



**PARAMOUNT SPINNING
MILLS LIMITED**

ANNUAL REPORT 2020

PARAMOUNT SPINNING MILLS LIMITED

CONTENTS

COMPANY INFORMATION	04
CORPORATE VISION / MISSION STATEMENTS	05
NOTICE OF ANNUAL GENERAL MEETING	06
NOTICE OF ANNUAL GENERAL MEETING - URDU	07
CHAIRMAN REPORT	08
CHAIRMAN REPORT - URDU	09
DIRECTOR'S REPORT	10-13
DIRECTOR'S REPORT - URDU	14-19
STATEMENT OF COPLIANCE	20-21
REVIEW REPORT	22
AUDITORS' REPORT	23-28
BALANCE SHEET	29
PROFIT AND LOSS ACCOUNT	30
STATEMENT OF COMPREHENSIVE INCOME	31
CASH FLOW STATEMENT	32
STATEMENT OF CHANGES IN EQUITY	33
NOTES TO THE FINANCIAL STATEMENTS	34-62
KEY OPERATING AND FINANCIAL RESULTS	63
PATTERN OF SHARE HOLDINGS	64-66
JAMA PUNJI	67
FORM OF PROXY	68
FORM OF PROXY - URDU	69

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. Muhammad 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

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>

- [Home](#)

Paramount Spinning Mills Limited

CORPORATE VISION / MISSION STATEMENT



Vision:

We aim to re-built the Company.



Mission:

To become again a quality manufacturer of textile products.

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 **Saturday 30th October, 2021 at 01:30 p.m.**, to transact the following business:

9. To confirm the minutes of the last Annual General Meeting of the Company.
10. To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2020 together with Directors' and Auditors' Reports thereon.
11. To appoint auditors of the company for the next financial year 2020-2021 and fix their remuneration. The retiring Auditors M/s Malik Haroon Shahid Safdar & Co, Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the company.
12. To transact any other business with the permission of the Chairman.

By Order of the Board

Muhammad Ijaz
Company Secretary

Lahore:
October 09, 2021

NOTES:

- 9- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **23rd October, 2021 to 30th October, 2021 (both days inclusive).**
- 10- 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.
- 11- 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.
- 12- 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.

پیرامونٹ اسپیننگ ملز لمیٹڈ

سالانہ جنرل میٹنگ کا نوٹس۔

نوٹس اس طرح دیا گیا ہے کہ گلستان اسپیننگ ملز لمیٹڈ ("کمپنی") کی سالانہ جنرل میٹنگ دوسری منزل فنلے ہاؤس ، I.I میں منعقد ہوگی۔ چندریگر روڈ ، کراچی ہفتہ 30 اکتوبر ، 2021 کو دوپہر 01:30 بجے ، درج ذیل کاروبار کرنے کے لیے:

1. کمپنی کی آخری سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔
 2. 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ مالی بیانات کو وصول کرنے ، ان پر غور کرنے اور ان کو اپنانے کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ۔
 3. اگلے مالی سال 2020-2021 کے لیے کمپنی کے آڈیٹر مقرر کرنا اور ان کا معاوضہ طے کرنا۔
 - ریٹائر ہونے والے آڈیٹرز میسرز ملک ہارون شاہد صفدر اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس ، اہل ہونے کے باوجود ، کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کے لیے پیش ہوئے ہیں۔
 4. چیئرمین کی اجازت سے کسی دوسرے کاروبار کا لین دین کرنا۔
- بورڈ کے حکم سے۔

محمد اعجاز۔

لاہور: کمپنی سیکرٹری۔

09 اکتوبر 2021۔

نوٹس:

- 1- کمپنی کی شیئر ٹرانسفر بکس بند رہیں گی اور 23 اکتوبر 2021 سے 30 اکتوبر 2021 (دونوں دن شامل) کے رجسٹریشن کے لیے شیئرز کی کوئی منتقلی قبول نہیں کی جائے گی۔
- 2- عام اجلاس میں شرکت اور ووٹ دینے کا حقدار رکن کسی دوسرے ممبر کو تحریری طور پر اجلاس میں شرکت اور اپنی طرف سے ووٹ دینے کے لیے مقرر کر سکتا ہے۔ پراکسی کا مکمل طور پر مکمل شدہ فارم کمپنی کے ساتھ کمپنی کے رجسٹرڈ آفس میں جمع کروانا ضروری ہے جو کہ میٹنگ کے مقررہ وقت سے 48 گھنٹے پہلے نہیں۔
- 3- سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ شناخت کے لیے سہولت کے لیے میٹنگ کے وقت شرکت کنندہ آئی ڈی اور اپنا اکاؤنٹ نمبر کے ساتھ اپنا CNIC ساتھ لائیں۔ کارپوریٹ ادارے کے معاملے میں ، نامزد کے نمونے کے دستخط کے ساتھ ایک مصدقہ BOD ریزولوشن/درست پاور آف اٹارنی میٹنگ کے وقت پیش کی جائے گی۔
- 4- ممبران سے درخواست کی جاتی ہے کہ وہ فوری طور پر اپنے پتے (اگر کوئی ہو) ہمارے شیئرز رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ ، کراچی چیمبر ، حسرت موبانی روڈ ، کراچی کو مطلع کریں

CHAIRMAN REVIEW

It is my privilege to be serving as a chairman of Board of Directors of M/S Paramount Spinning Mills Limited (the "Company"). I would like to thank our esteemed shareholders for entrusting me for guiding directions of the company.

The Company is very hopeful that with restructuring and settlement of amounts, the pending issues with financial institutions will be resolved, the financial health of the Company will be improved which will enable the Company to focus on new profitable avenues. The Scheme of Arrangement under section 279 of the Companies Act 2017 has been duly sanctioned by the Honorable Sindh High Court at Karachi. The liability of the Company will be settled in terms of the Scheme of Arrangement. All pending litigations with banks will be withdrawn as per the Scheme of Arrangement.

ACKNOWLEDGEMENTS

The performance of our Board and the services render by the management and staff of the Company is appreciated.

A circular stamp of Paramount Spinning Mills Limited is visible, with the company name written around the perimeter. Overlaid on the stamp is a handwritten signature in dark ink, which appears to be 'Muhammad Akhtar Mirza'.

Muhammad Akhtar Mirza

Lahore :- Oct-05-2021

چیئر مین کا جائزہ

میسرز پیراماؤنٹ اسپننگ ملز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کے چیئرمین کی حیثیت سے خدمات انجام دینا میرا اعزاز ہے۔ میں اپنے معزز شیئر ہولڈرز کا شکریہ ادا کرنا چاہتا ہوں کہ انہوں نے کمپنی کی رہنمائی کے لیے مجھے سونپا۔

کمپنی بہت پر امید ہے کہ رقم کی تنظیم نو اور تصفیہ کے ساتھ مالیاتی اداروں کے زیر التوا مسائل حل ہو جائیں گے، کمپنی کی مالی صحت بہتر ہو جائے گی جس سے کمپنی نئے منافع بخش راستوں پر توجہ دے سکے گی۔ کمپنیز ایکٹ 2017 کے سیکشن 279 کے تحت بندوبست کی اسکیم کو معزز سندھ ہائی کورٹ کراچی نے باقاعدہ طور پر منظور کیا ہے۔ کمپنی کی ذمہ داری اسکیم آف آرینجمنٹ کے لحاظ سے طے کی جائے گی۔ انتظامات کی اسکیم کے مطابق بینکوں کے ساتھ تمام زیر التوا مقدمات واپس لے لیے جائیں گے۔

جانکاری۔

ہمارے بورڈ کی کارکردگی اور کمپنی کے انتظام اور عملے کی خدمات کو سراہا جاتا ہے۔

محمد اختر مرزا۔

لاہور: اکتوبر 2021-05



Paramount Spinning Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)

Tel: (92-42) 37175828

info@gulshan.com.pk

www.gulshan.com.pk

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, 2020 at the Annual General Meeting of Company.

The previous auditors of the company (Retiring Auditor) appointed for the financial year ending June 30, 2020 failed to comply with its statutory duties by not signing the financial statements for the year ending June 30, 2020. Accordingly, the SECP was informed immediately by the company and the company also approached ICAP for redressal of the grievance of the company. Furthermore, the BOD had also immediately upon receipt of the resignation of the Auditor convened the meeting of the BOD wherein, the BOD was pleased to appoint M/S Malik Haroon Shahid Safder and Co. Chartered Accountants as Auditors of the Company ("New Auditor") for the financial year ending June 30, 2020. Therefore, the sole reason for delay in finalization of accounts was on the part of the Retiring Auditor.

Overview

The litigation with financial institutions 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 already been sanctioned by the Hon'ble Sindh High Court at Karachi (the "Court"). The Scheme will be implemented in letter and spirit as sanctioned by the Court. As per the Scheme of Arrangement all the litigation will be withdrawn by the creditors of the Company.

Although the accounts are for the financial year ending June 30, 2020 however, the same are being prepared in 2021 due to the aforementioned reasons which were beyond the control of the company, therefore, the material transactions in these accounts have been reflected i.e. the assets of the company have been sold by the Asset Sale Committee constituted pursuant to the orders of the Sindh High Court at Karachi in terms of the Scheme of Arrangement.

Operating & Financial Performance

Operating indicators	2020	2019 Restated
	(Rupees)	(Rupees)
Sales	-	-
Cost of Sales	-	-
Financial cost	(16,152)	(140,517,490)
Pretax Profit/ (Loss)	(158,624,548)	(237,870,340)
Provision for taxation	-	52,345,645
Profit/(Loss) after taxation	(158,624,548)	(185,524,695)



Paramount Spinning Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)

Tel: (92-42) 37175828

info@gulshan.com.pk

www.gulshan.com.pk

Future Outlook

The Company is very hopeful that with restructuring and settlement of amounts, the pending issues with financial institutions will be resolved, the financial health of the Company will be improved which will enable the Company to focus on new profitable avenues.

Auditors' Observations

Company has 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.

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. However, it is relevant to mention here that in annexed financial statement, the amount of loan has been taken from the Scheme of Arrangement which was confirmed by the secured creditors and was submitted before the Court.

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. Muhammad Junaid	3
Mr. Muhammad Ashraf Khan	4
Mr. Muhammad Asif Akram	4
Mr. Abid Sattar	4
Mr. Muhammad Arif	4

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 Junaid	4
Mr. Abid Sattar	4
Mr. Muhammad Akhtar Mirza	4



Paramount Spinning Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)

Tel: (92-42) 37175828

info@gulshan.com.pk

www.gulshan.com.pk

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.
- 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, 2020 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, 2020 was Rs. (9.14) as compared to the previous year restated of Rs. (10.69).

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2020.

Code of Conduct

The code of conduct has been developed and has been communicated and acknowledged by each Director and Employee of the company.



Paramount Spinning Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)

Tel: (92-42) 37175828

info@gulshan.com.pk

www.gulshan.com.pk

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, there is trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children.

