued on:			
- long-term finances	26.1	31,868,797	31,868,797
- loan from ex-related party	26.2	4,433,990	4,426,625
		<u>36,302,787</u>	<u>36,295,422</u>

- 26.1 This amount represents mark-up payable to Gulistan Fibres Limited, an Associated Company, on long-term loan as per note 21.6
- 26.2 This amount represents mark-up payable to Premier (Private) Limited, which ceases to be a related party during the previous reporting financial year.
- 26.3 During the year ended June 30, 2017, the Company has not provided mark-up/interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 19.913 million, Rs. 2.079 million and Rs. 126.725 million respectively (2016: Rs. 20.774 million, Rs. 2.855 million and Rs. 133.347 million respectively) due to pending litigations with the financial institutions. Moreover, the Company has not provided for the cost of the funds decreed by various courts against the Company in case of various litigations as detailed in subnotes of note 29. 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, 2017 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 is aggregated Rs. 950.325 million (2016: Rs. 801.606 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	2017 Rupees	2016 Rupees
<b>27 SHORT-TERM BORROWINGS</b>			
Short-term finances - secured	27.1 & 27.3	1,411,965,394	1,411,965,394
Running finances - secured	27.2 & 27.3	315,343,108	315,343,108
Loan - unsecured	27.4	662,236	21,662,236
Interest-free loans from other parties - unsecured	27.5	423,907,026	349,725,446
Temporary bank overdraft - unsecured	27.7	5,513,463	6,271,683
		<u>2,157,391,227</u>	<u>2,104,967,867</u>

- 27.1 This includes Rs. 236.00 million as discounted foreign bills pertaining to previous years, receivable from foreign debtors 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 10.1).
- 27.2 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.
- 27.3 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 29.1.1.

27.4 The Company has obtained a short-term finance facility to the limit of Rs. 100.00 million from Premier (Private) Limited, a company that ceased to be a related party during the previous year, to finance working capital requirements of the Company. This loan is unsecured and carries mark-up at the rate of 9.5% (2016: 9.5%) per annum.

	2017 Rupees	2016 Rupees
<b>27.5 Interest free loans from other parties - unsecured</b>		
Balance at beginning of the year	349,725,446	271,946,528
Add: funds received during the year	86,499,953	86,702,027
Less: adjustments / repayments made during the year	(12,318,373)	(8,923,109)
	<u>423,907,026</u>	<u>349,725,446</u>

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 previous year. The repayment terms have not yet been finalized by the parties.

27.6 Year end balance confirmations aggregating Rs. 1,727.30 million (2016: Rs. 1,727.30 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.

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

28 CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2017 Rupees	2016 Rupees
Long-term finances:			
- NIB Bank Limited	21.1	26,958,913	26,958,913
- United Bank Limited	21.2	150,000,000	150,000,000
- The Bank of Punjab	21.3	56,236,305	56,236,305
- Gulistan Fibres Limited	21.6	138,890,639	-
Liabilities against assets subject to finance lease	22	23,478,956	23,478,956
		<u>395,564,813</u>	<u>256,674,174</u>

## 29 CONTINGENCIES AND COMMITMENTS

### 29.1 Contingencies

29.1.1 Liabilities towards banks and financial institutions disclosed in note 21, 22, 25.2, 26, 27 and 28

(a) Various banks and financial institutions have filed recovery suits before Banking Court - Karachi, the Honourable High Court of Sindh 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. 3,004.96 million (2016: Rs. 3,004.96 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. In case of any adverse decision, the management of the Company moves to upper court for

relief/appeal/review. 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 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 Lahore High Court 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 Lahore High Court through its order dated September 11, 2013, dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned order. The Divisional Bench passed an order, dated November 27, 2013, that respondent banks will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013, will remain suspended meanwhile.

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.

- 29.1.2 The Company has not provided for Rs.3.00 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 High Court of Sindh. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed.

The Honourable High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006, was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Honourable Supreme Court of Pakistan against the above-mentioned judgement of the Honourable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them.

The above appeals were disposed-off in May 2011, with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Honourable Supreme Court of Pakistan with the right to appeal. Accordingly, the petition was filed in the Honourable High Court of Sindh in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared up to December 27, 2006, were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006, while payment was made against the balance amount.

