

**PARAMOUNT SPINNING  
MILLS LIMITED**

**ANNUAL REPORT 2021**

# PARAMOUNT SPINNING MILLS LTD

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**PARAMOUNT SPINNING MILLS LIMITED**  
**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Muhammad Akhtar Mirza (Chairman)  
Mr. Sohail Maqsood (Chief Executive)  
Mr. Muhammad Ashraf Khan  
Mr. Abid Sattar  
Mr. Muhammad Arif  
Ms. Zarqa Asif  
Mr. Muhammad Junaid

**AUDIT COMMITTEE**

Mr. Muhammad Junaid (Chairman)  
Mr. Abid Sattar  
Mr. Muhammad Akhtar Mirza

**HR & REMUNERATION COMMITTEE**

Mr. Muhammad Arif (Chairman)  
Mr. Abid Sattar  
Mr. Muhammad Akhtar Mirza

**CHIEF FINANCIAL OFFICER**

Mr. Nasir Mehmood

**COMPANY SECRETARY**

Mr. Muhammad Ijaz

**AUDITORS**

M/s Malik Haroon Shahid Safdar & Co  
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.

**WEB PRESENCE**

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

# 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 2<sup>nd</sup> Floor Finlay House, I.I. Chundrigar Road, Karachi on **Friday 31<sup>st</sup> March, 2023 at 12:00 noon**, to transact the following business:

1. To confirm the minutes of the last Annual General Meeting of the Company.
2. To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2021 together with Directors' and Auditors' Reports thereon and endorsement of 2020 audited accounts from members of the company.
3. To appoint auditors of the company for the next financial year 2021-2022 and fix their remuneration. The retiring Auditors M/s Malik Haroon Shahid Safder & Co, Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the company.
4. To transact any other business with the permission of the Chairman.

Lahore:  
March 10, 2023  
**NOTES:**

By Order of the Board  
**Muhammad Ijaz**  
Company Secretary



1. The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **24<sup>th</sup> March, 2023 to 31<sup>st</sup> March, 2023 (both days inclusive)**.
2. A member entitled to attend and vote at the general meeting may appoint any other member as proxy in writing to attend the meeting and vote on his/her behalf. Duly completed form(s) of proxy must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. CDC Account Holders are requested to bring with them their CNIC along with participant I.D & their account number at the time of meeting in order to facilitate identification. In case of corporate entity, a certified BOD resolution/ valid power of attorney with specimen signature of the nominee be produced at the time of meeting.
4. Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

## پیراماؤنٹ اسپننگ ملز لمیٹڈ

سالانہ عام اجلاس کا نوٹس

اطلاع دی جاتی ہے کہ پیراماؤنٹ اسپننگ ملز لمیٹڈ ("کمپنی") کا سالانہ اجلاس 2dn فلور فنلے ہاؤس، I.I میں منعقد ہوگا۔ چندریگر روڈ، کراچی 31 مارچ 2023 بروز جمعہ دوپہر 12:00 بجے درج ذیل کاروبار کے لیے:

1. کمپنی کی آخری سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔
2. 30 جون 2021 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو وصول کرنے، غور کرنے اور اپنانے کے لیے اس پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور کمپنی کے اراکین سے 2020 کے آڈٹ شدہ اکاؤنٹس کی توثیق۔
3. اگلے مالی سال 2021-2022 کے لیے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز ملک ہارون شاہد صفدر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کے باعث، کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے خود کو پیش کر چکے ہیں۔
4. چیئرمین کی اجازت سے کوئی دوسرا کاروبار کرنا۔

بورڈ کے حکم سے  
محمد اعجاز  
لاہور: کمپنی سیکرٹری

10 مارچ 2023

نوٹس:

1. کمپنی کی حصص کی منتقلی کی کتابیں بند رہیں گی اور 24 مارچ 2023 سے 31 مارچ 2023 تک (دونوں دنوں سمیت) رجسٹریشن کے لیے حصص کی کوئی منتقلی قبول نہیں کی جائے گی۔
2. جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار ممبر کسی دوسرے ممبر کو تحریری طور پر میٹنگ میں شرکت کرنے اور اپنی طرف سے ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے۔ پراکسی کے باضابطہ طور پر مکمل کیے گئے فارم کو کمپنی کے رجسٹرڈ آفس میں میٹنگ کے لیے مقررہ وقت سے 48 گھنٹے پہلے کمپنی کے پاس جمع کرانا چاہیے۔
3. CDC اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ میٹنگ کے وقت اپنے ساتھ اپنا شناختی کارڈ اور شریک شناختی کارڈ اور اکاؤنٹ نمبر لے کر آئیں تاکہ شناخت میں آسانی ہو۔ کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت ایک تصدیق شدہ BOD ریزولوشن/نمائندے کے دستخط کے ساتھ درست پاور آف اٹارنی پیش کیا جائے۔
4. ممبران سے درخواست ہے کہ وہ اپنے پتے کی تبدیلیوں (اگر کوئی ہیں) کو فوری طور پر ہمارے شیئرز رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبر، حسرت موہانی روڈ، کراچی کو مطلع کریں۔



## **PARAMOUNT SPINNING MILLS LIMITED**

### **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.



Muhammad Akhtar Mirza

Lahore :- 03.03.2023

پیراماؤنٹ اسپننگ ملز لمیٹڈ

چیئرمین کا جائزہ

M/S Paramount Spinning Mills Limited ("کمپنی") کے بورڈ آف ڈائریکٹرز کے چیئرمین کے طور پر خدمات انجام دینا میرے لیے اعزاز کی بات ہے۔ میں اپنے معزز شیئر ہولڈرز کا شکریہ ادا کرنا چاہوں گا کہ انہوں نے مجھے کمپنی کی رہنمائی کی ذمہ داری سونپی۔

کمپنی کو بہت امید ہے کہ تنظیم نو اور رقوم کی تصفیہ کے ساتھ، مالیاتی اداروں کے ساتھ زیر التواء مسائل حل ہو جائیں گے، کمپنی کی مالی صحت بہتر ہو جائے گی جس سے کمپنی نئی منافع بخش راہوں پر توجہ مرکوز کر سکے گی۔ کمپنیز ایکٹ 2017 کے سیکشن 279 کے تحت ترتیب دینے کی اسکیم کو معزز سندھ ہائی کورٹ کراچی نے باضابطہ منظوری دی ہے۔ کمپنی کی ذمہ داری سکیم آف ارینجمنٹ کے لحاظ سے طے کی جائے گی۔ بینکوں کے ساتھ زیر التواء تمام قانونی چارہ جوئی کو سکیم آف ارینجمنٹ کے مطابق واپس لے لیا جائے گا۔

اعترافات

ہمارے بورڈ کی کارکردگی اور کمپنی کی انتظامیہ اور عملہ کی طرف سے فراہم کی جانے والی خدمات کو سراہا جاتا ہے۔

محمد اختر مرزا

لاہور: 03.03.2023





# Paramount Spinning Mills Limited

2<sup>nd</sup> Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)  
Tel: (92-42) 37175831

## 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, 2021 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. Therefore, audit for the year ended 30 June 2020 was delayed due to the actions and inactions of the retiring auditor. Due to this reason subsequent audit are also delayed.