Statement on Value of Staff Retirement Benefit

As on June 30, 2020 deferred liability for gratuity is Rs.20,403,014/-

Auditors

Messrs Malik Haroon Shahid Safder & Co., Chartered Accountants being eligible have offered themselves for re-appointment. The Audit Committee has also recommended their appointment as External Auditors of the Company for the next financial year 2020-2021.


Pattern of Shareholding

The pattern of shareholding as at June 30, 2020 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 and to the shareholders who have accepted the Scheme of Arrangement in the meeting held pursuant to the orders of the Sindh High Court.

On behalf of the Board


Lahore October 05, 2021
MUHAMMAD AKHTAR MIRZA
CHAIRMAN


SOHAIL MAQSOOD
CHIEF EXECUTIVE



شینر ہولڈرز کو ڈائریکٹر کی رپورٹ۔

کمپنی کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لیے آڈیٹر کی رپورٹ اور آڈٹ شدہ مالیاتی بیانات کے ساتھ کمپنی کی سالانہ جنرل میٹنگ میں اپنی رپورٹ پیش کرنے پر خوش ہیں۔

30 جون 2020 کو ختم ہونے والے مالی سال کے لیے مقرر کردہ کمپنی کے سابقہ آڈیٹرز (ریٹائرنگ آڈیٹر) 30 جون 2020 کو ختم ہونے والے سال کے مالیاتی بیانات پر دستخط نہ کر کے اپنے قانونی فرائض کی تعمیل کرنے میں ناکام رہے۔ کمپنی اور کمپنی نے کمپنی کی شکایت کے ازالے کے لیے ICAP سے بھی رجوع کیا۔ مزید برآں، بی او ڈی نے آڈیٹر کے استعفیٰ کی وصولی کے فوراً بعد ہی بی او ڈی کا اجلاس طلب کیا جس میں بی او ڈی نے میسرز ملک ہارون شاہد صفدر اور کمپنی چارٹرڈ اکاؤنٹنٹس کو کمپنی کا آڈیٹر مقرر کیا ("نیا آڈیٹر 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے۔

جائزہ

مالیاتی اداروں کے ساتھ قانونی چارہ جوئی نے کمپنی کو مجبور کیا کہ وہ اپنے قرضوں کی ذمہ داریوں کی ازسرنو تشکیل شروع کرے جو اپنے قرض دہندگان کے ساتھ اپنے وعدوں کو پورا کرنے کے لیے مفاہمت سے مشروط ہے۔ کمپنی نے اہم قرض دینے والے مالیاتی اداروں کی مدد سے قرضوں کی تنظیم نو کا عمل شروع کیا ہے۔ اس سلسلے میں کمپنیز ایکٹ 2017 (سکیم آف ارینجمنٹ) کے سیکشن 279 سے 283 اور 285 کے تحت بندوبست کی ایک اسکیم معزز سندھ ہائی کورٹ کراچی ("کورٹ") کی جانب سے پہلے ہی منظور ہو چکی ہے۔ اس سکیم کو عدالت کے منظور کردہ حرف اور روح کے مطابق نافذ کیا جائے گا۔ اہتمام کی اسکیم کے مطابق کمپنی کے قرض دہندگان تمام قانونی چارہ جوئی واپس لے لیں گے۔

اگرچہ اکاؤنٹس 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے ہیں، تاہم یہ 2021 میں مذکورہ بالا وجوہات کی بناء پر تیار کیے جا رہے ہیں جو کہ کمپنی کے کنٹرول سے باہر تھے، اس لیے ان اکاؤنٹس میں مادی لین دین کو ظاہر کیا گیا ہے یعنی اثاثے کراچی میں سندھ ہائی کورٹ کے احکامات کے مطابق تشکیل دی گئی اثاثہ فروخت کمیٹی نے کمپنی کو فروخت کیا ہے۔

آپریٹنگ اور مالی کارکردگی

آپریٹنگ انڈیکٹرز	2020	2019 Restated
	(Rupees)	(Rupees)
Sales	-	-
Cost of Sales	-	-
Financial cost	(16,152)	(140,517,490)
Pretax Profit/ (Loss)	(158,624,548)	(237,870,340)
Provision for taxation	-	52,345,645
Profit/(Loss) after taxation	(158,624,548)	(185,524,695)

مستقبل کا آؤٹ لک۔

کمپنی بہت پر امید ہے کہ رقم کی تنظیم نو اور تصفیہ کے ساتھ مالیاتی اداروں کے زیر التوا مسائل حل ہو جائیں گے ، کمپنی کی مالی صحت بہتر ہو جائے گی جس سے کمپنی نئے منافع بخش راستوں پر توجہ آڈیٹرز کے مشاہدات

کمپنی نے اسکیم آف اریجنمنٹ میں تمام بینکوں / مالیاتی اداروں کی تصدیق شدہ رقم کے مطابق ضم شدہ مالیاتی بیان میں مارک اپ کی رقم مکمل طور پر فراہم کی ہے۔ آڈیٹر اپنی ریزرویشن کو صرف یہ ظاہر کرتا ہے کہ انہیں اپنے معمول کے آڈٹ طریقہ کار کے مطابق بینکوں سے براہ راست تصدیق نہیں ملی ہے۔ تاہم ، یہاں یہ ذکر کرنا متعلقہ ہے کہ منسلک مالی بیان میں ، قرض کی رقم اسکیم آف اریجنمنٹ سے لی گئی ہے جس کی تصدیق محفوظ قرض دہندگان نے کی تھی اور اسے عدالت میں پیش کیا گیا تھا۔

کارپوریٹ گورننس۔

کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قواعد و ضوابط کی تعمیل کرتی رہی ہے اور مزید سخت چیک اور بیلنس کے ساتھ بہتر داخلی کنٹرول پالیسیاں نافذ کی ہیں۔

بورڈ کے اجلاس اور حاضری۔

بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی طرف سے اس کی حاضری مندرجہ ذیل ہے۔

ڈائریکٹر کا نام اجلاس میں شرکت کی تعداد

جناب محمد اختر مرزا 4۔

جناب سہیل مقصود 4۔

جناب محمد جنید 3۔

جناب محمد اشرف خان 4۔

جناب محمد آصف اکرم 4۔

جناب عابد ستار 4۔

جناب محمد عارف 4۔

غیر حاضری کی چھٹیاں ان ممبران کو دی گئیں جو اجلاسوں میں شرکت نہیں کر سکتے تھے۔

حساب کتاب کا گروہ یا لوگ

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے ایک آڈٹ کمیٹی قائم کی ہے۔ آڈٹ کمیٹی کے چار (4) اجلاس ہوئے اور ہر ممبر کی طرف سے اس کی حاضری مندرجہ ذیل ہے۔

جناب محمد جنید 4۔

جناب عابد ستار 4۔

جناب محمد اختر مرزا 4۔

HR اور معاوضہ کمیٹی

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں HR & اجرت کمیٹی بھی قائم کی ہے۔ اس کے ارکان کے نام کمپنی کی معلومات میں دیے گئے ہیں۔

اندرونی آڈٹ فنکشن

بورڈ نے ایک مستحکم اور موثر داخلی کنٹرول سسٹم نافذ کیا ہے جس میں آپریشنل ، مالیاتی اور کمپلائنس کنٹرول شامل ہیں تاکہ کمپنی کے کاروبار کو ایک کنٹرول شدہ

ماحول میں کمپنی کے بنیادی مقاصد کو پورا کرنے کے لیے موثر انداز میں چلایا جا سکے۔

اندرونی آڈٹ کے نتائج کا آڈٹ کمیٹی جائزہ لیتی ہے ، جہاں ضروری ہو اندرونی آڈٹ رپورٹوں میں شامل سفارشات کی بنیاد پر کارروائی کی جاتی ہے۔
کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک
جیسا کہ کارپوریٹ گورننس کے کوڈ کی ضرورت ہے ، ڈائریکٹرز یہ اطلاع دیتے ہوئے خوش ہیں کہ:

of کمپنی کے مینجمنٹ کی طرف سے تیار کردہ مالی بیانات اس کے معاملات کی صحیح حالت ، اس کے آپریشن کے نتائج ، نقد بہاؤ اور ایکونٹی میں تبدیلیاں پیش کرتے ہیں۔
the کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔
account مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔
• بین الاقوامی اکاؤنٹنگ معیارات ، جیسا کہ پاکستان میں لاگو ہوتا ہے ، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

internal اندرونی کنٹرول کا نظام درست ہے اور اسے موثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔

corporate کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی جیسا کہ اسٹاک ایکسچینج کے لسٹنگ کے ضوابط میں تفصیل سے بیان کیا گیا ہے۔
six پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

taxes ٹیکسوں ، ڈیوٹیوں ، لیویز اور چارجز کی وجہ سے کوئی قانونی ادائیگی نہیں ہے جو 30 جون 2020 کو بقایا ہیں سوائے ان کے جو مالی بیانات میں ظاہر کیے گئے ہیں۔
آپ کی کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے مالی سال کے اختتام کے درمیان نہیں ہوئے ہیں جس سے اس بیلنس شیٹ کا تعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ ، سوائے اس کے کہ مالی بیانات میں انکشاف کیا گیا ہو۔
فی شیئر آمدنی/نقصان۔

30 جون 2020 کو ختم ہونے والی مدت کے لیے کمپنی کا فی حصص منافع / (نقصان) روپے تھا۔ (9.14) پچھلے سال کے مقابلے میں روپے کی بحالی (10.69)۔
منافع

مذکورہ بالا حالات کی وجہ سے ، بورڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لیے منافع کی سفارش نہیں کرتے ہیں۔
ضابطہ اخلاق

ضابطہ اخلاق تیار کیا گیا ہے اور کمپنی کے ہر ڈائریکٹر اور ملازم کی طرف سے اسے مطلع اور تسلیم کیا گیا ہے۔
کارپوریٹ سماجی ذمہ داری
کمپنی ذمہ دار کارپوریٹ شہری ہے اور کمیونٹی ، ملازمین اور ماحول کے حوالے سے اپنی ذمہ داری کو پوری طرح تسلیم کرتی ہے۔

ویب کی موجودگی۔
کمپنی کے سالانہ اور متواتر مالی بیانات کمپنی کی ویب سائٹ www.gulshan.com.pk پر شیئر ہولڈرز اور دیگر کی معلومات کے لیے بھی دستیاب ہیں۔

متعلقہ پارٹی لین دین
متعلقہ فریقوں کے درمیان لین دین آرمز کی لمبائی کی قیمتوں پر کیا گیا جس کا تعین "موازنہ شدہ بے قابو قیمت کے طریقہ کار" کے مطابق کیا گیا۔ کمپنی نے پاکستان میں سٹاک ایکسچینج کی فہرست سازی کے ضوابط میں موجود ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل تعمیل کی ہے۔

کمپنی کے حصص میں تجارت۔
زیر نظر سال کے دوران ، ڈائریکٹرز ، چیف ایگزیکٹو آفیسر ، چیف فنانشل آفیسر ، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں تجارت ہوتی ہے۔