As at June 30, 2017, the Company has provided bank guarantees aggregating Rs. 7.216 million (2016: Rs. 7.216 million) in favour of Excise and Taxation Department.

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

The Company had strong reservations on the calculation of above-mentioned amount and is of the view that this amount has not been calculated in light of afore-mentioned 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 afore-mentioned 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 Supreme Court of Pakistan has issued notices to the respondents. In the mean time, it was also ordered that no coercive measure may be taken against the petitioners.

The said civil review petition was disposed off vide order dated July 13, 2017. However, no demand has so far been received from the department. The Company is of the view that total liability of the Company amounting to Rs. 17.555 million has already been paid.

- 29.1.4** Counter guarantees of Rs. 9.067 million (2016: Rs. 9.067 million) were given by the Company to various banks/financial institutions as at June 30, 2017, in respect of guarantees issued in favour of various Government Departments / Institutions.
- 29.1.5** 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 High Court of Islamabad through its judgement 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 High Court of Islamabad 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.
- 29.1.6** "First Treet Manufacturing Modaraba has filed suit J.Misc. No. 02 of 2015 for winding-up of the Company. The said petition was disposed of by the Honourable High Court of Sindh, through its order dated April 18, 2017, since the parties have resolved the dispute amicably in an out-of-court settlement agreement dated February 28, 2016, executed at Lahore. All the parties to this agreement settled that outstanding amount will be paid in monthly installments till the entire payment is made.
- 29.1.7** 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 High Court of Sindh 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 High Court of Sindh granted a stay order. However, the Honourable High Court of Sindh dismissed the appeal filed by the Company due to non-prosecution. The said impugned order was challenged before the Honourable 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.



- 29.1.8** Askari Bank Limited had instituted a suit against Paramount Spinning Mills Limited (PSM) and others for recovery of Rs. 145,179,853/- bearing no. C.O.S. No. 23/13 under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001 before the Honourable Lahore High Court. The Suit was decreed against the Company vide judgement dated Decemeber 31, 2015, in the sum of Rs. 145,179,853/- together with costs of the suit. The Company had also instituted an appeal bearing no. 488/16 before the Division Bench of Lahore High Court, which is pending for adjudication.
- 29.1.9** First Habib Modarba had instituted a suit against the Company and others for recovery of Rs. 1,126,562/- bearing M-Suit no. 10/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, ("the Suit") before the Banking Court No. I, Karachi. The Suit was decreed against PSM vide judgement dated March 9, 2015, in the sum of Rs. 1,104,562/- with costs of the suit and cost of funds at the latest prescribed rate by the State Bank of Pakistan from the date of the default till realization. No appeal has so far been filed by the Company against the said judgement dated March 9, 2015. The management has not recognised the impact of the said decree in these financial statements.
- 29.1.10** Faysal Bank Limited had instituted a suit against the Company for recovery of Rs. 40,906,509.58/- bearing Suit no. 26/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, before the honorable Banking Court No. IV, Karachi. This suit was decreed ex-parte against the Company vide judgement dated August 27, 2015, to the extent of the sum of Rs. 40,906,509.58/- being principal alongwith cost of funds from the date of the default till the realization of the outstanding amount at the rate as determined by the State Bank of Pakistan. The mark-up amounting to Rs. 1,822,345.62/- as claimed by the Plaintiff Bank was not allowed by the learned judge as the Plaintiff Bank had not been able to establish it. The appeal has been filed by the Company against the said judgement for setting aside ex-parte decree which is pending before the Banking Court, Karachi.
- 29.1.11** Habib Bank Limited (previously First Habib Bank Modarba) had instituted a suit against the Company for recovery of Rs. 810,733/- bearing Suit no. 04/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, before the Banking Court No. I, Karachi. The Suit was decreed against the Company ex-parte vide judgement dated April 21, 2016, and it was held that the Plaintiff Bank is entitled to outstanding overdue rentals in the sum of Rs. 740,903/- with cost of funds at the latest prescribed rate by the State Bank of Pakistan from the date of expiry of the agreement till realization. The costs of the suit were also awarded by the learned judge. No appeal has so far been filed by the Company against the said judgement dated April 21, 2016.
- 29.1.12** Bank of Punjab instituted a suit against the Company and others for recovery of Rs. 670,173,867/- bearing C.O.S. No. 52/2013 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, ("the Suit") before the Honourable Lahore High Court, Lahore. The Suit was partially decreed against the Company and its associated companies vide judgement dated October 26, 2017, to the sum of Rs. 398,743,100/-. However, the Court granted leave to defend in respect to the LC facility for an amount of Rs. 248,345,156/-. No appeal has so far been filed by the Company against the judgement partially decreed against the Company neither the management has adjusted these financial statements in light of the said Suit due to stay granted by the Honorable Lahore High Court as stated in noted 29.1.1(b).