## 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 restructuring agent i.e United Bank Limited has implemented the Scheme has 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, 2021 however, the same are being prepared in 2022 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	2021	2020 Restated
	(Rupees)	(Rupees)
Sales	-	-
Cost of Sales	-	-
Financial cost	(20,379)	(16,152)
Pre tax Profit/ (Loss )	2,079,207,650	(158,624,548)
Provision for taxation	(743,136)	-
Profit/(Loss) after taxation	2,078,464,514	(158,624,548)



# Paramount Spinning Mills Limited

2<sup>nd</sup> Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)

Tel: (92-42) 37175831

## 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:

<b>Name of Director</b>	<b>No of meeting attended</b>
Mr. Muhammad Akhtar Mirza	4
Mr. Sohail Maqsood	4
Mr. Muhammad Junaid	4
Mr. Muhammad Ashraf Khan	3
Mr. Muhammad Asif Akram	2
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

2<sup>nd</sup> Floor Finlay House I.I. Chundrigar Road , Karachi (Pakistan)

Tel: (92-42) 37175831

## 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, 2021 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, 2021 was Rs.119.78 as compared to the previous year restated of Rs. ( 9.14).

## Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2021.

## 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

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Tel: (92-42) 37175831

## Corporate Social Responsibility

The company is responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

## Web presence

Annual and periodical financial statements of the Company are also available on the Company website [www.gulshan.com.pk](http://www.gulshan.com.pk) [MHI] 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, 2021 deferred liability for gratuity is Rs 3,384,495/-

## 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 2021-2022.

## Pattern of Shareholding

The pattern of shareholding as at June 30, 2021 including the information under the code of corporate of governance is annexed.

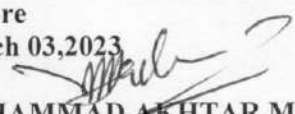
## Acknowledgement

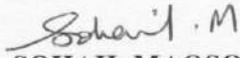
The Board wishes to place on record its appreciation for the employees, members of management team for their efforts, commitment and hard work and to the shareholders who have accepted the Scheme of Arrangement in the meeting held pursuant to the orders of the Sindh High Court.

On behalf of the Board

Lahore

March 03, 2023

  
MUHAMMAD AKHTAR MIRZA  
CHAIRMAN

  
SOHAIL MAQSOOD  
CHIEF EXECUTIVE



## پیراماؤنٹ اسپیننگ ملز لمیٹڈ

شیئر ہولڈرز کو ڈائریکٹر کی رپورٹ

کمپنی کے ڈائریکٹرز کو کمپنی کی سالانہ جنرل میٹنگ میں 30 جون 2021 کو ختم ہونے والے سال کے لیے آڈیٹر کی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے پر خوشی ہے۔

30 جون 2020 کو ختم ہونے والے مالی سال کے لیے مقرر کردہ کمپنی کے سابقہ آڈیٹر (ریٹائرنگ آڈیٹر) 30 جون 2020 کو ختم ہونے والے سال کے مالیاتی گوشواروں پر دستخط نہ کر کے اپنے قانونی فرائض کی تعمیل کرنے میں ناکام رہے۔ جون 2020 ریٹائر ہونے والے آڈیٹر کے اقدامات اور غیر فعالیوں کی وجہ سے تاخیر کا شکار ہوا۔ اسی وجہ سے بعد کے آڈٹ میں بھی تاخیر ہوتی ہے۔

جائزہ

مالیاتی اداروں کے ساتھ قانونی چارہ جوئی نے کمپنی کو مجبور کیا کہ وہ اپنے قرض دہندگان کے ساتھ اپنے وعدوں کو پورا کرنے کے لیے مفاہمت سے مشروط اپنی قرض کی ذمہ داریوں کی تنظیم نو شروع کرے۔ کمپنی نے اہم قرض دینے والے مالیاتی اداروں کی مدد سے قرض کی تنظیم نو کا عمل شروع کیا ہے۔ اس سلسلے میں کمپنیز ایکٹ 2017 کے سیکشن 279 تا 283 اور 285 کے تحت ایک اسکیم آف ارینجمنٹ (اسکیم آف ارینجمنٹ) پہلے ہی کراچی میں معزز سندھ ہائی کورٹ ("عدالت") کی طرف سے منظور کر چکی ہے۔ ری اسٹرکچرنگ ایجنٹ یعنی یونائیٹڈ بینک لمیٹڈ نے اس اسکیم کو عملی جامہ پہنایا ہے جیسا کہ عدالت کی طرف سے منظوری دی گئی ہے۔ بندوبست کی اسکیم کے مطابق کمپنی کے قرض دہندگان کے ذریعہ تمام قانونی چارہ جوئی واپس لے لی جائے گی۔

اگرچہ اکاؤنٹس 30 جون 2021 کو ختم ہونے والے مالی سال کے لیے ہیں تاہم مذکورہ بالا وجوہات کی بنا پر 2022 میں وہی تیار کیے جا رہے ہیں جو کمپنی کے کنٹرول سے باہر تھیں، اس لیے ان کھاتوں میں مادی لین دین کی عکاسی کی گئی ہے یعنی اثاثے کمپنی کے اثاثوں کی فروخت کمیٹی نے کراچی میں سندھ ہائی کورٹ کے حکم کے مطابق اسکیم آف ارینجمنٹ کے تحت فروخت کی ہے۔

**Operating & Financial Performance**



Operating indicators	2021	2020 Restated
	(Rupees)	(Rupees)
Sales	-	-
Cost of Sales	-	-
Financial cost	(20,379)	(16,152)
Pre tax Profit/ (Loss )	2,079,207,650	(158,624,548)
Provision for taxation	(743,136)	-
Profit/(Loss) after taxation	2,078,464,514	(158,624,548)

مستقبل کا آؤٹ لک

کمپنی کو پوری امید ہے کہ تنظیم نو اور رقوم کی تصفیہ کے ساتھ مالیاتی اداروں کے زیر التوا مسائل حل ہو جائیں گے، کمپنی کی مالی صحت بہتر ہو جائے گی جس سے کمپنی نئی منافع بخش راہوں پر توجہ مرکوز کر سکے گی۔