سٹاف ریٹائرمنٹ بینیفٹ کی قیمت پر بیان۔
30 جون ، 2020 تک گریجویٹی کے لیے موخر ذمہ داری 403,014/- ہے

آڈیٹرز۔

میسرز ملک ہارون شاہد صفدر اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس اہل ہونے کے باوجود خود کو دوبارہ تقرری کے لیے پیش کر چکے ہیں۔ آڈٹ کمیٹی نے اگلے مالی سال 2020-2021 کے لیے کمپنی کے بیرونی آڈیٹر کے طور پر ان کی تقرری کی بھی سفارش کی ہے۔

شیئر ہولڈنگ کا نمونہ۔

30 جون 2020 کو شیئر ہولڈنگ کا نمونہ بشمول کوڈ آف کارپوریٹ آف گورننس کی معلومات کو ضم کیا گیا ہے۔

اعتراف

بورڈ ملازمین ، مینجمنٹ ٹیم کے اراکین کی کاوشوں ، عزم اور محنت کے لیے اور سندھ ہائی کورٹ کے احکامات کے مطابق منعقدہ میٹنگ میں ان شیئر ہولڈرز کے لیے ریکارڈ کی تعریف کرنا چاہتا ہے جنہوں نے اسکیم آف آرینجمنٹ کو قبول کیا ہے۔ بورڈ کی جانب سے۔

لاہور اکتوبر 05 ، 2021۔

محمد اختر مرزا سہیل مقصود۔

چیرمین چیف ایگزیکٹو



Paramount Spinning Mills Limited

1st Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore, Pakistan.
UAN: +92-42-111-200-000, Tel: +92-42-35941819-23 Fax: +92-42-35941737-38
E-mail: info@gulistanigroup.com.pk, G.N. Comtext: A21PK002



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

Year Ended

June30, 2020

The company has complied with the requirements of listed Companies (Code of Corporate Governance) Regulation-2019 (the regulations) in the following manner

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

Category	Names
Independent Director	Mr. Muhammad Junaid , Muhammad Asif Akram
Executive Directors	Mr. Sohail Maqsood , Mr. Muhammad Ashraf Khan
Non-Executive Directors	Mr. Muhammad Akhtar Mirza , Mr. Abid Sattar, Mr. Muhammad Arif , Mr. Muhammad Junaid , Muhammad Asif Akram

2. The directors have confirmed that none of them is serving as a director in more than Seven listed companies, including this Company.
3. None of the directors have 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. No Casual vacancies occur in the Board during the period under review.
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.



Paramount Spinning Mills Limited

1st Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore, Pakistan.
UAN: +92-42-111-200-000, Tel: +92-42-35941819-23 Fax: +92-42-35941737-38
E-mail: info@gulistangroup.com.pk, G.N. Comtext: A21PK002



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

A) Audit Committee

Mr.Muhammad Junaid	Chairman
Mr.Abid Sattar	Member
Mr.Muhammad Akhtar Mirza	Member

B) HR & Remueration Committee

Mr.Muhammad Asif Akram	Chairman
Mr.Abid Sattar	Member
Mr.Muhammad Akhtar Mirza	Member

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

14. 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.

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 Company will appoint female director as per CCG regulation-2019 within the due course of time and will conduct directors training programe before June 30, 2022.

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

19. 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.

20. 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.

21. We confirm that all requirements of the regulations 3, 6, 8, 27, 32, 33 and 36 of the regulations have been complied with.

On behalf of the board of Directors


Chief Executive Officer




Chairman

Lahore -----

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uccsglobal.org

Independent Auditor's Review Report To the Members of "Paramount Spinning Mills Limited"

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Paramount Spinning Mills Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

We draw attention to paragraph 17 of the statement of compliance, which states that the Company will appoint the female director as per CCG regulation-2019 within the due course. Our conclusion is not modified in respect of this matter.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.



Lahore
October 05, 2021

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



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



+92 42 357 72394-7



info@mhssco.com
www.mhssco.com



Independent Affiliated of

UC&CS AMERICA

www.uccs-america.org

Accounting Legal and Business Advisors

A Strategic Alliance

New York Mexico



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

Islamabad Office: Office # 8 3rd Floor, Al Rehmat Mall, G I I Markaz, Islamabad

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

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uccsglobal.org

INDEPENDENT AUDITOR'S REPORT

to the Members of Paramount Spinning Mills Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Paramount Spinning Mills Limited (the Company), which comprise the statement of financial position as of June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as applicable in Pakistan.

Basis for Qualified Opinion

1. We were unable to satisfy ourselves regarding the existence and valuation of property, plant, and equipment having carrying values as of June 30, 2020, and 2019 amounting to Rs. 7.501 million and Rs. 8.451 million respectively.
2. We have not received confirmations from banks and financial institutions. Accordingly, we are unable to verify bank balances aggregating to Rs. 4.196 million (2019: Rs. 3.949 million).
3. We were unable to satisfy ourselves regarding balances payable in respect of post-employment benefits payables and unclaimed dividends amounting to Rs. 4.064 million (2019: 4.064 million) and Rs. 1.119 million (2019: 1.119 million), respectively.
4. Refer to note 20.2, which describes the reason for the non-recognition of mark up on bank liabilities. We, however, don't concur with management's viewpoint.
5. Since the opening balances affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 2019 in respect of the above matters. Our audit opinion on the opening balances as described in the above paragraphs is also modified accordingly.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MHSS & CO



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



+92 42 357 72394-7



info@mhssco.com
www.mhssco.com



Independent Affiliated of
UC&CS AMERICA
www.uccs-america.org
Accounting Legal and Business Advisors
A Strategic Alliance
New York Mexico



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

Islamabad Office: Office # 8 3rd Floor, Al Rehmat Mall, G I I Markaz, Islamabad

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

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uccsglobal.org

Emphasis of Matter

We draw attention to notes 1.2 and 2.2 of the financial statements, which state that the Company along with its restructuring agent – United Bank Limited, and the majority of the leading financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") and the directors have determined that the going concern basis of preparation is no longer appropriate. Accordingly, the financial statements have been prepared on break-up value basis. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No	Matter	How the matter was addressed in our audit
1.	Stock in trade	
	Refer to in note 7 to the financial statements, the Company has stock in trade amounting to Rs. 105.859 million. We identified this area as a key audit matter because the stock in trade constitutes 7.4% of the total assets of the Company as of June 30, 2020, and determining an appropriate value and provision for slow-moving inventories involves management judgment and estimation.	Our audit procedures in respect of this area included: <ul style="list-style-type: none">• Read the stock sale agreement and verified the sale proceeds from related documents.• Assured that reversal of previously charge write down in the value of the stock is made in accordance with guidelines of financial reporting standards.• We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable reporting standards.
2.	Valuation of disposal group under the scheme of arrangement	
	Refer to in note 12 to the accompanying financial statements, the directors have decided to settle the Company's liabilities to secured creditors through the sale of items of property, plant, and equipment under the scheme of arrangement. We identified this area as a key audit matter because the disposal group under the scheme of arrangement constitutes 90% of the total assets of the Company as of June 30, 2020, and determining an appropriate carrying	Our audit procedures, amongst others, included the following: <ul style="list-style-type: none">• Inquired and discussed with management to develop an understanding of management for classification of items of property, plant, and equipment as disposal group under the scheme of arrangement;• Read minutes of the meeting of the board of directors for the approval of items of property, plant, and

MHSS & CO



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



+92 42 357 72394-7



info@mhssco.com
www.mhssco.com



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

Islamabad Office: Office # 8 3rd Floor, Al Rehmat Mall, G I I Markaz, Islamabad

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



Independent Affiliated of

UC&CS AMERICA

www.uccs-america.org

Accounting Legal and Business Advisors

A Strategic Alliance

New York Mexico

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uccsglobal.org

	value as a result of impairment involves management judgment and estimation.	<p>equipment as disposal group under the scheme of arrangement;</p> <ul style="list-style-type: none"> • Obtained copy of the scheme of the arrangement, duly signed by a majority of secured creditors (banking companies) to establish a complete understanding of the Scheme; • Check that the valuer is registered on penal of state bank of Pakistan. • Read the sale agreement of the disposal agreement to ensure that the realizable value with respect to the disposal group does not lower than the recorded value.
3.	Tax refund due from Government	
	<p>Refer to note 10 to the financial statements</p> <p>The Company has a significant balance of sales tax refundable comprising sales tax refunds, which have been outstanding for many years.</p> <p>We identified the recoverability of sales tax amount as a key audit matter as it involves significant management judgment in determining the recoverable amount, timing, and involvement of fiscal laws.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained the copy of the sales tax return for June 2020 to verify refundable amount; • Checked the relevant provisions of the Sales Tax Act, 1990 to establish the amount, timing, and other matters incidental to the refundability of the sales tax.
4.	Contingencies and commitments	
	<p>Refer to note 21 to the financial statements;</p> <p>The Company has significant litigations in respect of claims lodged by various banks regarding loan facilities.</p> <p>Given the nature and amount involved in such cases and the appellate forums at which these are pending and the non-receipt of confirmation from a legal advisor, the outcome and resultant accounting in financial statements are subject to significant judgment, which can change over time as new fact emerged and each legal case progresses, and therefore, we have identified this as key matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Read the scheme of arrangement and ensure that all the litigation as mentioned in the scheme and approved by the banks are properly disclosed in the financial statements. • Read the minutes of the meeting and evaluate whether the provision of the scheme regarding the withdrawal of the filed litigations is still appropriate.

MHSS & CO



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



+92 42 357 72394-7



info@mhssco.com
www.mhssco.com



Independent Affiliated of
UC&CS AMERICA
www.uccs-america.org
Accounting Legal and Business Advisors
A Strategic Alliance
New York Mexico



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

Islamabad Office: Office # 8 3rd Floor, Al Rehmat Mall, G I I Markaz, Islamabad

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

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uccsglobal.org

5.	Payable to banking companies under the scheme of arrangement and accrued mark up.	
	Refer to note 20 to the financial statements; We identified payable to banking companies under the scheme of arrangement as a key matter as it constitutes 83% of total liabilities and involves multiple litigations.	Our audit procedures include the following; <ul style="list-style-type: none">• Discuss the matter with management and understand the matter.• Collaborate the figures with the amounts disclosed in the scheme of arrangement as approved by the representatives of the creditors.• Read the scheme to ensure that no further liability in respect of this balance is expected to arise.

Information Other than the Financial Statements and Auditor's Report thereon;

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

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

MHSS & CO



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



+92 42 357 72394-7



info@mhssco.com
www.mhssco.com



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

Islamabad Office: Office # 8 3rd Floor, Al Rehmat Mall, G II Markaz, Islamabad

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



Independent Affiliated of
UC&CS AMERICA
www.uccs-america.org
Accounting Legal and Business Advisors
A Strategic Alliance
New York Mexico

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

MHSS & CO



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



+92 42 357 72394-7



info@mhssco.com
www.mhssco.com



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

Islamabad Office: Office # 8 3rd Floor, Al Rehmat Mall, G I I Markaz, Islamabad

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



Independent Affiliated of

UC&CS AMERICA

www.uccs-america.org

Accounting Legal and Business Advisors

A Strategic Alliance

New York Mexico

MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uccsglobal.org

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Usher ordinance, 1980 (XVIII 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2019, were audited by another firm of chartered accountants, who had expressed an adverse opinion thereon through their Report dated October 03, 2019.