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## 29.2 Commitments

There is no capital commitment as at June 30, 2017 and June 30, 2016.

	Note	2017 Rupees	2016 Rupees
<b>30 SALES - net</b>			
Local sales	30.1	-	60,495,592
<b>30.1 Local sales</b>			
Sales	30.2	-	62,896,374
		-	62,896,374
Less:			
- quality claims/weight shortage		-	748,671
- sales tax		-	1,652,111
		-	2,400,782
		-	60,495,592

30.2 Local sales include cotton sales Rs. nil (2016: Rs. 5.675 million).

	Note	2017 Rupees	2016 Rupees
<b>31 COST OF SALES</b>			
Stocks at beginning of the year (finished goods and waste)		25,508,479	89,806,386
Cost of goods manufactured	31.1	40,108,294	98,341,446
Purchases of finished products		-	1,562,326
		40,108,294	99,903,772
		65,616,773	189,710,158
Stocks at end of the year (finished goods and waste)	9	20,580,108	25,508,479
		45,036,665	164,201,679
<b>31.1 Cost of goods manufactured</b>			
Raw materials consumed	31.2	-	42,359,956
Stores consumed		2,097,731	4,495,136
Packing materials consumed		401,378	860,095
Salaries and other benefits		4,750,118	13,757,442
Fuel and power		1,197,104	2,471,055
Repair and maintenance		162,000	6,226
Depreciation	5.2	31,306,680	32,074,848
Processing / dyeing charges		-	802,750
Conveyance, travelling and entertainment		17,650	62,157
Vehicle running and maintenance		10,564	1,145,661
Postage and telephone		1,826	34,581
Rent, rate and taxes		61,609	9,000
Other manufacturing expenses		101,634	262,539
		40,108,294	98,341,446

**PARAMOUNT SPINNING MILLS LIMITED**

		2017	2016
		Rupees	Rupees
<b>31.2 Raw materials consumed</b>			
Stocks at beginning of the year		99,490,847	141,850,803
Stocks at end of the year		<u>(99,490,847)</u>	<u>(99,490,847)</u>
<b>32 DISTRIBUTION COST</b>		<u>-</u>	<u>42,359,956</u>
Freight and forwarding		<u>-</u>	<u>83,668</u>
		2017	2016
		Rupees	Rupees
<b>33 ADMINISTRATIVE EXPENSES</b>	<b>Note</b>		
Salaries and other benefits	33.1	9,650,560	14,531,540
Fees and subscription		186,626	202,081
Conveyance, traveling and entertainment		2,569,673	4,696,248
Vehicle running and maintenance		944,981	1,249,067
Repair and maintenance		54,423	57,362
Rent, rates and taxes		-	537,964
Printing and stationery		40,500	55,163
Auditors' remuneration	33.2	266,000	1,146,906
Postage, telegram and telephone		109,753	272,414
Legal and professional expenses		2,625,000	12,445,000
Depreciation	5.2	1,484,390	1,846,052
		<u>17,931,906</u>	<u>37,039,797</u>
<b>33.1</b>			
Salaries and other benefits include Rs. 0.099 million (2016: Rs. 1.282 million) in respect of staff retirement benefit - gratuity.			
		2017	2016
		Rupees	Rupees
<b>33.2 Auditors' remuneration</b>	<b>Note</b>		
Audit fee		240,000	1,025,000
Compliance report of Code of Corporate Governance		10,000	55,000
Other services		-	50,000
Out of pocket expenses		16,000	16,906
		<u>266,000</u>	<u>1,146,906</u>
<b>34 OTHER OPERATING EXPENSES</b>			
Custom duty paid		<u>-</u>	<u>2,419,348</u>
<b>35 OTHER OPERATING INCOME</b>			
<b>Income from financial assets</b>			
Interest on;			
- deposit accounts		52,942	96,142
Reversal of bad debts		10,040,000	-
<b>Income from non-financial assets</b>			
Gain on disposal of fixed assets		-	4,568,114
		<u>10,092,942</u>	<u>4,664,256</u>

