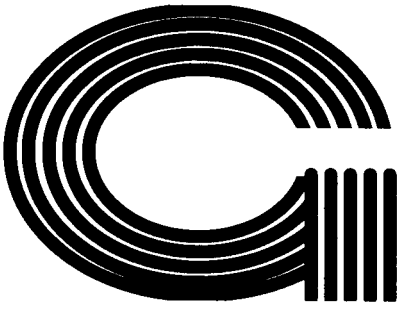

PARAMOUNT SPINNING MILLS LIMITED

ANNUAL REPORT 2019

PARAMOUNT SPINNING MILLS LIMITED

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PARAMOUNT SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muhammad Akhtar Mirza (Chairman) Mr. Sohail Maqsood (Chief Executive) Mr.Muhammad Ashraf Khan Mr.Abid Sattar Mr. Muhammad Arif Mr. Muhammad Asif Akram Mr.Muhamad Junaid
AUDIT COMMITTEE	Mr.Muhammad Junaid (Chairman) Mr.Abid Sattar Mr. Muhammad Akhtar Mirza
HR & REMUNERATION COMMITTEE	Mr. Muhammad Asif Akram (Chairman) Mr.Abid Sattar Mr. Muhammad Akhtar Mirza
CHIEF FINANCIAL OFFICER	Mr. Nasir Mehmood
COMPANY SECRETARY	Mr.Muhammad Ijaz
AUDITORS	M/s Baker Tilly Mehmood Idrees Qamar Chartered Accountants Lahore
LEGAL ADVISOR	Mr.Akhtar Javed
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

PARAMOUNT SPINNING MILLS LIMITED

CORPORATE VISION / MISSION STATEMENT

VISION

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

MISSION

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

PARAMOUNT SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of **Paramount Spinning Mills Limited** (the "Company") will be held at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Thursday 24th October, 2019 at 11:00 a.m,** to transact the following business:

1- To confirm the minutes of the last Annual General Meeting of the Company.

2- To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2019 together with Directors' and Auditors' Reports thereon.

3- To appoint auditors of the company for the next financial year 2019-2020 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 Ijaz
Company Secretary

Lahore:
October 03, 2019

NOTES:

1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **17th October, 2019 to 24th October, 2019 (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 لمزلمیٹڈ

اطلاع برائے سالانہ مجلس عاملہ اجلاس

اطلاع دی جاتی ہے کہ پیراماؤنٹ سپننگ ملزلمیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جارہا ہے جوکہ مورخہ ۲۴ اکتوبر ۲۰۱۹ بروز ھفتہ کو بوقت ۱۱.۰۰ بجے بمقام سیکنڈ فلور فنلے ہاؤس آئی آئی چندریگر روڈ کراچی پر منعقد ہوگا۔اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

1- پچھلے سالانہ مجلس عاملہ کے اجلاس کے نکات پر عملدرآمد کا جائزہ لیا جائیگا۔

2- کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دوزانیہ مالی سال ۳۰ جون ۲۰۱۹ بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کیا جائے گا۔(انکی نقول بورڈ ارکان کو بانٹی جائیں گی) اور ان میں موجود سفارشات، مشاہدات اور اعتراضات پر جائزہ/غور اور فیصلے کئے جائیں گے۔

3- اگلے مالی سال ۲۰۲۰-۲۰۱۹ کے لئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اور ان کے معاوضہ کا تعین کیا جائے گا۔ برخاست شدہ آڈیٹرز میسرز باقر ٹلی محمود، ادریس قمر، سند یافتہ منشی نے اپنی کمپنی کو دوبارہ مقرر ہونے کے لئے پیش کیا ہے۔ان کی درخواست پر فیصلہ کیا جائے گا۔

4- چیئرمین کی اجازت سے مزید کاروباری امور کو نپٹایا جائے گا۔

۳ اکتوبر ۲۰۱۹، لاہور

جاری کیا گیا بذریعہ آرڈر آف بورڈ آف ڈائریکٹرز

محمد اعجاز (کمپنی سیکرٹری)

اہم اطلاع۔

1- کمپنی کے شیئر ٹرانسفر کی کتابیں بند کردی جائیں گی اور ۱۷ اکتوبر ۲۰۱۹ تا ۲۴ اکتوبر ۲۰۱۹ تک (بیچ کے دونوں چھٹی کے دنوں کے لئے بھی) کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔

وہ رکن جو سالانہ مجلس عاملہ کے اجلاس میں ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پروکسی مقرر کرسکتا 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 48 گھنٹے قبل متعلقہ پروکسی فارم پُر کر کے جمع کروانا ہوگا۔

سی ڈی سی شیئرز ہولڈرز سے گذارش 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۔ کارپوریٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرار داد کا سرٹیفکیٹ/ قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے/مختار کنندہ کے specimen دستخط ثبت ہوں پیش کیا جائے۔

ارکان سے گذارش ہے کہ وہ اپنے کسی بھی موقع پر پتہ کی تبدیلی کی صورت میں میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبرز، حسرت موہانی روڈ کراچی کے شیئر رجسٹرار کو فوری طور پر آگاہ کریں۔

