

**PARAMOUNT SPINNING
MILLS LIMITED**

ANNUAL REPORT 2019

PARAMOUNT SPINNING MILLS LIMITED

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PARAMOUNT SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

Mr. Muhammad Asif Akram (Chairman)
Mr. Abid Sattar
Mr. Muhammad Akhtar Mirza

CHIEF FINANCIAL OFFICER

Mr. Nasir Mehmood

COMPANY SECRETARY

Mr. Muhammad Ijaz

AUDITORS

M/s Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
Lahore

LEGAL ADVISOR

Mr. Akhtar Javed

TAX CONSULTANT

M/s. Sharif & Company-Advocate

SHARE REGISTRAR OFFICE

M/s. Hameed Majeed Associates (Pvt) Ltd.
Karachi Chamber
Hasrat Mohani Road Karachi
Ph. 32424826, 32412754, Fax. 32424835

REGISTERED OFFICE

2nd Floor, Finlay House,
I.I. Chundrigar Road,
Karachi.

REGIONAL OFFICE

2nd Floor, Garden Heights,
8Aibak Block, New Garden Town,
Lahore.

MILLS

S.I.T.E Kotri, Raiwind

WEB PRESENCE

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

PARAMOUNT SPINNING MILLS LIMITED

CORPORATE VISION / MISSION STATEMENT

VISION

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

MISSION

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

PARAMOUNT SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

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

- 1- To confirm the minutes of the last Annual General Meeting of the Company.
- 2- To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2019 together with Directors' and Auditors' Reports thereon.
- 3- To appoint auditors of the company for the next financial year 2019-2020 and fix their remuneration. The retiring Auditors M/s Baker Tilly Mehmood Idress Qamar, Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the company.
- 4- To transact any other business with the permission of the Chairman.

By Order of the Board

Muhammad Ijaz

Company Secretary

Lahore:
October 03, 2019

NOTES:

- 1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **17th October, 2019 to 24th October, 2019 (both days inclusive).**
- 2- A member entitled to attend and vote at the general meeting may appoint any other member as proxy in writing to attend the meeting and vote on his/her behalf. Duly completed form(s) of proxy must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
- 3- CDC Account Holders are requested to bring with them their CNIC along with participant I.D & their account number at the time of meeting in order to facilitate identification. In case of corporate entity, a certified BOD resolution/ valid power of attorney with specimen signature of the nominee be produced at the time of meeting.
- 4- Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

پیراماؤنٹ سپنگ ملز لمیٹڈ

اطلاع برائے سالانہ مجلس عاملہ اجلاس

اطلاع دی جاتی ہے کہ پیراماؤنٹ سپنگ ملز لمیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ ۲۴ اکتوبر ۲۰۱۹ بروز ہفتہ کو بوقت ۱۱.۰۰ بجے بمقام سیکنڈ فلور فنلے ہاؤس آئی آئی چندریگر روڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

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

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

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

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

۳ اکتوبر ۲۰۱۹ء لاہور

جاری کیا گیا بذریعہ آرڈر اداں بمذ آف ڈائریکٹرز

محمد عابد (کمپنی سیکرٹری)

اہم اطلاع۔

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

وہ رکن جو سالانہ مجلس عاملہ کے اجلاس میں ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پرو کسی مقرر کر سکتا ہے جو اس کے بدلے/ اس کی جگہ ووٹ دے۔ جس کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کے اجلاس سے 48 گھنٹے قبل متعلقہ پرو کسی فارم پر کر کے جمع کروانا ہوگا۔

سی ڈی سی شیئرز ہولڈرز سے گزارش ہے کہ وہ سالانہ مجلس عاملہ کے اجلاس میں ووٹ دیتے وقت اپنا اصل شناختی کارڈ/ پاسپورٹ پیش کریں۔ تاکہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کاپوریٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرار داد کا سٹوفلیٹ/ قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے/ مختار کنندہ کے specimen دستخط ثبت ہوں پیش کیا جائے۔

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



Paramount Spinning Mills Limited

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

Tel: (92-42) 111-200-000

Fax: (92-42) 37516278

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Director's Report to Shareholders

The Directors of the Company are pleased to place their report together with the Auditor's Report and audited Financial Statements of the Company for the year ended June 30, 2019 at the Annual General Meeting of Company.