**PARAMOUNT SPINNING MILLS LIMITED**

	Note	2017 Rupees	2016 Rupees
<b>36 FINANCE COST</b>			
Mark-up / interest on:			
- lease finances		-	55,993
- short-term borrowings	36.1	739,365	2,063,552
- long-term borrowings		-	12,991,361
		739,365	15,110,906
Bank charges		17,820	2,241
		<u>757,185</u>	<u>15,113,147</u>

36.1 The amount represent mark-up on a short-term loan from Premier (Private) Limited, which ceased to be related party during the previous reporting year.

36.2 During the year ended June 30, 2017, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 19.913 million, Rs. 2.079 million and Rs. 126.725 million respectively (2016: Rs. 20.774 million, Rs. 2.855 million and Rs. 133.347 million respectively) due to pending litigations with the financial institutions as detailed in note 26.3.

**37 TAXATION**

	Note	2017 Rupees	2016 Rupees
Current			
Deferred		-	-
Origination and/or (reversal) of temporary difference		6,923,088	(26,210,567)
		<u>6,923,088</u>	<u>(26,210,567)</u>

No provision for minimum tax due under section 113 of the Income Tax Ordinance, 2001, is incorporated as the Company has nil turnover during the year. Numeric tax rate reconciliation is, therefore, also not required.

	Note	2017 Rupees	2016 Rupees
<b>38 LOSS/ EARNINGS PER SHARE</b>			
Loss after taxation		(46,709,726)	(179,908,358)
		<u>(46,709,726)</u>	<u>(179,908,358)</u>
		— Number of shares —	
Weighted average number of ordinary shares outstanding during the year		17,352,329	17,352,329
		<u>17,352,329</u>	<u>17,352,329</u>
		— Rupees —	
Loss per share - basic and diluted		(2.69)	(10.37)
		<u>(2.69)</u>	<u>(10.37)</u>

There is no dilutive effect on the basic loss per share of the Company.

	Note	2017 Rupees	2016 Rupees
<b>39 CASH GENERATED FROM OPERATIONS</b>			
Loss before taxation		(53,632,814)	(153,697,791)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		32,791,070	33,920,900
Provision for stores, spare parts and loose tools		2,097,731	-
Provision for stock in trade		5,329,749	-
Provision of gratuity		99,959	1,282,544
Finance cost		757,185	15,113,147
Interest income		(52,942)	(96,142)
Provision for doubtful debts		(10,040,000)	-
Gain on disposal of fixed assets		-	(4,568,114)
Working capital changes	39.1	(24,286,209)	29,561,316
		<u>(46,936,271)</u>	<u>(78,484,140)</u>
<b>39.1 Working capital changes</b>			
Decrease/(increase) in current assets:			
Stores, spare parts and loose tools		-	4,495,136
Stock-in-trade		-	107,517,958
Trade debts		5,066,221	17,878,696
Loan and advances		(61,920)	(96,715)
Other receivables		1,067,542	24,553,194
		<u>6,071,842</u>	<u>154,348,269</u>
Decrease in trade and other payables		(30,358,051)	(124,786,953)
		<u>(24,286,209)</u>	<u>29,561,316</u>

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

Particulars	Chief Executive		Executives	
	2017	2016	2017	2016
	----- Rupees -----			
Managerial remuneration	-	-	1,032,000	2,264,000
Perquisites	-	-	516,000	1,132,000
Retirement benefit	-	-	84,000	283,000
	-	-	<u>1,632,000</u>	<u>3,679,000</u>
No. of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>

40.1 The executives have been provided with the Company maintained cars.

**41 CAPACITY AND PRODUCTION**

	2017	2016
<b>41.1 Spinning unit</b>		
Number of spindles installed	25,920	25,920
Installed capacity after conversion into 20's count	Kg. 8,841,118	8,841,118

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 and due to non-availability of working capital lines and shortage of funds, the Company had closed its yarn spinning unit from July 01, 2015.