PARAMOUNT SPINNING MILLS LIMITED

Director's Report to Shareholders

The Directors of the 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, 2019 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 to discharge its commitments to its lenders. The Company has initiated the debt restructuring process with the help of the key lending financial institutions. In this regard a Scheme of Arrangement under section 279 to 283 & 285 of the Companies Act 2017 (Scheme of Arrangement) has been approved and signed by majority of the secured creditors and duly filed before the Sindh High Court at Karachi (Court). The meeting of the Members of the Company has also been held as per direction of the Court wherein the Scheme of Arrangement was duly approved by the requisite majority and the report in this behalf was duly submitted by the Chairman appointed by the Court. As per the Scheme of Arrangement all the litigation will be withdrawn by all the creditors.

Operating & Financial Performance

Operating indicators	2019	2018
	(Rupees)	(Rupees)
Sales	-	-
Cost of Sales	-	-
Financial cost	140,517,490	95,957,748
Pretax Profit/ (Loss)	(237,870,340)	(144,839,600)
Provision for taxation	52,345,645	14,106,308
Profit / (Loss) after taxation	(185,524,695)	(130,733,292)

Future Outlook

The restructuring process is expected to be completed soon, once the ongoing reconciliation & restructuring process is completed, we would be in better position to structure the way forward.

Auditors' Observations

- Auditors' Observation regarding going concern, It is worth noting that the Scheme of Arrangement is not only signed by the majority of the banks/financial institutions, but has also been approved by the requisite majority of the members pursuant to the orders of the Court. All pending litigation by or against the Company will be withdrawn by the respective parties as contemplated in the Scheme of Arrangement, subject to sanction of the Scheme of Arrangement.

- 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 crisis. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.
- Company during this year fully provided the amount of mark-up in the annexed financial statement as per the amount confirmed by all the banks/financial institutions in the Scheme of Arrangement.
- In the annexed financial statement, the amount of loan has taken from the Scheme of Arrangement which is confirmed by the secured creditors and submitted in Sindh High Court for approval of the Scheme of Arrangement. The auditor shows their reservation only that they have not received the confirmation directly from the Banks to them as per their normal audit procedure.
- The Company is very hopeful that with restructuring and settlement of amounts, release of security in post settlement scenario, the financial health of the Company will be improved which will enable the Company to focus on new profitable avenues.
- Stock in trade is not verifiable due to various godowns are sealed as per the court order(s). The godown will be de-sealed after approval of the Scheme of Arrangement.

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:

Name of Director	No of meeting attended
Mr. Muhammad Akhtar Mirza	4
Mr. Sohail Maqsood	4
Mr. Iftikhar Ali	4
Mr. Muhammad Ashraf Khan	4
Mr. Muhammad Maqbool Anjum	1
Mr. Abid Sattar	4
Mr. Hussain Ather	2

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	1
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, 2019 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, 2019 was Rs.(10.69) as compared to the previous year restated of Rs (7.53).

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2019.

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 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, 2019 deferred liability for gratuity is Rs. 21,436,703/-

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 2019-2020.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2019 including the information under the code of corporate of governance is annexed.

Acknowledgement

The Board wishes to place on record its appreciation for the employees, members of management team for their efforts, commitment and hard work.

On behalf of the Board

Lahore October 02, 2019

Muhammad Akhtar Mirza
chairman

Sohail Maqsood
Chief Executive

پیراماؤنٹ سپننگ ملز لمیٹڈ

شیئرز ہولڈرز کو دی گئی ڈائریکٹر 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 مورخہ ۳۰ جون ۲۰۱۹ کی پیش کی جارہی 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 خام 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۔

قرضہ بڑھانے کی سخت شرائط بلند شرح سود، منسلکہ لیکیویڈٹی کے مسائل نے کمپنی کو مجبور کیا کہ وہ اپنے قرض اور واجبات کی ادائیگیوں کے لئے مزید وقت حاصل کرے جو کہ گفت وشنید کے بعد اس شرط پر کہ وہ اپنے قرضہ جات وقت پر ادا کریگی کمپنی کو مزید وقت مل جائے گا۔ کمپنی نے مارکیٹ میں کلیدی حیثیت رکھنے والے مالی اداروں/ بینکس کے ساتھ مل کر قرض کے حصول کا عمل شروع کیا ہے۔

اس سلسلہ میں ایک انتظام کی منصوبہ بندی کمپنی ایکٹ ۲۰۱۷ کی دفعہ ۲۷۹ سے ۲۸۳ اور ۲۸۵ کے تحت محفوظ قرض دھندگان نے منظور اور دستخط کی ھے اور مناسب طریقے سے سندھ ھائی کورٹ میں دائر کی گی ھے۔ عدالت کے حکم کے مطابق کمپنی کے ممبران کی ملاقات ھوی، جس میں اکثریت نے انتظام کی منصوبہ بندی کو منظور کیا۔ انتظام کی منصوبہ بندی کے مطابق تمام قانونی چارہ جوئ قرض دہندگان واپس لے لیں گے۔