آڈیٹرز کے مشاہدات

کمپنی نے اسکیم آف ارینجمنٹ میں تمام بینکوں / مالیاتی اداروں کی طرف سے تصدیق شدہ رقم کے مطابق منسلک مالی بیان میں مارک اپ کی رقم مکمل طور پر فراہم کی ہے۔ آڈیٹر اپنی ریزرویشن صرف یہ ظاہر کرتا ہے کہ انہیں ان کے عام آڈٹ طریقہ کار کے مطابق بینکوں سے براہ راست تصدیق نہیں ملی ہے۔ تاہم، یہاں یہ بتانا ضروری ہے کہ منسلک مالیاتی بیان میں، قرض کی رقم سکیم آف ارینجمنٹ 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 کر رہی ہے اور مزید سخت چیک اینڈ بیلنس کے ساتھ بہتر اندرونی کنٹرول کی پالیسیوں پر عمل درآمد کر رہی ہے۔

بورڈ کے اجلاس اور حاضری

بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے اور ان میں ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

اجلاس میں شریک ڈائریکٹر کا نام نمبر

جناب محمد اختر مرزا 4

جناب سہیل مقصود 4

جناب محمد جنید 4

جناب محمد اشرف خان 3

جناب محمد آصف اکرم 2

جناب عابد ستار 4

جناب محمد عارف 4

اجلاس میں شرکت نہ کرنے والے ارکان کو غیر حاضری کی چھٹی دے دی گئی۔

حساب کتاب کا گروہ یا لوگ

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک آڈٹ کمیٹی قائم کی ہے۔ آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے اور ان میں ہر ممبر کی حاضری حسب ذیل ہے:

جناب محمد جنید 4

جناب عابد ستار 4

جناب محمد اختر مرزا 4

HR اور معاوضہ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں کمپنی کے بورڈ آف ڈائریکٹرز نے HR اور معاوضے کی کمیٹی بھی قائم کی ہے۔ اس کے اراکین کے نام کمپنی کی معلومات میں دیے گئے ہیں۔ اندرونی آڈٹ فنکشن

بورڈ نے ایک مضبوط اور موثر اندرونی کنٹرول سسٹم نافذ کیا ہے جس میں کمپنی کے بنیادی مقاصد کو پورا کرنے کے لیے کمپنی کے کاروبار کو کنٹرول شدہ ماحول میں آگے بڑھانے کے لیے آپریشنل، مالیاتی اور تعمیل کنٹرول شامل ہیں۔

اندرونی آڈٹ کے نتائج کا آڈٹ کمیٹی جائزہ لیتی ہے، جہاں ضروری ہو، اندرونی آڈٹ رپورٹس میں موجود سفارشات کی بنیاد پر کارروائی کی جاتی ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

جیسا کہ کارپوریٹ گورننس کے ضابطہ کی ضرورت ہے، ڈائریکٹرز یہ بتاتے ہوئے خوش ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حقیقی حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے۔ اندرونی کنٹرول کا نظام درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے جیسا کہ اسٹاک ایکسچینج کے لسٹنگ کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2021 تک بقایا ہیں سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔
- مالیاتی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان آپ کی کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں، سوائے مالی بیانات میں ظاہر کیے گئے ان کے۔

فی شیئر آمدنی/ نقصان

30 جون 2021 کو ختم ہونے والی مدت کے لیے کمپنی کا فی حصص منافع / (نقصان) روپے تھا۔  
119.78 پچھلے سال کے مقابلے میں روپے (9.14) منافع اوپر زیر بحث آنے والے حالات کی وجہ  
سے، بورڈ آف ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے لیے منافع کی سفارش نہیں کرتا  
ہے۔

ضابطہ اخلاق

ضابطہ اخلاق تیار کیا گیا ہے اور کمپنی کے ہر ڈائریکٹر اور ملازم کی طرف سے اس سے آگاہ کیا گیا  
ہے اور اسے تسلیم کیا گیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی ذمہ دار کارپوریٹ شہری ہے اور کمیونٹی، ملازمین اور ماحول کے تئیں اپنی ذمہ داری کو  
پوری طرح سے تسلیم کرتی ہے۔

ویب کی موجودگی

حصص یافتگان اور دیگر افراد کی معلومات کے لیے کمپنی کے سالانہ اور متواتر مالی بیانات کمپنی  
کی ویب سائٹ [www.gulshan.com.pk](http://www.gulshan.com.pk) پر بھی دستیاب ہیں۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے درمیان لین دین آرمز لینتھ قیمتوں پر کیے گئے تھے جن کا تعین "موازنہ بے قابو  
قیمت کے طریقہ کار" کے مطابق کیا گیا تھا۔ کمپنی نے پاکستان میں اسٹاک ایکسچینج کے لسٹنگ کے  
ضوابط کے مطابق 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 سیکرٹری اور  
ان کی شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے شیئرز کی تجارت ہوتی ہے۔

اسٹاف ریٹائرمنٹ بینیفٹ کی قدر پر بیان

30 جون 2021 تک گریجویٹی کے لیے موخر ذمہ داری 3,384,495 روپے ہے۔/-

آڈیٹرز

میسرز ملک ہارون شاہد صفدر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کے باعث دوبارہ تقرری کے لیے خود کو پیش کر چکے ہیں۔ آڈٹ کمیٹی نے اگلے مالی سال 2021-2022 کے لیے کمپنی کے بیرونی آڈیٹرز کے طور پر ان کی تقرری کی بھی سفارش کی ہے۔  
شیئر ہولڈنگ کا نمونہ

30 جون 2021 تک شیئر ہولڈنگ کا پیٹرن جس میں کارپوریٹ آف گورننس کے کوڈ کے تحت معلومات شامل ہیں۔

اعتراف

بورڈ ملازمین، انتظامی ٹیم کے اراکین کو ان کی کاوشوں، عزم اور محنت کے لیے اور ان شیئر ہولڈرز کی تعریف ریکارڈ پر رکھنا چاہتا ہے جنہوں نے سندھ ہائی کورٹ کے حکم کے مطابق منعقدہ میٹنگ میں انتظامات کی اسکیم کو قبول کیا۔  
بورڈ کی جانب سے

لاہور

03 مارچ 2023

سہیل مقصود  
چیف ایگزیکٹو

محمد اختر مرزا  
چئیرمین





# Paramount Spinning Mills Limited

2<sup>nd</sup> Floor , Garden Heights, 8-Aibak Block, New Garden Town ,  
Lahore (Pakistan)  
Tel: (92-42) 37175831

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

Year Ended

June 30, 2021

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

\* With reference to Regulation 6 (1), in a Board comprising 7 members, one-third works out to 2.33. Since the fraction is below half (i.e. 0.5) the fraction contained in such one-third is not rounded up to one. Further, the two elected independent directors have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently, as per applicable laws and regulations, hence, appointment of a third independent director is not warranted. Furthermore, the independent directors are not selected from data bank.

2. The directors have confirmed that none of them is serving as a director in more than Seven listed companies, including this Company;
3. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
4. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained;
5. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations;
6. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated;
7. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
8. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment;
9. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board;



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10. The Board has formed a 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 & Remuneration Committee

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

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

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

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

b) HR & Remuneration Committee Four Meeting were held during the financial year.

13. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company;

14. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not the close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

15. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

16. We confirm that all requirements of the regulations 3, 6, 8, 27, 32, 33 and 36 of the regulations have been complied with, except the requirement of the regulation 7 which is explained as follows:

Sr. No.	Mandatory Requirement	Reg. No.	Explanation
1	Subject to section 154 of the Act, it is mandatory that the Board shall have at least one female director.	7	The Company has appointed female director as per CCG Regulation-2019 in the year 2022-2023.



# Paramount Spinning Mills Limited

2<sup>nd</sup> Floor , Garden Heights, 8-Aibak Block, New Garden Town ,

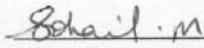
Lahore (Pakistan)

Tel: (92-42) 37175831

17. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

Sr. No.	Non-Mandatory Requirement	Reg. No.	Explanation
2	The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	The company has no nomination committee because all its mills' operations have been closed.
3	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	The company has no risk management committee because all its mills' operations have been closed.
4	It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	19(1)	The Company may conduct training program before the next election of directors.

On behalf of the board of Directors

  
Chief Executive Officer  
Lahore:- 03.03.2023

  
Chairman

# MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

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## 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, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

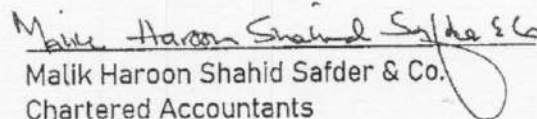
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

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

We draw attention to paragraph 16 of the statement of compliance, which states that the Company will appoint the female director as per CCG regulation-2019 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, 2021.

Lahore  
March 03, 2023

  
Malik Haroon Shahid Safder & Co.  
Chartered Accountants



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## 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, 2021**, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2021, 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 amounting to Rs. 6.667 million.
2. We have not received confirmations from banks and financial institutions. Accordingly, we are unable to verify cash and bank balances aggregating to Rs. 6.734 million.
3. We were unable to satisfy ourselves regarding balances payable in respect of post-employment benefits payables, unclaimed dividend and trade and other payables amounting to Rs. 3.384 million, Rs. 1.119 million and Rs. 17.308 million, respectively.

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

### 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 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") 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.

*MHSS & CO*



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# MALIK HAROON SHAHID SAFDER & CO.

Chartered Accountants

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## 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.	<b>Contingencies and commitments</b>	
	Refer to note 19 to the financial statements; The Company has significant litigations in respect of claims lodged by various banks regarding loan facilities. 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.	Our audit procedures included the following; <ul style="list-style-type: none"><li>• 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.</li><li>• Read the minutes of the meetings and met the Company's legal counsel to evaluate whether the provisions of the scheme of arrangement regarding the withdrawal of these litigations is still appropriate.</li></ul>

## 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.

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## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of directors is responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the matters stated in Basis for Qualified Opinion above:

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

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



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

Lahore  
March 03, 2023

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PARAMOUNT SPINNING MILLS LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
Property, plant and equipment	5	6,666,853	7,500,915
Investments in associated companies	6	-	-
Stock-in-trade	7	-	105,859,093
Short-term investments	8	-	-
Tax refund due form Government	9	16,037,714	16,259,162
Cash and bank balances	10	6,733,878	4,753,931
Disposal group under scheme of arrangement	11	-	1,290,000,000
<b>TOTAL ASSETS</b>		<b>29,438,445</b>	<b>1,424,373,101</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	12	173,523,290	173,523,290
Reserves		475,400,000	475,400,000
Surplus on revaluation of property, plant and equipment	13	-	877,433,408
Accumulated losses		(1,410,402,999)	(4,366,300,921)
Sub-ordinated loan	14	175,000,000	175,000,000
Total equity		(586,479,709)	(2,664,944,223)
<b>LIABILITIES</b>			
Loan from associates and others	15	564,413,193	586,679,851
Post employment benefits payables	16	3,384,495	20,403,014
Trade and other payables	17	47,001,630	108,117,623
Unclaimed dividend		1,118,836	1,118,836
Payable to banking companies under scheme of arrangement	18	-	3,372,998,000
		615,918,154	4,089,317,324
<b>CONTINGENCIES AND COMMITMENTS</b>	19		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,438,445</b>	<b>1,424,373,101</b>

The annexed notes from 1 to 32 form an integral part of the financial statements

*MHS & CO*

*Shail M*  
Chief Executive

*Nasir*  
Chief Financial Officer

*Abid Sattar*  
Director

PARAMOUNT SPINNING MILLS LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses	20	(9,872,406)	(6,912,328)
Other expenses	21	(2,014,561)	(201,051,104)
Other income	22	2,091,114,996	49,355,036
		2,079,228,029	(158,608,396)
<b>Profit / (loss) from operations</b>		2,079,228,029	(158,608,396)
Finance cost	23	(20,379)	(16,152)
<b>Profit / (loss) before taxation</b>		2,079,207,650	(158,624,548)
Taxation	24	(743,136)	-
<b>Profit / (loss) after taxation</b>		2,078,464,514	(158,624,548)
<b>Earning / (loss) per share - basic and diluted</b>	25	119.78	(9.14)

The annexed notes from 1 to 32 form an integral part of the financial statements

*MHS & CO*

*Schail M*  
Chief Executive

*Nash*  
Chief Financial Officer

*Mirdatta*  
Director



PARAMOUNT SPINNING MILLS LIMITED  
 STATEMENT OF OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Loss after taxation		2,078,464,514	(158,624,548)
Other comprehensive income;			
Impairment loss on operating fixed assets		-	-
Reversal of deferred tax liability related to surplus on revaluation		-	-
Derecognition of deferred tax liability on surplus on revaluation		-	-
		-	-
<b>Total comprehensive loss for the year</b>		<b>2,078,464,514</b>	<b>(158,624,548)</b>

The annexed notes from 1 to 32 form an integral part of the financial statements

*MHS & CO*

*Schail M*  
 Chief Executive X

*Najir*  
 Chief Financial Officer

*Abid Sattar*  
 Director

PARAMOUNT SPINNING MILLS LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	General Reserves		Capital reserve	Sub - ordinated loan from directors	Total	
		Share premium	General reserve	Accumulated losses			Revaluation surplus
Rupees							
Balance as at July 1, 2019	173,523,290	15,400,000	460,000,000	(4,207,676,373)	877,433,408	175,000,000	(2,506,319,675)
Loss for the year	-	-	-	(158,624,548)	-	-	(158,624,548)
Other comprehensive loss	-	-	-	-	-	-	-
	-	-	-	(158,624,548)	-	-	(158,624,548)
Surplus on revaluation of operating fixed assets realized;							
- on account of incremental	-	-	-	-	-	-	-
- depreciation for the year	-	-	-	-	-	-	-
<b>Balance as at June 30, 2020</b>	<b>173,523,290</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>(4,366,300,921)</b>	<b>877,433,408</b>	<b>175,000,000</b>	<b>(2,664,944,223)</b>
Balance as at July 01, 2020	173,523,290	15,400,000	460,000,000	(4,366,300,921)	877,433,408	175,000,000	(2,664,944,223)
Profit for the year	-	-	-	2,078,464,514	-	-	2,078,464,514
Other comprehensive loss	-	-	-	-	-	-	-
	-	-	-	2,078,464,514	-	-	2,078,464,514
Surplus on revaluation of operating fixed assets realized on account of disposal	-	-	-	877,433,408	(877,433,408)	-	-
<b>Balance as at June 30, 2021</b>	<b>173,523,290</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>(1,410,402,999)</b>	<b>-</b>	<b>175,000,000</b>	<b>(586,479,709)</b>