	2017	2016
<b>41.2 Yarn dyeing unit - note 41.4</b>		
Total number of machines installed	7	7
Installed capacity	Kg. 2,065,170	2,065,170

<b>41.3 Stitching unit - note 41.4</b>		
Total number of machines installed	832	832
Installed capacity	Pc. 3,211,652	3,211,652

**41.4** 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.

**42 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.

**42.1 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:

	2017	2016
Note	Rupees	Rupees
Deposits	7,077,559	7,077,559
Trade debts	17,355,889	12,382,110
Loans and advances	1,013,384	1,013,384
Accrued mark-up / interest	689,018	689,017
Other receivables	233,810	233,810
Bank balances	9,434,041	9,496,261
	<u>35,803,701</u>	<u>30,892,141</u>

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2017	2016
	Rupees	Rupees
Domestic	<u>17,355,889</u>	<u>12,382,110</u>
<b>Ageing of trade debts at the reporting date:</b>		
Past due 1-60 days	-	-
Past due 61-150 days	-	-
Past due 151-365 days	-	2,639,575
More than one year	2,489,574	9,742,535
More than two years	<u>14,866,315</u>	-
	<u>17,355,889</u>	<u>12,382,110</u>

Based on past experience and keeping in view subsequent realisations, provision for doubtful debts aggregating Rs. 250.299 million (2016: Rs. 260.339 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 realized in short course of time.

#### 42.2 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, 2017			June 30, 2016		
	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	372,085,857	372,085,857	-	375,215,857	375,215,857	-
Liabilities against assets						
subject to finance lease	23,478,956	23,478,956	-	23,478,956	23,478,956	-
Trade and other payables	820,342,658	820,342,658	-	849,607,999	849,607,999	-
Accrued mark-up / interest	36,302,787	36,302,787	-	36,295,422	36,295,422	-
Short-term borrowings	<u>2,151,877,764</u>	<u>2,151,877,764</u>	-	<u>2,098,696,184</u>	<u>2,098,696,184</u>	-
	<u>3,404,088,022</u>	<u>3,404,088,022</u>	-	<u>3,383,294,418</u>	<u>3,383,294,418</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.

#### 42.3 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.

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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:

	June 30, 2017		June 30, 2016	
	Rupees	U.S.\$	Rupees	U.S.\$
Trade and other payables	80,235,544	785,216	80,235,544	785,216
Bank balance	(63,466)	(644)	(63,466)	(644)
<b>Net balance sheet exposure</b>	<b>80,172,078</b>	<b>784,572</b>	<b>80,172,078</b>	<b>784,572</b>

The following significant exchange rate applied during the year:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
U.S. Dollar to Rupee	<b>104.69</b>	104.63	<b>104.80</b>	104.49

### Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. Dollar with all other variables held constant, loss 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.

	2017	2016
	Rupees	Rupees
Effect on loss for the year:		
U.S. Dollar to Rupee	<b>8,222,315</b>	<b>8,198,307</b>

The weakening of the Rupee against U.S. Dollar would have had an equal but opposite impact on loss for the year. The sensitivity analysis prepared is not necessarily indicative of the effects on 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 29.1.1. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2017	2016
	Rupees	Rupees
<b>Fixed rate instruments</b>		
Financial assets	<b>3,058,672</b>	<b>3,058,672</b>
Financial liabilities	<b>26,958,913</b>	<b>26,958,913</b>
<b>Variable rate instruments</b>		
Financial liabilities	<b>2,520,483,664</b>	<b>2,470,432,084</b>



**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.

**42.4 Fair value of financial instruments**

As at June 30, 2017 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.