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

کام کی نوعیت	۲۰۱۹	۲۰۱۸
فروخت	-	-
فروخت کئے گئے سامان پر اٹھنے والی لاگت (اخراجات	-	-
مالیاتی لاگت	(۹۵،۹۵۷،۷۴۸)	(۱۴۰،۵۱۷،۴۹۰)
ٹیکس دینے سے پہلے کا نقصان	(۱۴۴،۸۳۹،۶۰۰)	(۲۳۷،۸۷۰،۳۴۰)
ٹیکس	۱۴،۱۰۶،۳۰۸	۵۲،۳۴۵،۶۴۵ ششششششششششش
ٹیکس دینے کے بعد کا نقصان	(۱۳۰،۷۳۳،۲۹۲)	(۱۸۵،۵۲۴،۶۹۵)

مستقبل کی تصویر کشی/منصوبہ بندی

ہماری نئی انتظامی منصوبہ بندی جلد مکمل ہو جانے کی امید ہے۔

اگر ایک دفع جاری مصلحت اور انتظامی منصوبہ بندی کا مرحلہ کامیابی سے مکمل ہو گیا تو ھم بہتر طور پر آگے بڑھ سکتے ھیں۔

آڈیٹرز کے مشاھدات

آڈیٹرز کے مشاھدے کے مطابق یہ بات بہت قابل زکر ہے کہ انتظامی امور کی منصوبہ بندی اکثریتی بینکوں کی طرف سے نہ صرف دستخط ھو چکی ھے بلکہ عدالت کے حکم کے مطابق کمپنی کے اکثریتی ممبروں کی جانب سے منظور بھی کی جا چکی ہے۔ اس معاہدہ کی شرائط وضوابط کے مطابق کمپنی اور اسکے مخالف اداروں کے درمیان جاری تمام قانونی کاروائیاں ختم ہو جائیں گی اور فریقین ہر طرح کی قانونی کاروائی سے دستبردار ہو جائیں گے۔

انتظامیہ ہر ممکن کوشس کر رہی ہے کہ وہ کمپنی کو حالیہ مالی مسائل اور بدترین بحران سے نکال لے۔ بیشک انتظامیہ نے اپنی بیشتر افرادی قوت کو استعمال کیا ہے تا کہ وسائل کے تحفظ کو یقینی بنایا جا سکے۔ اس لیے انتظامیہ کا یہ خیال ہے کہ مالی امور کی نئی منصوبہ بندی کے بعد کمپنی کے چلنے کی صلاحیت پر آڈیٹرز کا اعتراض ختم ہو جاے گا۔

کمپنی نے اس سال اپنی حساب کی کتابوں میں سود کی پوری رقم لکھ لی ہے، جسکی تمام بینکوں نے انتظامی امور کی منصوبہ بندی میں تصدیق کی ہے۔

اس سال کے حسابات کی کتابوں میں قرضہ جات کی رقم تمام بینکوں کی طرف سے تصدیق کی گئی انتظامی امور کی منصوبہ بندی سے لی گئی ہے جو کہ سندھ کی اعلی عدالت میں منظوری کے لیے جمع کروائی گئی ہے۔ آڈیٹرز کا اعتراض صرف یہ ہے کہ انکو بینکوں کی طرف سے طریقہ کار کے مطابق براہ راست ان قرضاجات کی تصدیق نہیں ہوئی ہے۔

کمپنی کو یہ امید واثق ہے کہ مالی امور کی نئی منصوبہ بندی اور زرضمانت کی خلاصی کے بعد کمپنی ہذا کی مالی صلاحیت میں اضافہ ہوگا۔ جس کی وجہ سے کمپنی اس قابل ہوگی کہ نئے منافع بخش راستے تلاش کر سکے۔

بیشتر گوداموں کے عدالتی حکم کے تحت بند ہونے کی وجہ سے ان میں تجارت کے لیے ذخیرہ کیے ہوے مال کی تصدیق ممکن نہیں ہے۔ یہ تمام گودام مالی امور کی نئی منصوبہ بندی کی منظوری کے بعد کھول دیئے جائیں گے۔

کارپوریٹ گورننس

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

بورڈ میٹنگز اور حاضر لوگ

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

نام ڈائریکٹرز	میٹنگ میں حاضری
محمد اختر مرزا	۴
سہیل مقصود	۴
افتخار علی	۴
محمد اشرف خان	۴
محمد مقبول انجم	۱
عابد ستار	۴
حسین اطہر	۲

جوارکان شامل ہونے سے قاصر تھےان کی حاضری سے چھٹی منظور کی گئی۔

آڈٹ کمیٹی

حکومت کی طرف سے جاری کردہ ضابطہ پرعمل پیرا ہوتے ہوئے کمپنی کے بورد آف ڈائریکٹرز نے ایک آڈٹ کمیٹی جو بورڈ کے 3 ڈائریکٹرز/ارکان پر مشتمل ہے،تشکیل دی اوراس آڈٹ کمیٹی کے ارکان نے آڈٹ کمیٹی 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	۱