The annexed notes from 1 to 32 form an integral part of the financial statements

*MAHES & CO*

*Shahid M*

Chief Executive

*Nasir*

Chief Financial Officer

*Ahmad Sultan*

Director

PARAMOUNT SPINNING MILLS LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		2,079,207,650	(158,624,548)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation	5.2	834,062	950,106
Reversal of provision for slow moving stock		-	(39,837,444)
Finance cost		20,379	16,152
Interest income		(137,546)	(23,666)
Gain on sale of disposal group under scheme of arrangement		(440,580,000)	-
Impairment of disposal group		-	188,832,219
Liabilities written-off		(1,519,678,370)	-
<b>Operating profit / (loss) before working capital changes</b>		<b>119,666,175</b>	<b>(8,687,181)</b>
<b>Decrease / (increase) in current assets:</b>			
Stock-in-trade		105,859,093	-
Sales tax		338,209	(328,824)
		<b>106,197,302</b>	<b>(328,824)</b>
<b>Increase / (decrease) in current liabilities:</b>			
Loan from associates and others		-	-
Trade and other payables		(74,128,564)	11,700,176
		<b>(74,128,564)</b>	<b>11,700,176</b>
<b>Cash generated from operations</b>		<b>151,734,913</b>	<b>2,684,171</b>
Finance cost paid		(20,379)	(16,152)
Interest received		137,546	23,666
Income tax paid		(859,897)	(117,833)
Staff retirement benefits - gratuity paid		(17,018,519)	(1,033,689)
<b>Net cash flows from operating activities</b>		<b>133,973,664</b>	<b>1,540,163</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt on sale of disposal group under scheme of arrangement		1,730,580,000	-
<b>Net cash flows from investing activities</b>		<b>1,730,580,000</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of loan to associates and other parties		(22,266,658)	(701,001)
Payment of loan to banking companies under scheme of arrangement		(1,840,307,059)	-
<b>Net cash used in financing activities</b>		<b>(1,862,573,717)</b>	<b>(701,001)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		<b>1,979,947</b>	<b>839,162</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>4,753,931</b>	<b>3,914,769</b>
<b>Cash and cash equivalents at the end of year</b>	10	<b>6,733,878</b>	<b>4,753,931</b>

The annexed notes from 1 to 32 form an integral part of the financial statements

*MHS & CO*

*Sohail M*  
Chief Executive

*Nashir*  
Chief Financial Officer

*Abid Salim*  
Director

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 registered office of the Company is situated at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi, Pakistan. The manufacturing facilities of the Company were located at Kotri and Raiwind. The Company was principally engaged in progressive manufacturing and sales of cotton yarn, garments and yarn dyeing.

**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 had 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 was 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 sanctioning by the Court became 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 had to be settled by way of sale of moveable and immovable charged assets of the Company, distribution of the sale proceeds among the secured creditors and withdrawal of all pending litigations.

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

During the year the asset sale committee, pursuant to the terms of scheme of arrangement as mentioned in note 1.2 sold all its charged assets and proceeds thereof were distributed among the secured creditors and lenders for the balances due to them. The pending litigations filed by and against the Company are now being withdrawn in accordance with terms of the scheme of arrangement.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

**2.2 Basis of measurement**

Due to the Scheme described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation is no longer appropriate. Accordingly, the financial statements have been prepared on 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 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.

**2.4 Functional and presentation currency**

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

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Notes

**3 STANDARDS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS**

**New standards, amendments and improvements which are effective during the year and standards, amendments and improvements which are not yet effective**

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but, pursuant to paragraphs 2.2 and 2.3, above are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements. The standards, amends and improvements which are not yet effective are also not considered relevant and accordingly are not detailed in these financial statements.

**4 SIGNIFICANT ACCOUNTING POLICIES**

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

**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.

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

**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.

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**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.

**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.

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**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 derecognized 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, amortized 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.

**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
- 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.

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PARAMOUNT SPINNING MILLS LIMITED  
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**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)

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PARAMOUNT SPINNING MILLS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

5	PROPERTY, PLANT AND EQUIPMENT	2021	2020
		Rupees	Rupees
	Property, plant and equipment	6,666,853	7,500,915

Particulars	Furniture and fixtures	Office Equipment	Vehicles	Total
<b>2021</b>				
<b>As at July 01, 2020</b>				
Opening net book value	3,115,623	3,545,584	839,708	7,500,915
Disposals/transfer	-	-	-	-
Depreciation charge	(311,562)	(354,558)	(167,942)	(834,062)
<b>Closing net book value June 30, 2021</b>	<b>2,804,061</b>	<b>3,191,026</b>	<b>671,766</b>	<b>6,666,853</b>
Cost	14,515,863	17,850,215	18,259,272	50,625,350
Less: accumulated depreciation	(11,711,802)	(14,659,189)	(17,587,506)	(43,958,497)
Net book value June 30, 2021	<b>2,804,061</b>	<b>3,191,026</b>	<b>671,766</b>	<b>6,666,853</b>

Particulars	Furniture and fixtures	Office Equipment	Vehicles	Total
<b>2020</b>				
<b>As at July 01, 2019</b>				
Opening net book value	3,461,803	3,939,538	1,049,680	8,451,021
Disposals/transfer	-	-	-	-
Depreciation charge	(346,180)	(393,954)	(209,972)	(950,106)
<b>Closing net book value June 30, 2020</b>	<b>3,115,623</b>	<b>3,545,584</b>	<b>839,708</b>	<b>7,500,915</b>
Cost	14,515,863	17,850,215	18,259,272	50,625,350
Less: accumulated depreciation	(11,400,240)	(14,304,631)	(17,419,564)	(43,124,435)
Net book value June 30, 2020	<b>3,115,623</b>	<b>3,545,584</b>	<b>839,708</b>	<b>7,500,915</b>
Rate of depreciation	10%	10%	20%	

5.1	Depreciation charged during the year has been allocated as;	Notes	2021	2020
	Operating Cost		-	-
	Administrative expenses	20	834,062	950,106
			<b>834,062</b>	<b>950,106</b>

5.2 No impairment relating to property, plant and equipment has been recognized in the current year (2020: Nil)

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PARAMOUNT SPINNING MILLS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2021 Rupees	2020 Rupees
<b>6 INVESTMENTS IN ASSOCIATED COMPANIES</b>			
<b>Quoted</b>			
Gulistan Spinning Mills Limited	6.1	-	-
<b>6.1 Gulistan Spinning Mills Limited (GTSM)</b>			
202,777 (2020: 202,777) ordinary shares of Rs 10 each- cost		2,346,250	2,346,250
Share of surplus on revaluation of fixed assets		11,731,983	11,731,983
Share of item directly credited in the equity of associated company		374,407	374,407
Share of post acquisition losses		(14,452,640)	(14,452,640)
		-	-

GTSM is an associated company of the Company based on common directorship. The Company as on reporting date holds 1.39% of share capital of the GTSM (2020: 1.39%).