**42.5 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.

**43 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 40. 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	2017 Rupees	2016 Rupees
Interest expenses		-	12,991,361

**44 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:

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- 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	Total
<b>For the year ended</b>					
<b>June 30, 2017</b>					
Rupees					
Sales	-	-	-	-	-
Cost of sales	(30,349,985)	(4,810,748)	(9,875,932)	-	(45,036,665)
<b>Gross loss</b>	<b>(30,349,985)</b>	<b>(4,810,748)</b>	<b>(9,875,932)</b>	<b>-</b>	<b>(45,036,665)</b>
Distribution cost	-	-	-	-	-
Administrative expenses	(16,643,632)	(202,432)	(1,085,842)	-	(17,931,906)
Other operating expenses	-	-	-	-	-
Other operating income	7,681,406	-	-	2,411,536	10,092,942
	(8,962,226)	(202,432)	(1,085,842)	2,411,536	(7,838,964)
<b>Loss from operations</b>	<b>(39,312,211)</b>	<b>(5,013,180)</b>	<b>(10,961,774)</b>	<b>2,411,536</b>	<b>(52,875,629)</b>
Finance cost	(17,324)	-	(739,861)	-	(757,185)
<b>Loss before taxation</b>	<b>(39,329,535)</b>	<b>(5,013,180)</b>	<b>(11,701,635)</b>	<b>2,411,536</b>	<b>(53,632,814)</b>
Taxation					(6,923,088)
<b>Loss after taxation</b>					<b>(46,709,726)</b>
<b>For the year ended</b>					
<b>June 30, 2016</b>					
Rupees					
Sales	60,495,592	-	-	-	60,495,592
Cost of sales	(147,343,789)	(4,841,008)	(12,016,882)	-	(164,201,679)
<b>Gross loss</b>	<b>(86,848,197)</b>	<b>(4,841,008)</b>	<b>(12,016,882)</b>	<b>-</b>	<b>(103,706,087)</b>
Distribution cost	(83,668)	-	-	-	(83,668)
Administrative expenses	(35,846,577)	(211,691)	(981,529)	-	(37,039,797)
Other operating expenses	-	-	(2,419,348)	-	(2,419,348)
Other operating income	1,706,386	-	2,957,870	-	4,664,256
	(34,223,859)	(211,691)	(443,007)	-	(34,878,557)
<b>Loss from operations</b>	<b>(121,072,057)</b>	<b>(5,052,699)</b>	<b>(12,459,889)</b>	<b>-</b>	<b>(138,584,645)</b>
Finance cost	(13,035,610)	-	(2,077,538)	-	(15,113,147)
<b>Loss before taxation</b>	<b>(134,107,666)</b>	<b>(5,052,699)</b>	<b>(14,537,426)</b>	<b>-</b>	<b>(153,697,791)</b>
Taxation					(26,210,567)
<b>Loss after taxation</b>					<b>(179,908,358)</b>

Segment assets and liabilities

	Spinning	Dying	Garments	Weaving	Total
	Rupees				
<b>As at June 30, 2017</b>					
Segments assets	1,868,865,337	353,594,851	438,444,574	50,769,756	2,711,674,518
Inter segment assets					(803,003,188)
					<u>1,908,671,330</u>
<b>As at June 30, 2016</b>					
Segments Assets	1,867,633,125	358,608,031	448,462,514	48,710,408	2,723,414,079
Inter segment assets					(778,457,553)
					<u>1,944,956,526</u>
				2017	2016

45 NUMBER OF EMPLOYEES

.....Number.....

Number of employees as at June 30,

- Permanent	14	18
- Contractual	19	29

Average number of employees during the year

- Permanent	18	23
- Contractual	26	67

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 17, 2018 by the Board of Directors of the Company.