The engagement partner on the audit resulting in this independent auditor's report is *Malik Haroon Ahmad, FCA*.



Lahore
August 05, 2021

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



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



+92 42 357 72394-7



info@mhssco.com
www.mhssco.com



Independent Affiliated of

UC&CS AMÉRICA

www.uccs-america.org

Accounting Legal and Business Advisors

A Strategic Alliance
New York Mexico



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

Islamabad Office: Office # 8 3rd Floor, Al Rehmat Mall, G I I Markaz, Islamabad

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

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Property, plant and equipment	5	7,500,915	8,451,021
Investments in associated companies	6	-	-
Stock-in-trade	7	105,859,093	66,021,649
Trade debtors	8	-	-
Short-term investments	9	-	-
Tax refund due from Government	10	16,259,162	15,812,505
Cash and bank balances	11	4,753,931	3,914,769
Disposal group under scheme of arrangement	12	1,290,000,000	1,478,832,219
TOTAL ASSETS		1,424,373,101	1,573,032,163
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	173,523,290	173,523,290
Reserves	14	475,400,000	475,400,000
Surplus on revaluation of property, plant and equipment	15	877,433,408	877,433,408
Accumulated losses		(4,366,300,921)	(4,207,676,373)
Sub-ordinated loan	16	175,000,000	175,000,000
Total equity		(2,664,944,223)	(2,506,319,675)
LIABILITIES			
Loan from associates and others	17	586,679,851	587,380,852
Post employment benefits payables	18	20,403,014	21,436,703
Trade and other payables	19	108,117,623	96,417,447
Unclaimed dividend		1,118,836	1,118,836
Payable to banking companies under scheme of arrangement	20	3,372,998,000	3,372,998,000
		4,089,317,324	4,079,351,838
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		1,424,373,101	1,573,032,163

The annexed notes from 1 to 38 form an integral part of the financial statements

MAHSS & CO

Satish N
Chief Executive

[Signature]
Chief Financial Officer

M. A. Khan
Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Operating cost	22	-	(25,108,082)
Administrative expenses	23	(6,912,328)	(5,546,915)
Other expenses	24	(201,051,104)	(138,917,583)
Other income	25	49,355,036	72,219,730
		(158,608,396)	(97,352,850)
Loss from operations		(158,608,396)	(97,352,850)
Finance cost	26	(16,152)	(140,517,490)
Loss before taxation		(158,624,548)	(237,870,340)
Taxation	27	-	52,345,645
Loss after taxation		(158,624,548)	(185,524,695)
Loss per share - basic and diluted	28	(9.14)	(10.69)

The annexed notes from 1 to 38 form an integral part of the financial statements

MAHSE & CO

Sahil M
Chief Executive

O. Oler
Chief Financial Officer

M. A. Khan
Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Loss after taxation		(158,624,548)	(185,524,695)
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		(158,624,548)	(212,467,699)

The annexed notes from 1 to 38 form an integral part of the financial statements

MHS & CO

S. J. N.
 Chief Executive

A. Olau
 Chief Financial Officer

M. A. Khan
 Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Share premium	General Reserves General reserve	Accumulated losses	Capital reserve Revaluation surplus	Sub - ordained loan from directors	Total
	Rupees						
Balance as at July 1, 2018	173,523,290	15,400,000	460,000,000	(4,027,803,432)	910,028,166	175,000,000	(2,293,851,976)
Loss for the year	-	-	-	(185,524,695)	-	-	(185,524,695)
Other comprehensive loss	-	-	-	-	(26,943,004)	-	(26,943,004)
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	460,000,000	(4,207,676,373)	877,433,408	175,000,000	(2,506,319,675)
Balance as at July 01, 2019	173,523,290	15,400,000	460,000,000	(4,207,676,373)	877,433,408	175,000,000	(2,506,319,675)
for the year	-	-	-	(158,624,548)	-	-	(158,624,548)
Otner comprehensive loss	-	-	-	-	-	-	-
	-	-	-	(158,624,548)	-	-	(158,624,548)
Surplus on revaluation of							-
operating fixed assets realised							
on account of incremental							
depreciation for the year	-	-	-	-	-		-
Balance as at June 30, 2020	173,523,290	15,400,000	460,000,000	(4,366,300,921)	877,433,408	175,000,000	(2,664,944,223)

The annexed notes from 1 to 38 form an integral part of the financial statements

Schmidt, M
Chief Executive


Chief Financial Officer

— M. A. Jahan
Director

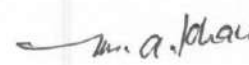
PARAMOUNT SPINNING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	2,684,171	517,657
Finance cost paid		(16,152)	(3,166,822)
Interest received		23,666	23,349
Income tax paid		(117,833)	(4,381)
Staff retirement benefits - gratuity paid		(1,033,689)	(624,700)
Net cash flows from operating activities		1,540,163	(3,254,897)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt on sale of non-current assets classified as held for sale		-	760,994
Net cash flows from investing activities		-	760,994
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loan from associates and other parties		(701,001)	(411,690)
Net cash used in financing activities		(701,001)	(411,690)
Net increase / (decrease) in cash and cash equivalents during the year		839,162	(2,905,593)
Cash and cash equivalents at the beginning of year		3,914,769	6,820,362
Cash and cash equivalents at the end of year	11	4,753,931	3,914,769

The annexed notes from 1 to 38 form an integral part of the financial statements


Chief Executive


Chief Financial Officer


Director

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Notes

1 LEGAL STATUS AND NATURE OF BUSINESS

- 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 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.

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

Manufacturing units and offices	Address
Spinning unit - I	Plot - O/2, Site Kotri, Sindh, Pakistan.
Stitching unit - II	18 Km Riawind Road, Lahore, Pakistan.
Dyeing unit - IV	18 Km Riawind Road, Lahore, Pakistan.
Home textile unit - V	18 Km Riawind Road, Lahore, Pakistan.
Registered office	2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi, Pakistan.
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" dated March 13, 2019 under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The Scheme of Arrangement has been sanctioned by the Hon'ble High Court of Sindh at Karachi vide order dated October 25, 2019, passed in J. C. M. Petition No. 5 of 2019. The Scheme of Arrangement, after its sanction by the Court becomes binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. Under the Scheme of Arrangement, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of moveable and immovable charged assets of the Company and payment of the proceeds thereof shall be paid to the secured creditors as contemplated under this Scheme of arrangement. All the pending litigation shall be withdrawn in terms of the Scheme of Arrangement.

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

There are no significant transaction and event affecting the Company's financials position and performance during the year, other then those which are disclosed in notes to the financial statements.

1.4 Impact of covid-19 on the financial statements

As the Company's business operations are suspended the management of the Company believes that there would be no significant impact of COVID - 19 that will adversely affect its businesses, results of operations and financial condition in future period.

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.

1455 & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Notes

2.2 Basis of measurement

Due to the Scheme described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate. Accordingly, the financial statements have been prepared on net realizable value basis, under the "Guideline on the basis of preparation of financial statements for companies that are not considered going concern" issued by Institute of Chartered Accountants of Pakistan (ICAP).

2.3 Impact of adopting the net realizable value basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report.

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

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

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

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

Sr. #	Account head	Basis of measurement
1	Property, plant and equipment	Fair market value which approximate the net book value at reporting date.
2	Investments in associated companies	Estimated fair value
3	Stock-in-trade	Net realizable value
4	Trade debtors	Realizable value based on probability of recovery
5	Short-term investments	Estimated fair value
6	Tax refund due form Government	Realizable value based on probability of recovery
7	Bank balances	Undisputed / irrevocable balances
8	Disposal group under scheme of arrangement	Forced sale value
9	Subordinated loan	On expected settlement value
10	Surplus on revaluation of operating fixed asset	On net book value
11	Loan from associates and others	On expected settlement value
12	Post employment benefits payables	On expected settlement value
13	Trade and other payables	On expected settlement value
14	Accrued mark-up / interest	On expected settlement value
15	Unclaimed dividend	On expected settlement value
16	Payable to banking companies under scheme of arrangements	On expected settlement value as given in scheme of arrangement

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.

14155 & 00

Notes

3 STANDARDS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

3.1 New standards, amendments and improvements effective during the year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except the following:

Leases - IFRS 16

IFRS 16 primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors has not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Company recognizes right of use assets and lease liabilities for leases - i.e. these leases are now disclosed in the Statement of Financial Position.

3.2 Standards, amendments and improvements to approved accounting standards that are not yet effective

The following new standards and amendments to approved accounting standards are not yet effective for the financial year beginning on July 1, 2019 and have not been early adopted by the Company:

IAS 1 & 8 - Definition of material

Effective date: January 1, 2020

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are intended to make the definition of material in IAS-1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

IAS 1 - Presentation of Financial Statements

Effective date: January 1, 2020

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

11/15/2020

Notes

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied over previous years before preparing financial statements on net realizable value basis are;

4.1 Property, plant and equipment - owned

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land which is measured at revalued amount less accumulated impairment losses, buildings, plant and machinery, power house, electric installation, factory equipment and air conditioner and which are measured at revalued amount less accumulated depreciation and accumulated impairment losses.

Capital work-in-progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

Cost of items of property, plant and equipment comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the company and the cost of renewal or improvement can be measured reliably. The cost of day to day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit and loss, in which case the surplus is credited to profit and loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit and loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item.

On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable surplus net of deferred tax, if any, remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit every year.

Depreciation on all items of property, plant and equipment except for freehold land is charged to profit and loss applying the reducing balance method over the useful life of each item at the rates specified in the respective note. Depreciation on additions is charged from the day on which the asset is available for use, while on disposals depreciation is charged up to the date of disposal or when the item is classified as held for disposal.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is recognized in profit and loss in the year in which the asset is derecognized.

MAHSE & CO

Notes

4.2 Right of use asset

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on reducing balance method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right to use assets equal to the present value of lease payments.

4.3 Assets classified as disposal group

Assets held for disposal are classified as disposal group if there carrying amounts will be recovered principally through a sale/ disposal rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less cost to sell. Property and equipment and intangibles assets once classified as held for sale / disposal are not depreciated or amortized.

4.4 Investments in equity instruments of associated companies

Investments in associated companies are accounted for by using equity basis of accounting, under which the investments in associated companies are initially recognized at cost and the carrying amounts are increased or decreased to recognize the Company's share of profit or loss of the associated companies after the date of acquisition. The Company's share of profit or loss of the associated companies is recognized in the Company's profit or loss. Distributions received from the associated companies reduce the carrying amounts of investments.

Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associated companies arising from changes in the associated companies' equity that have not been recognized in the associated companies' profit or loss. The Company's share of those changes is recognized directly in equity of the Company. Where Company's share of losses of associated companies equals or exceeds its interest in the associates, the Company discontinues recognizing its share of further losses except to the extent that Company has incurred legal or constructive obligation or has made payment on behalf of the associates. If the associates subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profit equals the share of losses not recognized.

4.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realizable value. Cost is determined by moving average method less provision for obsolescence. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Notes

4.6 Stock-in-trade

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

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale. Cost of raw materials, packing materials and components represent invoice values plus other charges paid thereon.

Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads.

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

4.7 Trade debts and other receivables

Trade debts are initially recognized 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.

4.8 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.

4.9 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.

4.10 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme covering for all its permanent employees who have completed the minimum qualification period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. Expense comprising of current service cost and interest cost is recorded in profit and loss account, whereas any re-measurements due to actuarial assumptions are charged to other comprehensive income as and when they arise.

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.

MAHSS & CO

Notes

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 taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

Deferred

Deferred tax is recognized 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 recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized 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 realized 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 recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

4.14 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 off-set and the net amount is reported in the balance sheet when there is a legally enforceable right to off-set the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

4.16 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 recognized in the profit and loss account and in case revalued assets are tested for impairment, then impairment loss up to the extent of revaluation surplus shall be recognized in revaluation surplus and remaining loss, if any shall be recognized in profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

Notes

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 recognized in the profit or loss account.

4.18 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis;

- Local sales are 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 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Act, 2017 (comparable uncontrolled price method) with the exception of loan taken from related parties which is interest / mark-up free.

4.22 Dividend and appropriation to reserves

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

4.23 Significant accounting estimates and judgments

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

- (i) Estimate of useful lives, residual values of property, plant and equipment and recoverable values to account for impairment loss. (note 4.1)
- (ii) Net realizable values of stores, spares and loose tools and stock-in-trade. (note 4.5 & 4.6)
- (iii) Provision for impairment of trade debts. (note 4.7)
- (iv) Provision for staff retirement benefit - gratuity. (note 4.10)
- (v) Provision for taxation. (note 4.12)

NAHSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

Particulars	2020										Right of use asset				Total
	Lease hold land	Buildings on lease hold land	Free hold land	Buildings on free hold land	Plant and machinery	Electric Equipment	Mill Equipment	Vehicles	Furniture and fixtures	Office Equipment	Plant and machinery	Vehicles	Electric Equipment		
As at July 01, 2019															
Opening net book value	-	-	-	-	-	-	-	695,006	3,461,803	3,939,538	-	354,674	-	8,451,021	
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation charge	-	-	-	-	-	-	-	(139,037)	(346,180)	(393,954)	-	(70,935)	-	(950,106)	
Closing net book value June 30, 2020	-	-	-	-	-	-	-	555,969	3,115,623	3,545,584	-	283,739	-	7,500,915	
Revaluation /Cost	93,150,000	411,289,609	393,970,000	211,055,709	1,077,928,511	79,477,601	57,434,808	1,481,922	14,515,863	17,850,215	152,068,741	16,777,350	2,578,186	2,529,578,515	
Less: accumulated depreciation	(9,114,787)	(97,909,520)	-	(32,724,921)	(634,897,529)	(46,397,972)	(33,833,168)	(925,953)	(11,400,240)	(14,304,631)	(24,094,493)	(16,493,611)	(718,891)	(922,815,716)	
Impairment	-	(78,173,812)	-	-	(29,736,760)	(2,220,344)	(1,584,170)	-	-	-	(8,589,782)	-	(124,797)	(120,429,665)	
classified as held for sale	(84,035,213)	(235,206,277)	(393,970,000)	(178,330,788)	(413,294,222)	(30,859,285)	(22,017,470)	-	-	-	(119,384,466)	-	(1,734,498)	(1,478,832,219)	
net book value June 30, 2020	-	-	-	-	-	-	-	555,969	3,115,623	3,545,584	-	283,739	-	7,500,915	

Particulars	2019													Total
	Owned							Right of use asset						
	Lease hold land	Buildings on lease hold land	Free hold land	Buildings on free hold land	Plant and machinery	Electric Equipment	Mill Equipment	Vehicles	Furniture and fixtures	Office Equipment	Plant and machinery	Vehicles	Electric Equipment	
As at July 01, 2018														
Opening net book value	84,933,985	318,006,668	393,970,000	181,353,344	450,256,178	33,619,110	23,986,549	921,272	3,846,448	4,377,265	130,061,323	443,342	1,889,618	1,627,665,102
Disposals/Transfer	-	-	-	-	-	-	-	(1,321,500)	-	-	-	-	-	(1,321,500)
- cost	-	-	-	-	-	-	-	1,268,986	-	-	-	-	-	1,268,986
- accumulated depreciation	(898,772)	(4,626,579)	-	(3,022,556)	(7,225,196)	(539,481)	(384,909)	(173,752)	(384,645)	(437,727)	(2,087,075)	(88,668)	(30,323)	(52,514)
Depreciation charge	-	(78,173,812)	-	-	(29,736,760)	(2,220,344)	(1,584,170)	-	-	-	(8,589,782)	-	(124,797)	(19,899,683)
Impairment charged	(84,035,213)	(235,206,277)	(393,970,000)	(178,330,788)	(413,294,222)	(30,859,285)	(22,017,470)	-	-	-	(119,384,466)	-	(1,734,498)	(120,429,665)
Classified as held for sale	-	-	-	-	-	-	-	695,006	3,461,803	3,939,538	-	354,674	-	(1,478,832,219)
Closing net book value June 30, 2019	-	-	-	-	-	-	-	695,006	3,461,803	3,939,538	-	354,674	-	8,451,021

5.2 Depreciation charged during the year has been allocated as follows:

Particulars	2020	2019
Operating Cost	-	18,814,891
Administrative expenses	950,106	1,084,792
	950,106	19,899,683

5.3 No impairment relating to property, plant and equipments has been recognized in the current year. (Impairment charged in 2019: 120,429,665/-).

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
6 INVESTMENTS IN ASSOCIATED COMPANIES			
Quoted			
Gulistan Spinning Mills Limited	6.1	-	-
6.1 Gulistan Spinning Mills Limited (GTSM)			
202,777 (2019: 202,777) ordinary shares of Rs 10 each- cost		2,346,250	2,346,250
Equity held 1.39% (2019: 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. Summarized financial information of the investee company as at June 30, 2020, based on audited financial statements is as follows:			
Total assets		752,335,752	796,546,693
Total liabilities		2,213,974,413	2,213,664,413
Revenues		-	-
Loss after taxation		(44,520,941)	(12,045,483)
The market value of investment as at June 30, 2020 is nil (2019: nil)			
7 STOCK-IN-TRADE			
Raw materials		83,030,035	83,030,035
Packing material		2,465,606	2,465,606
Finished goods		15,435,081	15,435,081
Waste		4,928,371	4,928,371
		105,859,093	105,859,093
Less: Provision for slow moving stocks		-	(39,837,444)
		105,859,093	66,021,649
7.1	Subsequent to the reporting date the asset sale committee, constituted under the term of the scheme of arrangement, sold the stock in trade at a price of Rs. 230.50 million. The subsequent sale of asset confirms the net realize value is higher than the carry value. Accordingly, previously charged provision for slow moving stock in trade amounting to Rs. 39.837 million has been reversed. However, an upward adjustment in stock in trade amounting to Rs. 124.64 million has not been made in these financial statements.		
7.2	All of the current assets of the Company are under banks' charge as security of borrowings. The Company filed a suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before Banking Court, Sindh High Court and Lahore High Court for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully explained in note 20 Liabilities towards banks and financial institutions.		

MHS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
8 TRADE DEBTS			
Considered good		-	-
Considered doubtful		-	-
		-	-
Less : Provision for doubtful debts	8.2	-	-
		-	-
8.1	Doubtful trade debts has been written-off as probability of recoverability is remote to the date of these financial statements		
8.2	Movement in provision for doubtful debts		
	Balance at beginning of the year	-	241,321,191
	Add: provided during the year	-	70,847,688
	Less: reversal during the year	-	(4,588,366)
	written-off / recieved during the year	-	(307,580,513)
	Balance at end of the year	-	-
9 SHORT -TERM INVESTMENTS			
- At fair Value through profit or loss			
Gulistan Textile Mills Limited			
1,648,740(2019:1,648,740) ordinary shares of Rs 10 each			
Equity held 8.68% (2019:8.68%)		-	-
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.			
10 TAX REFUND DUE FROM GOVERNMENT			
Advance income tax		117,833	-
Sales Tax		16,141,329	15,812,505
		16,259,162	15,812,505
11 CASH AND BANK BALANCES			
Cash-in-hand		649,900	-
Balances with banks in;			
- current accounts	11.1	1,069,042	885,475
- deposit accounts		85,524	79,829
- term deposit receipts	11.2	2,949,465	2,949,465
		4,753,931	3,914,769
11.1	Majority of the Company's bank accounts operations have been blocked by the respective banks due to on-going litigations with these banks as detailed in note 21 to these financial statements.		
11.2	These are under lien regarding guarantees provided by various financial institutions to different government departments.		

LAISS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
12 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT			
Owened:			
Land		393,970,000	393,970,000
Building		178,330,788	178,330,788
Building on leasehold land		235,206,277	235,206,277
Plant and machinery		413,294,222	413,294,222
Electric Installation		30,859,285	30,859,285
Mill equipment		22,017,470	22,017,470
Righ of use asset:			
Land		84,035,213	84,035,213
Plant and machinery		119,384,466	119,384,466
Electric Installation		1,734,498	1,734,498
Impairment of disposal group		(188,832,219)	-
		1,290,000,000	1,478,832,219

12.1 The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") as detailed in note 1.2. Hence, above mentioned assets has been classified and presented under disposal group under scheme of arrangement.

12.2 Subsequent to the year ended June 30, 2020, all these assets were disposed off by the asset sale committee at price of Rs. 1,290 million. The difference between the recorded value and the amount subsequent realized amounting to Rs. 188.832 million has been accounted for as impairment loss in these financial statements.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Numbers	Numbers		Rupees	Rupees
Authorized capital				
25,000,000	25,000,000	Ordinary shares of Rs. 10 each	250,000,000	250,000,000
Issued, subscribed and paid-up capital				
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 bonus shares	146,523,290	146,523,290
17,352,329	17,352,329		173,523,290	173,523,290

13.1 Ordinary share held by related parties at the year end:

Gulistan Fibres Limited

2020	2019
1,499,776	1,499,776

MAHS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
14 RESERVES			
Capital reserve			
Share premium		15,400,000	15,400,000
Revenue reserve			
General reserve		460,000,000	460,000,000
		475,400,000	475,400,000
15 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS			
Surplus arisen on revaluation of:			
- company's operating fixed assets	15.1	865,701,425	865,701,425
- fixed Assets of associated companies		11,731,983	11,731,983
		877,433,408	877,433,408
15.1 Surplus on revaluation of company's assets			
Balance at beginning of the year		865,701,425	991,870,963
Transferred to unappropriated profits on account of incremental depreciation for the year		-	(7,960,217)
Less: impairment charged		-	(118,209,321)
		865,701,425	865,701,425
Less: related deferred tax:			
- balance at the beginning of the year		-	93,574,780
- on incremental depreciation for the year		-	(2,308,463)
- on impairment on fixed assets		-	(34,280,703)
- derecognition of deferred tax liability		-	(56,985,614)
		865,701,425	865,701,425

The Company revalued its freehold land, leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment as on October 21, 2018. Impairment loss has been charged to surplus on revaluation on those assets against which surplus was available. Deferred tax arisen on surplus on revaluation has been adjusted due to financial statements are prepared on liquidation / break-up value basis.