انسانی وسائل اورانکے معاوضے کی کمیٹی

حکومت کی طرف سے جاری کردہ ضابطہ پرعمل پیراہوتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے ایک انسانی وسائل اوران کے معاوضے کی کمیٹی تشکیل دی اوران ارکان کی تفصیلی رپورٹ کمپنی کی معلومات میں درج ہے۔

انٹرنل آڈٹ کا طریقہ کار(فرائض)

بورڈ آف ڈائریکٹرز نے مناسب اورموثر داخلی مالی کنٹرول سسٹم بنایا ہےاوراس پرسختی سے عمل پیرا ہیں۔جس میں آپریشنل،فنانشل اور کمپنی کے کاروباری معاملات سے متعلقہ حکمت عملی پرمناسب طریقے سے عملدرآمد کرایا جاسکے تاکہ کمپنی کے بنیادی اصول کے مقاصد کوحاصل کیا جاسکے۔انٹرنل آڈٹ کی سفارشات اورمشاہدات کوآڈٹ کمپنی نے دیکھا اور جہاں پرضروری سمجھاانہوں نے دی گئی سفارشات اورمشاہدات کی روشنی میں مناسب کاروائی کی۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے فریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹرز کوبخوش اسلوبی مندرجہ ذیل امورسرانجام دینے ہونگے۔

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 گا اور کمپنی کے آپریشن کے نتائج/ماحاصل/منافع/نقصان،کیش فلو اور ایکٹی میں تبدیلیوں کی صحیح ترجمانی/آئینہ داری کرے۔

2- کمپنی کے کھاتوں کی مناسب تیاری اور دیکھ بھال کرے۔

3- مناسب اکاؤنٹنگ حکمت عملی کی تیاری اور اسکی 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 سٹینڈرڈ جو کہ پاکستان میں لاگو ہیں کے مطابق مالی امور کا بیان تیار کیا جائے۔

5- اندرونی مالی نظم وضبط کے کنٹرول کا سسٹم موثر اور مستحکم ہو، اسکے نفاذ کا مناسب مانیٹرنگ سسٹم موجود ہو۔

6- بورڈ کے ڈائریکٹرز کو مالی امور کے بیان کے پیرا نمبر 1.3 میں دیئے 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 بیلنس 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 اشکار کی گئیں۔

نفع/نقصان بمطابق شیئرز کی قیمت

بمطابق شیئرز کی حالیہ قیمت، کمپنی کا نقصان برائے اختتامی دورانیا ۳۰ جون ۲۰۱۹، فی شیئر (۶۹۔۱۰) روپے ہے جو کہ پچھلے سال (۵۳۔۷) روپے فی شیئر تھا۔

منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ ۳۰ جون ۲۰۱۹ کے لئے کسی منافع کی سفارش نہیں کی ہے۔

ضابطہ اخلاق

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

کارپوریٹو سماجی ذمہ داری

آپ کی کمپنی کارپوریٹو سماجی ذمہ داریاں جو کہ سماج، شہری دفاع، ملازمین کی بہبود اور ماحول دوستی پر مبنی ہیں 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 شیئرز ہولڈرز اور دیگران کی آگاہی کے لئے موجود ہے۔

متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین کو آرمز لینتھ قیمت کے قانون کے مطابق کیا جاتا ہے جو کہ "کمپنیز ان کنٹرولڈ پرائس میتھڈ" کے مطابق طے شدہ ہے۔ کمپنی ہذا کارپوریٹ گورننس کے بہترین طریقوں کو اختیار کئے ہوئے ہے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے۔

کمپنی کے شیئرز کی ٹریڈنگ

زیر جائزہ سال میں چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ڈائریکٹرز اور ان کی ازواج/خاوند اور بچوں کی طرف سے کمپنی کے شیئرز کا کوئی کاروبار نہیں کیا گیا۔

عملہ کے ریٹائرمنٹ کے فائدے کی قیمت کا بیان۔

دورانیہ برائے مورخہ ۳۰ جون ۲۰۱۹ مؤخر کی گئی ادائیگی برائے گریجویٹی کی رقم -/۲۱،۴۳۶،۷۰۳ روپے مختص کی گئی ہے۔

آڈیٹرز

میسرز باقر ٹلی محمود، ادریس قمر چارٹرڈ اکاؤنٹنٹس نے اپنی کمپنی دوبارہ مقرر کرنے کی پیشکش کی ہے اور آڈٹ کمیٹی نے بھی ان کی بطور کمپنی کے بیرونی آڈیٹرز برائے اگلے مالی ۲۰۲۰-۲۰۱۹ کی تعیناتی کی سفارش/منظوری کی ہے۔

شیئرز ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق ۳۰ جون ۲۰۱۹ شیئر ہولڈنگ کا پیٹرن لف رپورٹ ہذا ہے۔

تحسینی اعترافات

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۔

بورڈ آف ڈائریکٹرز کی طرف/منجانب سے

سہیل مقصود چیف ایگزیکٹو

مؤرخہ ۲۰۱۹-۱۰-۰۲ لاہور

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS-2017

Year Ended **June30, 2019**

The company has complied with the requirements of listed Companies (Code of Corporate Governance) Regulation-2017 (the regulations) in the following manner

1- The total number of directors is seven (including the Chief executive officer). The composition of the board is as follow.