47 CORRESPONDING FIGURES

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

  
**Chief Executive**  
 Sohail Mqasood

  
**Director**  
 M. Akhtar Mirza

**Pattern of Shareholding  
As At June 30, 2017**

Number of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
1,999	1	100	24,495	0.14
461	101	500	115,837	0.67
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	155,168	0.89
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>2,889</b>			<b>17,352,329</b>	<b>100</b>

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

**CATEGORIES OF SHAREHOLDERS  
AS AT JUNE 30, 2017**

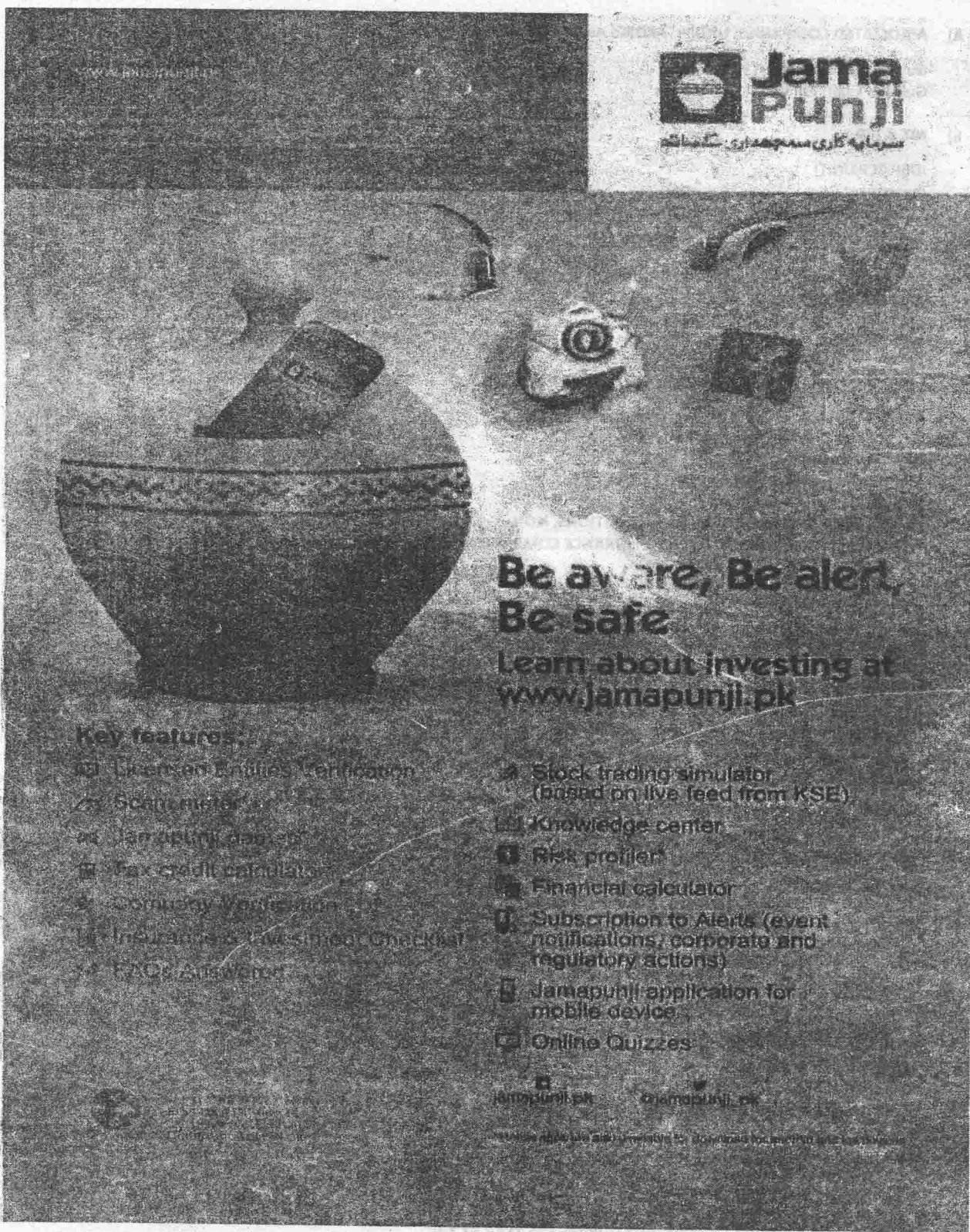
<b>Particulars</b>	<b>No. of Share Holders</b>	<b>No. of Shares Held</b>	<b>Percentage</b>
Directors, Chief Executive Officer, Their Spouse and Minor Children	7	3,655	0.02
Associated Companies, Undertakings and Related Parties	2	1,543,956	8.90
NIT & ICP	4	1,952,919	11.25
Banks, Development Finance Institutions, Non- Banking Financial Institutions	6	995,595	5.74
Insurance Companies	1	576,961	3.32
General Public (Local)	2,853	8,065,063	46.48
Joint Stock Companies	4	51,464	0.30
Other Companies	12	4,162,716	23.99
	<b>2,889</b>	<b>17,352,329</b>	<b>100.00</b>