16 SUB-ORDINATED LOAN - unsecured
Sub-ordinated loan

175,000,000	175,000,000
--------------------	--------------------

This is an interest-free loan obtained from ex-chief executive and 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 subject to availability of resources and at discretion of the Company. This loan has been classified in equity as per technical release 'Accounting Directors' Loan (TR-32) of the Institute of Chartered Accountants of Pakistan.

LAHSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
17 LOAN FROM ASSOCIATES AND OTHERS			
Gulistan Fibers Limited-Unsecured	17.1	136,665,638	137,940,639
Interest free loan from other parties - unsecured	17.2	415,451,060	414,277,060
Gulshan Spinning Mills Limited		97,707	697,707
Gulistan Power Generation		34,465,446	34,465,446
		<u>586,679,851</u>	<u>587,380,852</u>
17.1 Gulistan Fibers Limited- unsecured			
Balance at beginning of the year		137,940,639	138,165,639
Less: payments made during the year		(1,275,000)	(225,000)
		<u>136,665,639</u>	<u>137,940,639</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 and bills payable.

This loan is unsecured and carries mark-up at the half percent above the borrowing cost of the lending company. 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.

17.2 Interest free loans from other parties - unsecured			
Balance at beginning of the year		414,277,060	414,277,060
Add: funds received during the year		1,174,000	-
Less: adjustments/repayments made during the year		-	-
		<u>415,451,060</u>	<u>414,277,060</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.

18 POST EMPLOYMENT BENEFITS PAYABLES

Post employment benefits payables	18.1	<u>20,403,014</u>	<u>21,436,703</u>
18.1 Movement in post employment benefits payable			
Net liability at beginning of the year		21,436,703	22,037,791
Add: charge to profit and loss account		-	23,612
Less: benefits paid		(1,033,689)	(624,700)
Net liability at end of the year		<u>20,403,014</u>	<u>21,436,703</u>

The Company has not hired an actuary to carry out evaluation of its defined benefit obligation for this reporting year.

MAHSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
19 TRADE AND OTHER PAYABLES			
Creditors for supplies		43,556,924	44,277,924
Creditors for expenses		46,211,437	46,211,437
Accrued expenses	24.1	17,709,340	5,050,414
Other payables		639,922	877,672
		<u>108,117,623</u>	<u>96,417,447</u>
20 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT			
MCB Bank Limited		124,875,000	124,875,000
Allied Bank Limited		127,000,000	127,000,000
Askari Commercial Bank Limited		130,396,000	130,396,000
Standard Chartered Bank (Pakistan) Limited		68,000,000	68,000,000
Faysal Bank Limited		547,458,000	547,458,000
Habib Bank Limited		100,135,000	100,135,000
Meezan Bank Limited		58,180,000	58,180,000
United Bank Limited		307,216,000	307,216,000
Habib Metropolitan Bank Limited		176,402,000	176,402,000
National Bank of Pakistan		187,000,000	187,000,000
The Bank of Punjab		620,000,000	620,000,000
Bank Alfalah Limited		135,147,000	135,147,000
Silk Bank Limited		105,466,000	105,466,000
Bank Islami Pakistan Limited		1,762,000	1,762,000
Orix Leasing Pakistan Limited		12,665,000	12,665,000
Mark-up / interest payable under scheme of arrangement	20.2	671,296,000	671,296,000
		<u>3,372,998,000</u>	<u>3,372,998,000</u>

20.1 This represents payable to banking companies under scheme of arrangement as detailed below:

- The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). This Scheme has been approved by the Board of the Company on March 03, 2019 and submitted to the Honorable High Court of Sindh for approval for further actions on March 15, 2019. Under this Scheme, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of moveable and immovable items of property, plant and equipment ("charged assets") of the Company and payment of the proceeds thereof to the secured creditors as contemplated under this Scheme.
- 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. The Honorable High Court of Sindh at Karachi (SHC) has approved the said "Scheme of Arrangement" vide judgement dated : October 25, 2019, and now the Scheme has become binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as mentioned in note 1.2 to these financial statements.

14155 & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

- 20.2** Due to the long outstanding multiple litigations with banks the mark up expense for the year can not be reliably estimated, hence no provision for the markup for one and half year is recognised in these financial statements.

21 CONTINGENCIES AND COMMITMENTS

Contingencies

Litigation with banks and financial institutions

- 21.1** On approval of the Scheme from the Honorable High Court of Sindh as detailed in notes 1.2 and 20.1 to these financial statements, inter alia the below-mentioned litigation with banks / financial institutions will be withdrawn subject to the sale of Assets and Charged Stocks and completion of all relevant formalities, in accordance with the provisions of the Scheme. This Scheme, inter alia, affects the outcome of following litigation by or against the Company with various financial institutions.

- 21.2** Various banks and financial institutions have filed recovery suits before various Banking Courts in Pakistan 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. 3,372.99 million (2019: Rs. 3,372.99 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. However, all these cases will be withdrawn in terms of the scheme. Since, all the cases are pending before various Courts, therefore, the ultimate outcome of these cases can not be established to the dates of these financial statements. Among all the case referred above, the most notable cases by or against the Company are explained in the following sub-notes.

- 21.3** The Company filed a suit in the Honorable Lahore High Court (LHC) against all banks / financial institutions it was dealing with under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 ("the Ordinance") for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The LHC vide its interim order dated October 25, 2012, ordered not to disturb the present position of current assets and fixed assets of the Company and no coercive action shall be taken against the Company. The LHC through its order dated September 11, 2013, dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned order. The Divisional Bench passed an order, dated November 27, 2013 that respondent banks will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013, will remain suspended meanwhile. The appeal filed by the company was accepted vide order dated November 11, 2020, whereby the learned Division Bench directed that "the matter shall be placed before the learned Single Judge exercising powers under Financial Institutions (Recovery of Finances) Ordinance, 2001 to proceed in the suit and to decide the application for leave to defend".

MHSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<p>21.4 MCB Bank Limited (MCB) 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 also filed a miscellaneous application under section 16 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, ("the Ordinance"), for the auction of cotton bales vide CMA No. 661/ 2014, which was decided vide order dated February 25, 2014. 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 PLA filed by the Company has yet not been decided. Askari Bank Limited, and Bank Al Falah Limited filed intervener applications. The Company challenged the order dated February 25, 2014 vide HCAno. 63/ 2014, wherein the Division Bench of the Honorable High Court of Sindh granted a stay order. However, the said high court appeal was dismissed due to non-prosecution for the reason that the counsel for the Company was elevated to the bench and due to this reason no one appeared. The impugned order was challenged before the Honorable Supreme Court of Pakistan and the same was dismissed. However all the cotton bales including mentioned supra have been auctioned on as is where is basis, by the Asset Sale Committee under the Scheme of Arrangement and proceeds thereof have been distributed by the agent among all creditors of the company.</p>			
<p>21.5 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 Honorable Lahore High Court. The Suit was decreed against the Company vide judgement dated December 31, 2015, in the sum of Rs. 145,179,853/- together with costs of the suit. The Company has instituted an appeal bearing no. 488/16 before the Division Bench of Lahore High Court, which is pending adjudication.</p>			
<p>21.6 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 was filed by the Company against the said judgement dated March 9, 2015. The management has not recognized the impact of the said decree in these financial statements.</p>			
<p>21.7 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 along with 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.</p>			
<p>21.8 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</p>			

MHS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

judge. No appeal was filed by the Company against the said judgement dated April 21, 2016.

- 21.9** 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 Honorable 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 was 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.

Litigation with parties other than banks and financial institutions

- 21.10** 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 Honorable High Court of Sindh. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed.

The Honorable High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006, was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Honorable Supreme Court of Pakistan against the above-mentioned judgement of the Honorable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them. The above appeals were disposed-off in May 2011, with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Honorable Supreme Court of Pakistan with the right to appeal. Accordingly, the petition was filed in the Honorable High Court of Sindh in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared up to December 27, 2006, were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006, while payment was made against the balance amount. As at June 30, 2019, the Company has provided bank guarantees aggregating Rs. 7.216 million(2019: Rs. 7.216 million) in favor of Excise and Taxation Department. The bank guarantees given by various banks on behalf of the Company to various parties are with the respective banks. The petition was disposed off in terms of the consolidated judgment dated June 04, 2021.

AMSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

- 21.11** The Deputy Collector of Customs, in pursuance of judgement of the Honorable Supreme Court of Pakistan dated August 29, 2012, had 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 has strong reservations on the method of calculation of above-mentioned amount and is of the view that the method of calculation used by the Custom House Karachi was not only in violation of the Supreme Court Judgment dated August 29, 2012, but was also against the law, principles of natural Justice as well as the clarification given by the Federal Board of Revenue on method of calculation on duties and taxes. The company has also contended that it is a settled principle of law and accordingly FBR has clarified from time to time that surcharge is to be calculated on the principle of calculation of simple mark up. However the Custom House Karachi has calculated surcharge on surcharge, which has already been declared by FBR against the principles of Natural Justice vide its letter dated May 09, 2012. Therefore, the Company approached the Deputy Collector of Customs, Additional Collector of Customs, Collector of Customs and Chief Collector of Customs and stated that total demand as per afore-mentioned judgement works out to Rs. 17.555 million and the same has been paid by the Company to Deputy Collector of Customs on September 20, 2012. 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. After dismissal of the review petition vide order dated July 13, 2017, against judgment of the Supreme Court of Pakistan dated August 29, 2012, the Collectorate of Customs Appraisement West, vide their notice dated July 18, 2018, has raised a demand of Rs. 222.650 million. The company vide its reply dated July 24, 2018, has submitted that the method of calculation of surcharge was not in accordance with the provisions of section 83-A and 202-A of the Customs Act. Similarly, it was also emphasized that the calculation was made in violation of the Supreme Court Order dated August 29, 2012, by calculating the difference of duty on the basis of difference in exchange rate of Swiss Frank instead of US Dollar and charging surcharge on surcharge is in violation of the Judgment, Laws of Paksitan and aforementioned clarification given by FBR..A detailed hearing on the issue was held on August 07, 2018 at Customs House Karachi, wherein calculations were made on the advise of the Custom House Karachi and the total liability of the company was determined as Rs. 25,873,892/- in addition to the adjudged liability of duties of Rs. 3,272,443/- and penalty of Rs. 1,000,000/- already paid by the company on May 24, 2011. Out of the said amount of Rs. 25,873,892/- the company has paid an amount of Rs. 17,555,474/- on September 20, 2012, therefore the company was directed to pay Rs. 8,318,418/-. Accordingly the company made a representation to the Chief Collector Customs Appraisement-West vide its letter dated August 16, 2018, wherein the basis of calculation by the customs department has again been challenged and paid the sum of Rs. 8,318,418/- with the request that either the representation of the company be decided by the Cheif Collector or the matter may be referred to FBR for getting clarification from the Law and Justice division. However despite various written and verbal requests the Custom House Karachi neither sent the matter to FBR for clarification nor consigned the file. Therefore the company vide its representation dated March 30, 2019 sought clarification from chairman FBR on method of calculation. The method is still pending at FBR and the clarification on method of calculation is still awaited from FBR. .

LAHSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

21.12 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 Honorable 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 instalments till the entire payment is made.

21.13 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 Honorable 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 Honorable 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.

Other contingencies

21.14 The scheme of arrangement specify that mark up liability shall be updated on the asset sale date. As mentioned in note 21.2 that due to litigation with banks the mark up expense can not be reliably estimated and accordingly, the mark up expense relating to one and a half year has not been accounted for in these financial statements.

21.15 Counter guarantees of Rs. 9.067 million (2019: Rs. 9.067 million) were given by the Company to various banks/financial institutions as at June 30, 2020, in respect of guarantees issued in favor of various Government Departments / Institutions.

Commitments

21.16 There is no capital commitment as at June 30, 2020 (2019: Nil).

MASS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
22 OPERATING COST			
Stores provided for		-	6,293,191
Depreciation		-	18,814,891
		-	25,108,082
23 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		3,546,105	1,549,732
Fees and subscription		20,950	42,900
Conveyance, travelling and entertainment		64,100	123,719
Fuel and power		1,600,208	1,048,948
Repair and maintenance		-	1,890
Printing and stationery		207,663	95,971
Auditors' remuneration	23.1	410,000	600,000
Postage, telegram and telephone		24,293	26,210
Legal and professional expenses		-	900,000
Depreciation		950,106	1,084,792
Rent, rate and taxes		52,195	-
Other expenses		36,708	72,753
		6,912,328	5,546,915
23.1 Auditor's remuneration			
Annual audit		400,000	590,000
Review report under Code of Corporate Governance		10,000	10,000
		410,000	600,000
24 OTHER EXPENSES			
Doubtful debts written-off		-	70,847,688
Custom duty		-	8,318,418
Receivables written-off		-	57,531,133
Impairment charged on electric equipment		-	2,220,344
Impairment of disposal group		188,832,219	-
Previously unrecognized expenses		12,218,885	-
		201,051,104	138,917,583

24.1 Subsequent to issuance of previous year's financial statement it was discovered that expenses related to PESSI and EOBI were not recorded in the financial statements. The same have now been accounted for in these financial statements. Being an immaterial error the correction is not made retrospectively.

MAHES & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
25 OTHER INCOME			
Interest on deposit accounts		23,666	23,349
Receipts from debtors previously written off		5,971,110	4,588,366
Income tax refund received		3,522,816	-
Gain on disposal of fixed assets		-	708,480
Liabilities written-off		-	66,899,535
Reversal of provision for slow moving stock in trade		39,837,444	-
		<u>49,355,036</u>	<u>72,219,730</u>
26 FINANCE COST			
Bank charges		16,152	21,526
Other financial charges		-	68,571,393
Mark-up under scheme of arrangement		-	71,924,571
		<u>16,152</u>	<u>140,517,490</u>
27 TAXATION			
Current	27.1	-	-
Deferred		-	-
Derecognition of deferred tax liability		-	52,345,645
		<u>-</u>	<u>52,345,645</u>
27.1	No provision for minimum tax due under section 113 of the Income Tax Ordinance, 2001, is incorporated as the Company has nil turnover during the year. Numeric tax rate reconciliation is, therefore, also not required.		
28 LOSS PER SHARE			
Loss after taxation - (Rupees)		<u>(158,624,548)</u>	<u>(185,524,695)</u>
Weighted average number of ordinary shares outstanding during the year - (Number)		<u>17,352,329</u>	<u>17,352,329</u>
Loss per share - basic and diluted - (Rupees)		<u>(9.14)</u>	<u>(10.69)</u>

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

LAHSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
29 CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(158,624,548)	(237,870,340)
Adjustments for non-cash charges and other items:			
Depreciation	5.2	950,106	19,899,683
Provision for slow moving stores and spares		-	6,293,191
Reversal of provision for slow moving stock		(39,837,444)	-
Provision for gratuity		-	23,612
Finance cost	26	16,152	140,517,490
Interest income	25	(23,666)	(23,349)
Provision for doubtful debts		-	(4,588,366)
Gain on disposal of fixed assets		-	(708,480)
Receivables written-off		-	128,378,821
Impairment of disposal group	24	188,832,219	-
Impairment charged on electric equipment		-	2,220,344
Liabilities written-off		-	(66,899,535)
Working capital changes	29.1	11,371,352	13,274,586
		<u>2,684,171</u>	<u>517,657</u>
29.1 CHANGES IN WORKING CAPITAL			
Decrease / (increase) in current assets:			
Trade debts		-	13,585,459
Loans and advances		-	1,126,742
Sales tax		(328,824)	72,398
		<u>(328,824)</u>	<u>14,784,599</u>
Increase / (decrease) in current liabilities:			
Loan from associates and others			
Trade and other payables		11,700,176	(1,510,013)
		<u>11,700,176</u>	<u>(1,510,013)</u>
		<u>11,371,352</u>	<u>13,274,586</u>
30 FINANCIAL INSTRUMENTS BY CATEGORY			
<i>Financial assets - amortized cost</i>			
Cash and bank balances		4,753,931	3,914,769
		<u>4,753,931</u>	<u>3,914,769</u>
<i>Financial liabilities - amortized cost</i>			
Loan from associates and others		586,679,851	587,380,852
Trade and other payables		108,117,623	96,417,447
Unclaimed dividend		1,118,836	1,118,836
Payable to banking companies under scheme of arrangements		3,372,998,000	3,372,998,000
		<u>4,068,914,310</u>	<u>4,057,915,135</u>

14/05/2020

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
30.1 Fair values of financial instruments			
		Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.	
30.2 Methods of determining fair values			
		Fair values of financial instruments, with the exception of investment in associates, for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market and those of investments in subsidiaries are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.	
30.3 Discount/interest rates used for determining fair values			
		The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.	
30.4 Significant assumptions used in determining fair values			
		Fair values of financial asset and liabilities that are measured at fair value subsequent to initial recognition are determined by using discounted cash flow analysis. This analysis requires management to make significant assumptions and estimates which may cause material adjustments to the carrying amounts of financial assets and financial liabilities in future periods. These assumptions are not fully supportable by observable market prices or rates. The Company uses various significant assumptions for determining fair value of financial assets and liabilities and incorporates information about other estimation uncertainties as well.	
30.5 Significance of fair value accounting estimates to the Company's financial position and performance			
		The Company uses fair value accounting for its financial instruments in determining its overall financial position and in making decisions about individual financial instruments. This approach reflects the judgement of the Company about the present value of expected future cash flows relating to an instrument. The management believes that fair value information is relevant to many decisions made by users of financial statements as it permits comparison of financial instruments having substantially the same economic characteristics and provides neutral basis for assessing the management's stewardship by indicating effects of its decisions to acquire, sell or hold financial assets and to incur, maintain or discharge financial liabilities.	

LAHSE & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

31 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.

31.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date, if counter parties fail completely to perform as contracted/fail to discharge an obligation/commitment that it has entered into with the Company.

Credit risk mainly arises from 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:

	2020 Rupees	2019 Rupees
Bank balances	4,753,931	3,914,769
	<u>4,753,931</u>	<u>3,914,769</u>

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Bank Islami Limited	PACRA	A-1	A+
MCB Bank Limited	PACRA	A-1+	AAA
Bank Al Habib Limited	PACRA	A-1+	AA+
Askari Bank Limited	PACRA	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Sindh Bank Limited	VIS	A-1	A+
Bank of Punjab Limited	PACRA	A-1+	AA
National Bank of Pakistan Limited	PACRA	A-1+	AAA

LAHORE & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

31.2 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.

	2020			2019		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees					
Loan from associates and other parties	586,679,851	586,679,851	-	587,380,852	587,380,852	-
Trade and other payables	108,117,623	108,117,623	-	96,417,447	96,417,447	-
Unclaimed dividend	1,118,836	1,118,836	-	1,118,836	1,118,836	-
Payable under scheme of arrangement	3,372,998,000	3,372,998,000	-	3,372,998,000	3,372,998,000	-
	4,068,914,310	4,068,914,310		4,057,915,135	4,057,915,135	

In order to manage liquidity risk, the management along with its restructuring agent (a leading bank) and a few other banks are negotiating with banks / financial institutions for restructuring of principal and mark-up / interest and rescheduling of repayment terms as detailed in note 1.2 to the financial statements and the management envisages that sufficient financial resources will be available to manage the liquidity risk.

31.3 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.

At reporting date, the Company is not exposed to currency risk that's why currency risk analysis has not been provided.

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 21.2 At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2020	2019
Fixed rate instruments		
Financial assets	2,949,465	2,949,465
Financial liabilities	-	-
Variable rate instruments		
Financial assets	85,524	79,829
Financial liabilities	-	-

ANHS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

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 institutions.

31.4 Fair value of financial instruments

As at June 30, 2020, 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.

31.5 Capital risk management

There were 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.

32 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Executive	
	2020	2019	2020	2019
Managerial remuneration	-	-	1,008,000	300,000
Other perquisites	-	-	455,821	-
	-	-	1,463,821	300,000
Number of persons	1	1	1	1

32.1 The executive is also provided with the Company maintained vehicles as per Company's policy.

32.2 The aggregated remuneration amounting to Nil (2019: Nil) was given to 07 directors (2019: 07) during the year.

14155.200

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

33 CAPACITY AND PRODUCTION

33.1 Spinning unit

Number of spindles installed
 Installed capacity after conversion into 20/s counts

Kg.

25,920
 8,841,118

25,920
 8,841,118

33.2 Yarn dyeing unit

Total number of machines installed
 Installed capacity

Kg.

7
 2,065,170

7
 2,065,170

33.3 Stitching unit

Total number of machines installed
 Installed capacity

Pc.

832
 3,211,652

832
 3,211,652

Due to non availability of working capital and shortage of funds, the Company's operations have been shut down since long.