Category	Names
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

1. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company.

2. 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.

3. No Casual vacancies occur in the Board during the period under review.

4. 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.

5. 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.

6. 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.

7. 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.

8. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

9. The 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.

10. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

11. The Board has formed an committees, comprising of members are given below.

A) Audit Committee

Mr.Hussain Ather	Chairman
Mr.Muhammad Maqbool Anjum	Member
Mr.Muhammad Akhtar Mirza	Member

B) HR & Remueration Committee

Mr.Iftikhar Ali	Chairman
Mr.Abid Sattar	Member
Mr.Muhammad Akhtar Mirza	Member

12. The term of reference of aforesaid committees have been formed, documented and advised to the committees for compliance.

13. The frequency of the meetings (quarterly / half yearly / annually) are as per following.

a)Audit Committee	Four Meeting were held during the financial year with at least one meeting in each quarter.
b) HR & Remuneration Committee	Four Meeting were held during the financial year.

14. 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.

15. 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.

16. The Company will appoint female as per CCG regulation-2017 within the due course of time.

17. The board has set up an effective internal audit function.

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. We confirm that all other requirements of the regulations-2017 have been complied with.

On behalf of the board of Directors

Sohail Maqsood
Chief Executive Officer
Lahore October 02, 2019

M.Akhtar Mirza
Chairman

A) Audit Committee

Mr.Hussain Ather	Chairman
Mr.Muhammad Maqbool Anjum	Member
Mr.Muhammad Akhtar Mirza	Member

B) HR & Remueration Committee

Mr.Iftikhar Ali	Chairman
Mr.Abid Sattar	Member
Mr.Muhammad Akhtar Mirza	Member

12. The term of reference of aforesaid committees have been formed, documented and advised to the committees for compliance.

13. The frequency of the meetings (quarterly / half yearly / annually) are as per following.

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20. We confirm that all other requirements of the regulations-2017 have been complied with.

On behalf of the board of Directors

Sohail Maqsood
Chief Executive Officer
Lahore October 02, 2019

M.Akhtar Mirza`
Chairman

BAKER TILLY
MEHMOOD IDREES
QAMAR

188 D-1, Model Town,
Lahore - Pakistan.
Tel: +92 (042) 3584-2491
+92 (042) 3586-0550
Fax:+92 (042) 3584-5040

BTLHR/AA/PSM-65/2019/43

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBER OF PARAMOUNT SPINNING MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017, ("the Regulations") prepared by the Board of Directors of ***Paramount Spinning Mills Limited*** for the year ended **June 30, 2019** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirement(s) of the Regulations were observed which are not stated in the Statement of Compliance:

1. During the year, no orientation courses were arranged for its directors to apprise them of their duties and responsibilities.
2. Nomination committee and risk management committee are not formed by the board.
3. The Company has not prepared, published and circulated quarterly unaudited financial statements as required by clauses (35) of the Code.

Based on our review, except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlighted below instances of non-compliance with the requirements of the Regulations as reflected in the paragraphs where these are stated in the Statement of Compliance.

Sr. #	Reference	Description
1	1	The Company has appointed only one independent director.
2	16	The Company has not appointed any female director on its board.

Baker Tilly Mehmood Idrees Qamar

BAKER TILLY MEHMOOD IDREES QAMAR,
Chartered Accountants
Lahore

Date: 03 OCT 2019

Name of Engagement Partner: Bilal Ahmed Khan

BAKER TILLY
MEHMOOD IDREES
QAMAR

188 D-1, Model Town,
Lahore - Pakistan.
Tel: +92 (042) 3584-2491
+92 (042) 3586-0550
Fax:+92 (042) 3584-5040

BTLHR/AA/PSM-65/2019/42

INDEPENDENT AUDITOR'S REPORT

To the members of Paramount Spinning Mills Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of ***Paramount Spinning Mills Limited*** (*the Company*), which comprise the statement of financial position as at ***June 30, 2019***, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary of the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in basis for adverse opinion paragraph, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at **June 30, 2019**, and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of *Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

a) We have not received year-end confirmations from banks and financial institutions in respect of bank balances aggregating Rs. 3.914 million (note 15.1), payable to banking companies under scheme of arrangement (note 26.1) amounting Rs. 2.701 billion (note 20) and accrued mark-up / interest amounting Rs. 671.296 million (note 25). Further, year-end bank statements from all banks and financial institutions in respect of bank balances and borrowings were also not available;
b) Certain litigations have been filed by/against the Company as disclosed in note 26.2 to these financial statements. The legal counsel of the Company in their respective direct responses to our confirmation requests, have not provided us the assessment of potential outcome of these litigations, whereas the management of the Company is of view that it is contesting these litigations on merits as well as cogent factual and legal grounds. We do not concur to the management's view on outcome of these litigations;