# PARAMOUNT SPINNING MILLS LIMITED

## CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2017

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	SHARES
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. Iftikhar Ali	500
Mr. Muhammad Ashraf Khan	500
Mr. Abid Sattar	500
Mr. Muhammad Akhtar Mirza	500
Mr. Sohail Maqsood	605
Mr. Muhammad Maqbool Anjum	550
Mr. Hussain Ather	500
<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>	8,065,063
	<b>17,352,329</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>	Nil

CATEGORIES OF SHAREHOLDERS  
AS AT 30.06.2017



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## Form of Proxy

### Paramount Spinning Mills Limited

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 \_\_\_\_\_ 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 28<sup>th</sup> August 2018 at 12:00 a.m. and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

Witness 1:-

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

Address:- \_\_\_\_\_

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

Witness 2:-

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

Address:- \_\_\_\_\_

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

**Notes:**

1. The Proxy in order to be valid must be duly stamped, signed and witnessed and be deposited with the Company not later than 48 hours before the time of holding of Meeting.
2. The proxy must be a member of the Company.
3. Signature should agree with the specimen signature, registered with the Company.
4. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Card/Passport in original to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or passport.
5. Representative of corporate members should bring the usual documents required for such purpose.

Appropriate Revenue Stamp
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فارم برائے پروکسی ممبر

﴿ پیراماؤنٹ سپننگ ملز لمیٹڈ ﴾

میں پیراماؤنٹ سپننگ ملز لمیٹڈ کے \_\_\_\_\_ عدد عام شیئرز کا مالک / رکھتا ہوں جو کہ شیئرز رجسٹر کے فولیو نمبر \_\_\_\_\_ پر درج ہے اور یا سی آرسی کے امیدوار شناختی کارڈ نمبر \_\_\_\_\_ اکاؤنٹ نمبر \_\_\_\_\_ کے مطابق درج ہے۔ میں کسی \_\_\_\_\_ جو کہ بھی بذریعہ نمبر \_\_\_\_\_ یا سی ڈی سی امیدوار شناختی کارڈ نمبر \_\_\_\_\_ اکاؤنٹ نمبر \_\_\_\_\_ پیراماؤنٹ سپننگ ملز لمیٹڈ کا رکن / شیئرز ہولڈر ہے، کو میں اپنا پروکسی / شراکت کنندہ / نمائندہ مقرر کرتا ہوں یا اسکے ناکام ہو جانے / پیش ہونے میں ناکام ہونے کے بعد دوسرے شخص کسی \_\_\_\_\_ جو کہ بھی بذریعہ فولیو نمبر \_\_\_\_\_ سی ڈی سی امیدوار شناختی کارڈ نمبر \_\_\_\_\_ اکاؤنٹ نمبر \_\_\_\_\_ پیراماؤنٹ سپننگ ملز لمیٹڈ کا رکن / شیئرز ہولڈر ہے کو اپنا پروکسی / شراکت کنندہ / نمائندہ میں مقرر کرونگا جو میری جگہ سالانہ کمپنی کو مجلس عاملہ جو کہ ۲۸ اگست 2018 کو بوقت ۱۲:۰۰ بجے یا کسی دیگر وقت وجگہ پر منعقد ہوگی پیش / شرکت کرے گا اور میری جگہ بیان اور ووٹ دے گا۔

دستخط و ممبر پر کسی ممبر

میں آج کے دن \_\_\_\_\_ مورخہ \_\_\_\_\_ 2018 کو اپنے بیان کی تصدیق کرتا ہوں اور اپنے دستخط کرتا ہوں۔

گواہ نمبر 1	گواہ نمبر 2
نام _____	نام _____
پتہ _____	پتہ _____
شناختی کارڈ نمبر _____	شناختی کارڈ نمبر _____

نوٹ

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

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