Summarized financial information of the investee company as at June 30, 2021, based on audited financial statements is as follows:

Total assets	752,294,351	752,335,752
Total liabilities	2,213,865,315	2,213,974,413
Revenues	-	-
Profit / (loss) after taxation	67,697	(44,520,941)

The market value of investment as at June 30, 2021 is nil (2020: nil)

**7 STOCK-IN-TRADE**

Raw materials	-	83,030,035
Packing material	-	2,465,606
Finished goods	-	15,435,081
Waste	-	4,928,371
	-	105,859,093
Less: Provision for slow moving stocks	-	-
	-	105,859,093

7.1 During the year the asset sale committee, as constituted under the term of scheme of arrangement, disposed off the stock in trade at a price of Rs. 230.50 million and the proceeds of disposal were distributed among the lenders in according with the terms of scheme of arrangement. The gain on this disposal transaction is shown as other income rather than presenting it as sales and cost of sales to avoid any confusion regarding the status of going concern assumption of the company.

**8 SHORT -TERM INVESTMENTS**

The Company hold 8.68% (2020: 8.68%) of equity share of Gulistan Textile Mills Limited (GTML) at a value of Rs. 1,648,740. The market value of the investment as at the year end is not available as trading in shares has been suspended on the stock exchanges. Further, due to the operational and financial difficulties casting significant threat on ability of GTML to continue as going concern there is no probability of recovery of the investment. Accordingly, the value of investment has been reduced to zero.

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PARAMOUNT SPINNING MILLS LIMITED  
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 FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>9 TAX REFUND DUE FROM GOVERNMENT</b>			
Advance income tax		234,594	117,833
Sales tax		15,803,120	16,141,329
		<u>16,037,714</u>	<u>16,259,162</u>
<b>10 CASH AND BANK BALANCES</b>			
Cash-in-hand		1,932,936	649,900
Balances with banks in:			
- current accounts	10.1	1,765,953	1,069,042
- deposit accounts		85,524	85,524
- term deposit receipts	10.2	2,949,465	2,949,465
		<u>6,733,878</u>	<u>4,753,931</u>
10.1	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 19 to these financial statements.		
10.2	These are under lien with respect to guarantees provided by financial institutions to different Government departments.		
<b>11 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT</b>			
<b>Owned:</b>			
Land		-	393,970,000
Building		-	178,330,788
Building on leasehold land		-	235,206,277
Plant and machinery		-	413,294,222
Electric Installation		-	30,859,285
Mill equipment		-	22,017,470
<b>Right of use asset:</b>			
Land		-	84,035,213
Plant and machinery		-	119,384,466
Electric Installation		-	1,734,498
<b>Impairment of disposal group</b>		-	(188,832,219)
		-	<u>1,290,000,000</u>
11.1	During the year all the assets were disposed off by the asset sale committee and the sale proceeds were distributed among the lenders in accordance with terms mentioned in "Scheme of Arrangement".		
<b>12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
	Numbers	Numbers	Rupees
			Rupees
	<b>Authorized capital</b>		
	<u>25,000,000</u>	<u>25,000,000</u>	Ordinary shares of Rs. 10 each
			<u>250,000,000</u>
	<b>Issued, subscribed and paid-up capital</b>		
	2,700,000	2,700,000	Ordinary shares of Rs. 10 each issued as fully paid in cash
			27,000,000
	14,652,329	14,652,329	Ordinary shares of Rs. 10 each issued as fully bonus shares
			146,523,290
	<u>17,352,329</u>	<u>17,352,329</u>	<u>173,523,290</u>
12.1	<b>Ordinary share held by related parties at the year end:</b>		2021
	Gulistan Fibers Limited		2020
			<u>1,499,776</u>
			<u>1,499,776</u>

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PARAMOUNT SPINNING MILLS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>13 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS</b>			
Surplus arisen on revaluation of:			
- Company's operating fixed assets	13.1	-	865,701,425
- Fixed assets of associated companies	13.2	-	11,731,983
		-	877,433,408
<b>13.1 Surplus on revaluation of company's assets</b>			
Balance at beginning of the year		865,701,425	865,701,425
Transferred to accumulated losses		(865,701,425)	-
Less: impairment charged		-	-
		-	865,701,425
<b>13.2 Surplus on revaluation of associated company's assets</b>			
Balance at beginning of the year		11,731,983	11,731,983
Transferred to accumulated losses		(11,731,983)	-
		-	11,731,983

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.

<b>14 SUB-ORDINATED LOAN - unsecured</b>			
<b>Sub-ordinated loan</b>		<b>175,000,000</b>	<b>175,000,000</b>
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.			
<b>15 LOAN FROM ASSOCIATES AND OTHERS</b>			
Gulistan Fibers Limited-Unsecured	15.1	136,665,638	136,665,638
Gulshan Spinning Mills Limited		22,302	97,707
Gulistan Power Generation		25,793,793	34,465,446
Interest free loan from other parties - unsecured	15.2	401,931,460	415,451,060
		564,413,193	586,679,851
<b>15.1 Gulistan Fibers Limited- unsecured</b>			
Balance at beginning of the year		136,665,638	137,940,638
Less: payments made during the year		-	(1,275,000)
Add: received during the year		-	-
		136,665,638	136,665,638

This loan was created in accordance with the settlement agreements dated December 30, 2013 executed between Silk Bank Limited (the Lender), Gulshan Spinning Mills Limited (an Associated Company), Gulistan Spinning Mills Limited (an Associated Company), Gulistan Fibers Limited (an Associated Company) and the Company. As per these agreements, short-term borrowings and outstanding bills payables aggregating Rs. 150.00 million of the Company were adjusted by the lender against mortgaged property of the Gulistan Fibers Limited, under the debt property swap arrangement. Accordingly, the Company has booked this loan as payable to Gulistan Fibers Limited by adjusting its short-term borrowings and bills payable.