c) We have not received year-end direct balance confirmations from the creditors of the Company, hence, we do not concur to the break-up value/actual settlement value of trade and other payables amounting Rs. 51.586 million (*note 24*);
d) As discussed in note 4 and 18 to the accompanying financial statements, freehold and leasehold land, buildings on freehold and leasehold land, plant and machinery, electric installation and mills equipment are carried at revaluation model. The Company has not carried out revaluation exercise of an item of land, that constitute departure from provisions of "Property, Plant and Equipment (IAS - 16)". Accordingly, we do not concur to appropriateness of the carrying value of an item of land and related surplus on revaluation on that land and disclosures thereof, in the financial statements; and
e) Stock-in-trade aggregating Rs. 66.022 million has not been verified.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for Adverse Opinion section, we have determined the following matters to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit.
1. Valuation of disposal group under scheme of arrangement. As referred to in note 5 to the accompanying financial statements, the directors have decided to settle its liabilities to secured creditors through sale of items of property, plant and equipment under the scheme of arrangement. We have considered the above as a key audit matter due to the significant number of items of property, plant and equipment classified as disposal group under scheme of arrangement.	Our audit procedures include the following: - Inquired and discussed with management to develop an understanding of management for classification of items of property, plant and equipment as disposal group under scheme of arrangement; - Read minutes of meeting of board of directors for approval of items of property, plant and equipment to classify and present as disposal group under scheme of arrangement; - Obtained copy of the scheme of arrangement, duly signed by majority of secured creditors (i.e. banking companies) to establish complete understanding of the Scheme; - Obtained copy of revaluation report carried out by the restructuring agent - United Bank Limited from management to verify that carrying values disclosed in the financial statements are appropriate.

2. Other receivables	Our audit procedures included the followings:
Refer to note 14 to the financial statements and accounting policy in note 3.7 to the financial statements. The Company has significant balance of other receivables comprising of sales tax refunds, which have been outstanding over previous years. We identified recoverability of sales tax refundable as a key audit matter as it involves significant management judgment in determining the recoverable amount, timing and involvement of legal/fiscal laws.	– Developed an understanding of management process for recovery of sales tax; – Obtained copy of annual sales tax return to verify amount of refundable; – Checked relevant provisions of the Sales Tax Act, 1990 to establish the amount, timing and other matters incidental to the refundability of the sales tax.

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and requirements of Companies Act, 2017, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt in the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communications.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017;

b) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn-up in conformity with the Companies Act, 2017, and however, the same are in agreement with the books of accounts and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (VIII of 1980).

Other Matter

The financial statements of the Company, for period under consideration, have been prepared on liquidation / break-up value basis as disclosed in note 2.2 to the financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ahmed Khan.

Baker Tilly Mehmood Idrees Qamar

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants
Lahore.

Date: 03 OCT 2019

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Restated Rupees	2017 Restated Rupees
ASSETS				
Property, plant and equipment	4	**8,451,021**	1,627,665,102	1,659,648,417
Disposal group under scheme of arrangement	5	**1,478,832,219**	-	-
Long-term investments	6	**-**	-	-
Long-term deposits	7	**-**	7,077,559	7,077,559
Stores, spare parts and loose tools	8	**-**	6,293,191	8,390,921
Stock-in-trade	9	**66,021,649**	66,021,649	88,028,866
Trade debts	10	**-**	8,997,093	17,355,889
Loans and advances	11	**-**	14,568,885	14,090,609
Accrued mark-up / interest	12	**-**	689,018	689,018
Short-term investment	13	**-**	-	-
Other receivables	14	**15,812,505**	99,123,615	103,956,009
Bank balances	15	**3,914,769**	6,820,362	9,434,041
Total assets		**1,573,032,163**	1,837,256,474	1,908,671,329
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	16	**173,523,290**	173,523,290	173,523,290
Reserves	17	**475,400,000**	475,400,000	475,400,000
Accumulated loss		**(4,207,676,373)**	(4,027,803,432)	(3,906,882,038)
Surplus on revaluation of operating fixed assets	18	**877,433,408**	910,028,166	919,840,064
		(2,681,319,675)	(2,468,851,976)	(2,338,118,684)
Sub-ordinated loan	19	**175,000,000**	175,000,000	175,000,000
LIABILITIES				
Payable to banking companies under scheme of arrangement	20	**2,701,702,000**	2,611,333,146	2,613,067,351
Loan from associates and other parties	21	**587,380,852**	587,792,542	599,918,939
Post employment benefits payables	22	**21,436,703**	22,037,791	24,924,300
Deferred taxation	23	**-**	143,611,962	157,718,270
Trade and other payables	24	**96,417,447**	130,145,179	135,267,530
Accrued mark-up / interest	25	**671,296,000**	635,068,994	539,774,787
Unclaimed dividend		**1,118,836**	1,118,836	1,118,836
		4,079,351,838	4,131,108,450	4,071,790,013
Contingencies and commitments	26	-	-	-
Total equity and liabilities		**1,573,032,163**	1,837,256,474	1,908,671,329