34 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 30. Amounts due from and to related parties are shown under loan from associate and others. Other significant transactions with related parties are as follows:

Name of related party	Relationship	Transaction	2020	2019
Gulshan Spinning Mills Limited	Common directorship	Repayment of loan / expenses	600,000	185,555
Gulistan Power Generation Limited	Common directorship	Repayment of advances	-	1,135
Gulistan Fibers Limited	Common directorship	Repayment of loan	1,275,000	225,000
Gulistan Spinning Mills	Common directorship	Further advance provided	-	10,455

35 NUMBER OF EMPLOYEES

Number of employees as at June 30, 2020

- Permanent
- Contractual

1	1
11	6
12	7

Average number of employees during the year

- Permanent
- Contractual

1	1
10	6
11	7

LAHSS & CO

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

36 EVENTS AFTER THE REPORTING DATE

Except for the event as mentioned in note 7.1 and 12.2 of these financial statements, there are no significant adjusting or non adjusting events after the reporting date requiring adjustment or disclosure in financial statements.

37 CORRESPONDING FIGURES

Corresponding figures have been re-arranged wherever necessary for purposes of better presentation as follows:

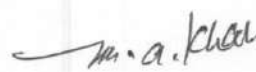
Reclassification from component	Reclassification to component	Rupees
Accrued markup	Payable to banking companies under scheme of arrangement	671,296,000
Other receivables	Tax refund due from Government	15,812,505
Operating cost	Administrative expenses	
Salaries, wages and other benefits	Salaries, wages and other benefits	1,226,120
Fuel and power	Fuel and power	1,048,948
Conveyance, travelling and entertainment	Conveyance, travelling and entertainment	102,370
Other manufacturing expenses	Other expenses	72,753

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 15 OCT 2021, by the Board of Directors of the Company.


Chief Executive


Chief Financial Officer


Director

KEY OPERATING AND FINANCIAL DATA
FOR THE LAST SIX YEARS

	2020 RUPEES	2019 RUPEES	2018 RUPEES	2017 RUPEES	2016 RUPEES	2015 RUPEES
			Restated	Restated	Restated	
OPERATING RESULTS						
Total number of spindles installed	25,920	25,920	25,920	25,920	25,920	25,920
Total spindles worked	-	-	-	-	-	23,949
Number of shifts worked per day	-	-	-	-	-	3
Installed capacity after conversion into 20's	8,841,118	8,841,118	8,841,118	8,841,118	8,841,118	8,841,118
Actual production after conversion into 20's	-	-	-	-	-	5,748,052
Turnover	-	-	-	-	60,495,592	1,259,579,700
Gross profit / (Loss)	-	-	-	(45,036,665)	(103,706,087)	(162,639,404)
Operating profit / (Loss)	(76,740,589)	(30,654,997)	(59,261,139)	(62,968,571)	(140,829,552)	(213,622,025)
Other income	49,355,036	72,219,730	10,379,287	10,092,942	4,664,256	4,905,538
Financial expenses	(16,152)	(140,517,490)	(95,957,748)	(757,185)	(15,113,147)	(19,540,577)
Profit / (Loss) before other charges	42,426,556	(98,952,757)	(144,839,600)	(53,632,814)	(151,278,443)	(228,257,064)
Other Charges	(201,051,104)	(138,917,583)	-	-	(2,419,348)	(284,199,936)
Profit/(loss) for the year before taxation	(158,624,548)	(237,870,340)	(144,839,600)	(53,632,814)	(153,697,791)	(512,457,000)
Profit/(loss) for the year after taxation	(158,624,548)	(185,524,695)	(130,733,292)	(46,709,726)	(179,908,358)	(499,467,258)
Unappropriated profit / (loss) carried forward	<u>(4,366,300,921)</u>	<u>(4,207,676,373)</u>	<u>(4,027,803,432)</u>	<u>(3,906,882,038)</u>	<u>(3,366,622,058)</u>	<u>(3,196,744,475)</u>
FINANCIAL POSITION						
Paid up capital	173,523,290	173,523,290	173,523,290	173,523,290	173,523,290	173,523,290
Shareholder's equity	(2,839,944,223)	(2,681,319,675)	(2,468,851,976)	(2,338,118,684)	(1,787,936,959)	(2,547,821,185)
Surplus on revaluation of operating fixed assets	-	-	-	-	-	939,792,584
Sub-ordinated Loan	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000
Long term loans	-	-	-	-	142,020,639	142,235,639
Deferred liabilities	-	-	-	-	168,327,384	140,924,273
Current liabilities	4,089,317,324	4,079,351,838	4,131,108,450	4,071,790,013	3,247,545,462	3,293,429,454
Fixed assets	7,500,915	8,451,021	1,627,665,102	1,659,648,417	1,692,439,487	1,727,472,357
Disposal group under scheme of arrangen	1,290,000,000	1,478,832,219	-	-	-	-
Long term deposits / loans	-	-	7,077,559	7,077,559	3,534,361	3,534,361
Current assets	126,872,186	85,748,923	202,513,813	241,945,353	248,982,678	412,554,048

PARAMOUNT SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
As At June 30, 2020

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	SHARES
Gulshan Spinning Mills Limited Gulistan Fibers Limited	44,180 1,499,776
B) NIT & ICP	
IDBP (ICP UNIT) Investment Corporation of Pakistan CDC - Trustee National Investment (Unit) Trust National Bank of Pakistan Trustee Department	233 1,400 1,951,186 100
C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN	
<u>DIRECTORS</u>	
MUHAMMAD ARIF MUHAMMAD ASIF AKRAM SOHAIL MAQSOOD MUHAMMAD AKHTAR MIRZA MUHAMMAD JUNAID ABID SATTAR MR. M. ASHRAF KHAN	500 550 605 500 500 500 500
D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
<u>BANKS</u>	
National Bank of Pakistan Investor Account (Former NDFC) National Development Finance Corporation Ltd National Bank of Pakistan Midland Bank Trust Corporation (Jersey) Limited Innovative Investment Bank Limited	8 110 995,397 38 42
<u>INSURANCE</u>	
State Life Insurance Corporation of Pakistan	576,961
E) Other Companies	4,162,716
F) Joint Stock Company	51,464
G) General Public (Local)	8,065,063
	17,352,329
H) SHAREHOLDERS HOLDING 05% OR MORE	
Mr. Tanveer Ahmed Mr. SANA KASHIF Mrs. Naureen Tanveer GULISTAN TEXTILE MILLS LIMITED BLESSED CORPORATION (PVT.) LTD. Gulistan Fibers Limited Peridot Products (Pvt.) Limited CDC - Trustee National Investment (Unit) Trust National Bank of Pakistan	2,662,442 1,118,560 1,336,855 1,347,907 1,500,000 1,499,776 1,125,148 1,951,186 995,397
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	Nil

PARAMOUNT SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
As At June 30, 2020

Particulars	No. of Share Holders	No. of Shares Held	Percentage
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
	2,889	17,352,329	100.00

PARAMOUNT SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
As At June 30, 2020

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	SHARES
Gulshan Spinning Mills Limited	44,180
Gulistan Fibers Limited	1,499,776
B) NIT & ICP	
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
C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN	
<u>DIRECTORS</u>	
MUHAMMAD ARIF	500
MUHAMMAD ASIF AKRAM	550
SOHAIL MAQSOOD	605
MUHAMMAD AKHTAR MIRZA	500
MUHAMMAD JUNAID	500
ABID SATTAR	500
MR. M. ASHRAF KHAN	500
D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
<u>BANKS</u>	
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
<u>INSURANCE</u>	
State Life Insurance Corporation of Pakistan	576,961
E) Other Companies	4,162,716
F) Joint Stock Company	51,464
G) General Public (Local)	8,065,063
	17,352,329
H) SHAREHOLDERS HOLDING 05% OR MORE	
Mr. Tanveer Ahmed	2,662,442
GULISTAN TEXTILE MILLS LIMITED	1,347,907
Gulistan Fibers Limited	1,499,776
CDC - Trustee National Investment (Unit) Trust	1,951,186
National Bank of Pakistan	995,397

www.jamapunji.pk



Jama

سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

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



Jama Punji is an Investor Education initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

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 30th October 2021 at 01:30 P.M and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2021

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

پراکسی فارم پیرامونٹ اسپننگ ملز لمیٹڈ

میں / ہم _____ بحیثیت پیرامونٹ اسپننگ ملز لمیٹڈ
 کے رکن ، مالک برائے _____ عام حصص مطابق رجسٹرڈ فولیو نمبر _____
 اور / یا سی۔آر۔سی شرکت کنندہ آئی۔ڈی نمبر _____ کھاتہ نمبر _____
 اس طرح مقرر کرتا ہوں جناب _____ جو کہ پیرامونٹ اسپننگ ملز لمیٹڈ
 کے رکن بھی ہیں ، بذریعہ فولیو نمبر _____ یا سی۔ڈی۔سی شرکت کنندہ
 آئی۔ڈی نمبر _____ کھاتہ نمبر _____ یا انکی ناکامی کی صورت میں جناب
 _____ برائے _____ جو کہ پیرامونٹ اسپننگ ملز لمیٹڈ
 کے رکن بھی ہیں ، بذریعہ فولیو نمبر _____ یا سی۔ڈی۔سی شرکت کنندہ
 آئی۔ڈی نمبر _____ کھاتہ نمبر _____ جیسا کہ میری / ہماری پراکسی میں
 شرکت کرنے کے لئے ، بات کرنے کے لئے اور ووٹ ڈالنے کے لئے اکتوبر 2021 کو دوپہر
 01:30 بجے اور اس کے کسی بھی تعاقب میں منعقد ہونے والی کمپنی کے سالانہ اجلاس میں۔

میرے / ہمارے ہاتھ 2021 کے _____ دن کا گواہ ہونے کے طور پر
 کہا _____ کی نشاندہی

گواہ 1: -

نام: - _____

پتہ: - _____

CNIC: - _____

گواہ 2: -

نام: - _____

پتہ: - _____

CNIC: - _____

نوٹ:

1. پراکسی درست ہونا لازمی طور پر مہربند، دستخط اور گواہی دی جاسکتی ہے اور کمپنی کے ساتھ اجلاس کے قیام کے وقت سے 48 گھنٹوں کے بعد جمع نہیں ہونا چاہئے۔
2. پراکسی کمپنی کا ایک رکن ہونا ضروری ہے۔
3. دستخط اس کمپنی کے ساتھ رجسٹرڈ نمونہ دستخط سے متفق ہونا چاہئے۔
4. اس اجلاس میں شرکت اور ووٹ لینے کے حق میں سی۔ڈی۔سی کے حصے دار، اپنی شناخت کو ثابت کرنے کے لئے اصل قومی شناختی کارڈ / پاسپورٹ لائے، اور پراکسی کی صورت میں انکو اپنے این آئی سی یا پاسپورٹ کی کاپی کی تصدیق کروانا ضروری ہے۔
5. کارپوریٹ ارکان کے نمائندے کو اس مقصد کے لئے ضروری دستاویزات اپنے ساتھ لانا چاہئے۔