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PARAMOUNT SPINNING MILLS LIMITED  
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	Note	2021 Rupees	2020 Rupees
<b>15.2 Interest free loans from other parties - unsecured</b>			
Balance at beginning of the year		415,451,060	414,277,060
Add: funds received during the year		11,560,000	1,174,000
Less: adjustments/repayments made		(25,080,000)	-
		<u>401,931,060</u>	<u>415,451,060</u>
<p>These loans were advanced by the ex-Chief Executive and his other relatives in order to meet working capital requirements. These parties ceased to be related parties of the Company in accordance with IAS 24, because of retirement of ex-Chief Executive in previous years. The repayment terms have not yet been finalized by the parties.</p>			
<b>16 POST EMPLOYMENT BENEFITS PAYABLES</b>			
Post employment benefits payables	16.1	<u>3,384,495</u>	<u>20,403,014</u>
<b>16.1 Movement in post employment benefits payable</b>			
Net liability at beginning of the year		20,403,014	21,436,703
Add: charge to profit and loss account		-	-
Less: benefits paid		(17,018,519)	(1,033,689)
Net liability at end of the year		<u>3,384,495</u>	<u>20,403,014</u>
<b>17 TRADE AND OTHER PAYABLES</b>			
Creditors for supplies		-	43,556,924
Creditors for expenses		46,211,441	46,211,437
Accrued expenses		790,189	17,709,340
Other payables		-	639,922
		<u>47,001,630</u>	<u>108,117,623</u>
<b>18 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT</b>			
MCB Bank Limited		-	124,875,000
Allied Bank Limited		-	127,000,000
Askari Commercial Bank Limited		-	130,396,000
Standard Chartered Bank (Pakistan) Limited		-	68,000,000
Faysal Bank Limited		-	547,458,000
Habib Bank Limited		-	100,135,000
Meezan Bank Limited		-	58,180,000
United Bank Limited		-	307,216,000
Habib Metropolitan Bank Limited		-	176,402,000
National Bank of Pakistan		-	187,000,000
The Bank of Punjab		-	620,000,000
Bank Alfalah Limited		-	135,147,000
Silk Bank Limited		-	105,466,000
Bank Islami Pakistan Limited		-	1,762,000
Orix Leasing Pakistan Limited		-	12,665,000
Mark-up / interest payable under scheme of arrangement		-	671,296,000
		<u>-</u>	<u>3,372,998,000</u>
<b>18.1</b>	<p>During the year these liabilities were settled up with the lenders in accordance with term of scheme of arrangement (refer note 1.2). The gain on settling up of these liabilities is recorded in statement of profit or loss as other income.</p>		

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PARAMOUNT SPINNING MILLS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

Note	2021 Rupees	2020 Rupees
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**19 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

**Litigation with banks and financial institutions**

The below-mentioned litigation with banks / financial institutions are being withdrawn as the assets and charged stocks have been sold by the asset sale committee and proceeds there against have been paid to the secured creditors in manner as provided under the scheme.

**19.1** Various banks and financial institutions had filed recovery suits before various Banking Courts in Pakistan for recovery of their alleged 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 was Rs. 3,372.99 million (2020: Rs. 3,372.99 million). The management was strongly contesting the above mentioned suits on merits as well as cogent factual and legal grounds available to the Company under the law. However after implementation of the scheme these pending litigations against the Company are being withdrawn.

**19.2** 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".

**19.3** 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.

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**PARAMOUNT SPINNING MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
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- 19.4** 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.
- 19.5** First Habib Modaraba 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.
- 19.6** 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.
- 19.7** Habib Bank Limited (previously First Habib Bank Modaraba) had instituted a suit against the Company for recovery of Rs. 810,733/- bearing Suit no. 04/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, before the Banking Court No. I, Karachi. The Suit was decreed against the Company ex-parte vide judgement dated April 21, 2016, and it was held that the Plaintiff Bank is entitled to outstanding overdue rentals in the sum of Rs.740,903/- with cost of funds at the latest prescribed rate by the State Bank of Pakistan from the date of expiry of the agreement till realization. The costs of the suit were also awarded by the learned judge. No appeal was filed by the Company against the said judgement dated April 21, 2016.
- 19.8** 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.

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PARAMOUNT SPINNING MILLS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

Note	2021 Rupees	2020 Rupees
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**Litigation with parties other than banks and financial institutions**

**19.9** 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, 2021, the Company has provided bank guarantees aggregating Rs. 7.216 million(2020: 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. The Company challenged the impugned order dated June 04, 2021 before the honorable Supreme Court of Pakistan wherein the operation of the impugned judgement of Sindh High Court and recovery the Levey was suspended by the court.

**19.10** 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 Appraisal West, vide their notice dated July 18, 2018, has raised a demand of Rs. 222.650 million.

*MHSS & CO*

**PARAMOUNT SPINNING MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Note	2021 Rupees	2020 Rupees
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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 Pakistan 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 Appraisalment-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 Chief 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 matter is still pending at FBR and the clarification on method of calculation is still awaited from FBR.

- 19.11** 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**

- 19.12** Counter guarantees of Rs. 9.067 million (2020: 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**

- 19.13** There is no capital commitment as at June 30, 2021 (2020: Nil).

*MANS & CO*

PARAMOUNT SPINNING MILLS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>20 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits		2,992,980	3,546,105
Fees and subscription		2,710,700	20,950
Conveyance, travelling and entertainment		834,797	64,100
Fuel and power		415,166	1,600,208
Repair and maintenance		50,759	-
Printing and stationery		25,600	207,663
Auditors' remuneration	20.1	360,000	410,000
Postage, telegram and telephone		39,542	24,293
Legal and professional expenses		500,000	-
Depreciation	5.1	834,062	950,106
Rent, rate and taxes		1,085,200	52,195
Other expenses		23,600	36,708
		<u>9,872,406</u>	<u>6,912,328</u>
<b>20.1 Auditor's remuneration</b>			
Annual audit		350,000	400,000
Review report under Code of Corporate Governance		10,000	10,000
		<u>360,000</u>	<u>410,000</u>
<b>21 OTHER EXPENSES</b>			
Impairment of disposal group		-	188,832,219
Previously unrecognized expenses		2,014,561	12,218,885
		<u>2,014,561</u>	<u>201,051,104</u>
<b>22 OTHER INCOME</b>			
Receipts from debtors previously written off		-	5,971,110
Income tax refund received		-	3,522,816
Reversal of provision for slow moving stock in trade		-	39,837,444
Interest on deposit accounts		137,546	23,666
Indenting commission		6,078,173	-
Disposal of stock in trade	7.1	124,640,907	-
Liabilities written-off		1,519,678,370	-
Gain on disposal of assets held under scheme of arrangement		440,580,000	-
		<u>2,091,114,996</u>	<u>49,355,036</u>
<b>23 FINANCE COST</b>			
Bank charges		20,379	16,152
Other financial charges		-	-
		<u>20,379</u>	<u>16,152</u>
<b>24 TAXATION</b>			
Current		(743,136)	-
Deferred		-	-
		<u>(743,136)</u>	<u>-</u>