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Restated Rupees
Sales	27	-	-
Cost of sales	28	-	-
		-	-
Operating cost	29	(27,558,273)	(56,449,598)
Administrative expenses	30	(3,096,724)	(2,811,541)
Other expenses	31	(138,917,583)	-
Other income	32	72,219,730	10,379,287
		(97,352,850)	(48,881,852)
Loss from operations		(97,352,850)	(48,881,852)
Finance cost	33	(140,517,490)	(95,957,748)
Loss before taxation		(237,870,340)	(144,839,600)
Taxation	34	52,345,645	14,106,308
Loss after taxation		(185,524,695)	(130,733,292)
Loss per share - basic and diluted	35	(10.69)	(7.53)

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018 Restated
	Rupees	Rupees
Loss after taxation	**(185,524,695)**	(130,733,292)
Other comprehensive income	-	-
Impairment loss on operating fixed assets	**(118,209,321)**	-
Reversal of deferred tax liability related to surplus on revaluation	**34,280,703**	-
Derecognition of deferred tax liability on surplus on revaluation	**56,985,614**	
	(26,943,004)	-
Total comprehensive loss for the year	**(212,467,699)**	(130,733,292)

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

		Capital reserve		Reserves		
	Share capital	Share premium	Revaluation surplus	General reserve	Accumulated loss	Total
	(Rupees)					
Balance as at July 1, 2017 - as previously stated	173,523,290	15,400,000	919,840,064	460,000,000	(3,403,410,038)	(1,834,646,684)
Effect of recognition of mark-up under scheme of arrangement	-	-	-	-	(503,472,000)	(503,472,000)
Balance as at July 1, 2017 - as restated	173,523,290	15,400,000	919,840,064	460,000,000	(3,906,882,038)	(2,338,118,684)
Loss for the year- restated	-	-	-	-	(130,733,292)	(130,733,292)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	(9,811,898)	-	9,811,898	-
Balance as at June 30, 2018 -as restated	173,523,290	15,400,000	910,028,166	460,000,000	(4,027,803,432)	(2,468,851,976)
Loss for the year	-	-	-	-	(185,524,695)	(185,524,695)
Other comprehensive loss	-	-	(26,943,004)	-	-	(26,943,004)
	-	-	(26,943,004)	-	(185,524,695)	(212,467,699)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	(5,651,754)	-	5,651,754	-
Balance as at June 30, 2019	**173,523,290**	**15,400,000**	**877,433,408**	**460,000,000**	**(4,207,676,373)**	**(2,681,319,675)**

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Restated Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	36	**517,657**	11,396,189
Finance cost paid		**(3,166,822)**	(663,541)
Interest received		**23,349**	14,092
Income tax paid		**(4,381)**	(10,674)
Staff retirement benefits - gratuity paid		**(624,700)**	(2,913,011)
Net cash (used in) / from operating activities		**(3,254,897)**	7,823,055
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property palnt and equipment		**760,994**	1,542,602
Net cash from investing activities		**760,994**	1,542,602
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments)/receipts against:			
Loan from associates and other parties		**(411,690)**	(725,000)
Payable under scheme of arrangement		**-**	(11,254,337)
Net cash used in financing activities		**(411,690)**	(11,979,337)
Net decrease in cash and cash equivalents during the year		**(2,905,593)**	(2,613,680)
Cash and cash equivalents at beginning of the year		**6,820,362**	9,434,041
Cash and cash equivalents at end of the year	**15**	**3,914,769**	6,820,362

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive **Chief Financial Officer** **Director**

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 Company is principally engaged in progressive manufacture and sales of cotton yarn, garments and yarn dyeing.

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

Sr. #	Manufacturing units and offices	Address
1	Spinning unit-I	Plot - O/2 , Site Kotri, Sindh, Pakistan
2	Stitching unit-II	18 Km Riawind Road, Lahore, Pakistan.
3	Dyeing unit-IV	18 Km Riawind Road, Lahore, Pakistam
4	Home Textile unit-V	18 Km Riawind Road, Lahore, Pakistan.
5	Registered office	2nd Floor, Finlay House, I.I.Chundrigar Road, Karachi, Pakistan
6	Regional Office	2nd Floor, Garden Heights, 8-Aibak Block, New Garden Town,Lahore, Pakistan

1.2 Scheme of arrangement with secured creditors

The Company along with its restructuring agent - United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The said Scheme has been approved by the Board of the Company on March 03, 2019 and submitted to the Honorable High Court of Sindh on March 15, 2019 for approval. Under this Scheme, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of moveable and immovable items of property, plant and equipment ("charged assets") of the Company and payment of the proceeds thereof to the secured creditors as contemplated under this Scheme along with incidental ancillary matters, thereto.