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PARAMOUNT SPINNING MILLS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>25 EARNING / (LOSS) PER SHARE</b>			
Profit / (loss) after taxation - (Rupees)		2,078,464,514	(158,624,548)
Weighted average number of ordinary shares outstanding during the year - (Number)		17,352,329	17,352,329
Earning / (loss) per share - basic and diluted - (Rupees)		119.78	(9.14)
There is no dilutive effect on the basic loss per share of the Company.			
<b>26 FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<i>Financial assets - amortized cost</i>			
Cash and bank balances		6,733,878	4,753,931
		<u>6,733,878</u>	<u>4,753,931</u>
<i>Financial liabilities - amortized cost</i>			
Loan from associates and others		564,413,193	586,679,851
Trade and other payables		47,001,630	108,117,623
Unclaimed dividend		1,118,836	1,118,836
Payable to banking companies under scheme of arrangements		-	3,372,998,000
		<u>612,533,659</u>	<u>4,068,914,310</u>

**27 FINANCIAL RISK MANAGEMENT**

The Company may have exposures to credit risk, liquidity risk and market risk from its use of financial instruments.

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

**27.1 Credit risk**

Credit risk represents the financial loss that would be recognized at the reporting date, if counter parties fail 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, 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:

	2021 Rupees	2020 Rupees
Bank balances	4,800,942	4,104,031

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

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PARAMOUNT SPINNING MILLS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
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**27.2 Liquidity risk**

Liquidity risk is the risk that an entity may 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.

	2021			2020		
	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	564,413,193	564,413,193	-	586,679,851	586,679,851	-
Trade and other payables	47,001,630	47,001,630	-	108,117,623	108,117,623	-
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	-
	<b>612,533,659</b>	<b>612,533,659</b>		<b>4,068,914,310</b>	<b>4,068,914,310</b>	

**27.3 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. As on reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2021	2020
<b>Fixed rate instruments</b>		
Financial assets	2,949,465	2,949,465
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial assets	85,524	85,524
Financial liabilities	-	-

**27.4 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.

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PARAMOUNT SPINNING MILLS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
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**28 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

Particulars	Chief Executive		Executive	
	2021	2020	2021	2020
Managerial remuneration	-	-	1,008,000	1,008,000
Other perquisites	-	-	554,961	455,821
	-	-	1,562,961	1,008,000
Number of persons	1	1	1	1

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

28.2 The aggregated remuneration amounting to Nil (2020: Nil) was given to 06 directors (2020: 06) during the year.

**29 CAPACITY AND PRODUCTION**

During the year all manufacturing facilities of the Company were disposed off.

**30 RELATED PARTY TRANSACTIONS**

Related parties comprise of associated companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the families of the directors and key management personnel are interested. The Company, in the normal course of business, carries out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 28. 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 party	Relationship	Transaction	2021	2020
Gulshan Spinning Mills Limited	Common directorship	Repayment of loan / expenses	75,405	600,000
Gulistan Power Generation Limited	Common directorship	Repayment of advances	8,671,653	-
Gulistan Fibers Limited	Common directorship	Repayment of loan	-	1,275,000

**31 NUMBER OF EMPLOYEES**

Number of employees as at June 30,

- Permanent	1	1
- Contractual	11	11
	12	12

Average number of employees during the year

- Permanent	1	1
- Contractual	10	10
	11	11

**32 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 3/3/2023, by the Board of Directors of the Company.

*MAHSS & CO*

*Sachin M*  
Chief Executive

*MAHSS*  
Chief Financial Officer

*Abhishek*  
Director

**PARAMOUNT SPINNING MILLS LIMITED**  
**CATEGORIES OF SHAREHOLDERS**  
**As At June 30, 2021**

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

**PARAMOUNT SPINNING MILLS LIMITED**  
**CATEGORIES OF SHAREHOLDERS**  
**As At June 30, 2021**

	<b>SHARES</b>
<b>A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	
Gulshan Spinning Mills Limited	44,180
Gulistan Fibers Limited	1,499,776
<b>B) NIT &amp; ICP</b>	
IDBP (ICP UNIT)	233
Investment Corporation of Pakistan	1,400
CDC - Trustee National Investment (Unit) Trust	1,951,186
National Bank of Pakistan Trustee Department	100
<b>C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN</b>	
<b><u>DIRECTORS</u></b>	
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
<b>D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS &amp; MUTUAL FUNDS</b>	
<b><u>BANKS</u></b>	
National Bank of Pakistan Investor Account (Former NDFC)	8
National Development Finance Corporation Ltd	110
National Bank of Pakistan	995,397
Midland Bank Trust Corporation (Jersey) Limited	38
Innovative Investment Bank Limited	42
<b><u>INSURANCE</u></b>	
State Life Insurance Corporation of Pakistan	576,961
<b>E) Other Companies</b>	4,162,716
<b>F) Joint Stock Company</b>	51,464
<b>G) General Public (Local)</b>	8,065,063
	<u>17,352,329</u>
<b>I) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN</b>	Nil

# 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 31<sup>st</sup> March 2023 at 12:00 noon and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023

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

Witness 1:-

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

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

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

Witness 2:-

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

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

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

### Notes:

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

Appropriate Revenue Stamp
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## پراکسی فارم پیراماؤنٹ اسپینگ ملز لمیٹڈ

میں / ہم \_\_\_\_\_ بحیثیت پیراماؤنٹ اسپینگ 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 پیراماؤنٹ  
اسپینگ 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 پیراماؤنٹ اسپینگ 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 31 مارچ 2023 کو 12:00 بجے اور اس  
کے کسی بھی تعاقب میں منعقد ہونے والی کمپنی کے سالانہ اجلاس میں۔ میرے / ہمارے  
ہاتھ 2023 کے \_\_\_\_\_ دن کا گواہ ہونے کے طور پر کہا  
\_\_\_\_\_ کی نشاندہی

گواہ 1: -

نام: - \_\_\_\_\_  
پتہ: - \_\_\_\_\_  
CNIC: - \_\_\_\_\_

گواہ 2: -

نام: - \_\_\_\_\_  
پتہ: - \_\_\_\_\_  
CNIC: - \_\_\_\_\_

نوٹ:

1. پراکسی درست ہونا لازمی طور پر مہربند، دستخط اور گواہی دی جاسکتی ہے اور  
کمپنی کے ساتھ اجلاس کے قیام کے وقت سے 48 گھنٹوں کے بعد جمع نہیں ہونا  
چاہئے۔

2. پراکسی کمپنی کا ایک رکن ہونا ضروری ہے۔

3. دستخط اس کمپنی کے ساتھ رجسٹرڈ نمونہ دستخط سے متفق ہونا چاہئے۔

4. اس اجلاس میں شرکت اور ووٹ لینے کے حق میں سی۔ڈی۔سی کے حصے دار، اپنی  
شناخت کو ثابت کرنے کے لئے اصل قومی شناختی کارڈ / پاسپورٹ 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۔



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- 📊 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

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