The said Scheme has been agreed-upon by the majority of the secured creditors and shareholders of the Company as stipulated in the Act, in their respective meeting held on July 01, 2019. The Scheme has been filed before the Honorable High Court of Sindh for an order passed in this respect. On order of the Court, the Scheme would be binding on the Company, along with all the shareholders, creditors - secured or otherwise, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as follows:

a) Constitution of an Assets Sales Committee having such powers and undertaking such functions as stated in the Scheme;

b) Settlement and repayment of the existing liabilities pursuant to the sale of all moveable and immovable items of property, plant and equipment of the Company, by and under the supervision of the Asset Sale Committee, the proceeds from which are to be distributed inter se the secured creditors in accordance with the provisions of this Scheme;

c) Pooling of securities over the charged assets which are available with the secured creditors, to be shared amongst all the secured creditors on a pari passu basis in proportion to their share of the existing liabilities - principal portion (irrespective of charge), upon the release of the security interests over the charged assets for the purposes of consummating the sales thereof in the manner prescribed under the Scheme;

d) Release of the pledged stock, and sales thereof for the purposes specified under the Scheme;

e) Provision of the additional Security by the Company to form part of the Sale Assets ("charged assets plus additional security") which shall be sold in the manner detailed in the Scheme;

f) The withdrawal of all legal proceedings (refer to note 26.1), which shall be subject to sale of the Assets and pledged stocks and completion of all relevant formalities, in accordance with the provisions of this Scheme; and

This Scheme shall become binding, operative and effective as soon as an order is passed by the Court under Section 279 / 282 of the Act, sanctioning the Scheme and making any necessary provisions under Section 282 of the Act, or such other date as stipulated by the Court (the "Completion Date").

1.3 Summary of significant transactions and events affecting the Company's financial position and performance

- The Company along with its restructuring agent - United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") as described in note 1.2.
- Due to the Scheme described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate. (For detailed information please refer to note 2.2)
- There are no significant transaction and event affecting the Company's financials position and performance during the year, other then those stated above.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

Due to the Scheme described in noted 1.2 to these financial statements, the directors have determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate. Accordingly, the financial statements have been prepared on liquidation/break-up basis, following the intention of directors to settle the liabilities through proceeds of disposal of items of property, plant and equipment.

Impact of adopting the liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report.

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realizable value. Net realizable value is based on the proceeds receivable on disposal less liquidation costs as detailed in the accounting policies noted below. The liquidation value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognized in profit or loss or otherwise under the auspices of approved accounting standards.

Under the liquidation basis of accounting, all assets and liabilities are classified as current. In adopting the liquidation basis, the directors have continued to apply the disclosure requirements ofapproved accounting standards to the extent they are relevant to the liquidation basis, and have modified them where this is considered appropriate.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation and to the extent described below.

Comparative information has not been restated, and is measured and presented on a going concern basis.

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

Sr. #	Account head	Basis of measurement	Adjustment
1	Property, plant and equipment	Fair market value which approximates the net book value at the date of financial statements.	No adjustment has been made.
2	Disposal group under scheme of arrangement	Forced sale value as per revaluation carried In October 2018.	Impairment charged to surplus on revaluation and statement of profit or loss.
3	Long-term investments	On estimated fair value basis.	No adjustment has been made
4	Long-term deposits	Probability of recovery.	To statement of profit or loss.
5	Stores, spare parts and loose tools	On estimated market value basis.	To statement of profit or loss.
6	Stock-in-trade	On estimated market value basis.	
7	Trade debts	Realizable values based on probability of recovery.	To statement of profit or loss.
8	Loans and advances	Realizable values based on probability of recovery.	To statement of profit or loss.
9	Short-term investments	On market value basis.	No adjustment has been made
10	Other receivables	Realizable values based on probability of recovery.	To statement of profit or loss.
11	Bank balances	Undisputed/irrevocable balances.	To statement of profit or loss.
12	Subordinated loan	On expected settlement value.	No adjustment has been made
13	Surplus on revaluation of operating fixed assets	On net book value.	As per reporting framework.
14	Payable to banking companies under scheme of arrangement	As given in Scheme of Arragement agreed by majority of banking companies.	To statement of profit or loss.
15	Loan from associates and other parties	On expected settlement value.	No adjustment has been made
16	Staff retirement benefits - gratuity	On expected settlement value.	No adjustment has been made
17	Unclaimed divided	On expected settlement value.	No adjustment has been made
18	Deferred taxation	On liquidation basis.	Charged to surplus on revaluation and statement of profit or loss.
19	Trade and other payables	On expected settlement value.	To statement of profit or loss.
20	Accrued mark-up / interest	On expected settlement value.	To statement of profit or loss.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

2.4 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after July 01, 2018:

a) IFRS 9 'Financial Instruments'
b) IFRS 15 'Revenue from Contracts with Customers
c) IFRS 15 (Amendments), 'Revenue from Contracts with Customers
d) IAS 40 (Amendments), 'Investment Property'
e) IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
f) Annual Improvements to IFRSs: 2014 - 2016 Cycle

Most of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company