Overview

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

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

Operating & Financial Performance

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

Future Outlook

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



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Auditors' Observations

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

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

Company during this year fully provided the amount of mark-up in the annexed financial statement as per the amount confirmed by all the banks/financial institutions in the Scheme of Arrangement.

In the annexed financial statement, the amount of loan has taken from the Scheme of Arrangement which is confirmed by the secured creditors and submitted in Sindh High Court for approval of the Scheme of Arrangement. The auditor shows their reservation only that they have not received the confirmation directly from the Banks to them as per their normal audit procedure.

The Company is very hopeful that with restructuring and settlement of amounts, release of security in post settlement scenario, the financial health of the Company will be improved which will enable the Company to focus on new profitable avenues.

Stock in trade is not verifiable due to various godowns are sealed as per the court order(s). The godown will be de-sealed after approval of the Scheme of Arrangement.

Corporate Governance

The Company has been complying with the rules & regulations of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

Board meetings and attendance

Four (4) meetings of the Board of Directors were held and attendance thereof by each director is as follows:

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



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

Audit Committee

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

| | |
|----------------------------|---|
| Mr. Muhammad Maqbool Anjum | 1 |
| Mr. Hussain Ather | 4 |
| Mr. Muhammad Akhtar Mirza | 4 |

HR & Remuneration Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has also established HR & Remuneration Committee. The names of its members are given in the Company information.

Internal Audit Function

The Board has implemented a sound and effective internal control system including operational, financial and compliance controls to carry on the business of the Company in a controlled environment in an efficient manner to address the Company's basic objectives.

Internal audit findings are reviewed by the Audit Committee, where necessary, action taken on the basis of recommendations contained in the internal audit reports.

Corporate Governance & Financial Reporting Framework

As required by the code of corporate governance, directors are pleased to report that:

- The financial statements prepared by the Management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound and has been effectively implemented and monitored.
- The Board is satisfied that there is no concern as regard to going concern under the Code and as duly explained in note 1.3 of Financial Statements.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchange.
- Key operating and financial data for the last six years is annexed.



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- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2019 except for those disclosed in the financial statements.
- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report, except for those disclosed in the financial statements.

Earnings/Loss per Share

The Profit / (loss) per share of the Company for the period ended June 30, 2019 was Rs.(10.69) as compared to the previous year restated of Rs (7.53).

Dividends

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

Code of Conduct

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

Corporate Social Responsibility

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

Web presence

Annual and periodical financial statements of the Company are also available on the Company website www.gulshan.com.pk for information of the shareholders and others.

Related Party Transactions

The transactions between the related parties were made at Arm's Length prices determined in accordance with the "comparable uncontrolled price method". The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of stock exchange in Pakistan.

Trading in Company's Shares

During the year under review the trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children is Nil.



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Statement on Value of Staff Retirement Benefit

As on June 30, 2019 deferred liability for gratuity is Rs.21,436,703/-

Auditors

Messrs.' Baker Tilly Mehmood Idrees Qamar , Chartered Accountants being eligible have offered themselves for re-appointment. The Audit Committee has also recommended their appointment as External Auditors of the Company for the next financial year 2019-2020.

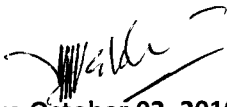
Pattern of Shareholding

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

Acknowledgement

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

On behalf of the Board


Lahore October 02, 2019
Muhammad Akhtar Mirza
chairman


Sohail Maqsood
Chief Executive

پیراماؤنٹ سپننگ ملز

شیرز ہولڈنگز کی ڈائریکٹر کی رپورٹ

پیراماؤنٹ سپننگ ملز لمیٹڈ کی سالانہ جنرل میٹنگ کے موقع پر کمپنی کے ڈائریکٹرز کمپنی کی مالیاتی رپورٹ پیش کر رہے ہیں جو کہ آئیڈیٹرز کی رپورٹ کے ساتھ منسلک ہے یہ رپورٹ زیر جائزہ مالی سال مورخہ ۳۰ جون ۲۰۱۹ کی پیش کی جا رہی ہے۔

مجموعی جائزہ۔

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

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

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

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

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

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

مستقبل کی تصویر کشی / منصوبہ بندی

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

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

آڈیٹرز کے مشاہدات

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

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

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

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

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

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

کارپوریٹ گورننس

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

بورڈ میٹنگز اور حاضر لوگ

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

میٹنگ میں حاضری

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نام ڈائریکٹرز

محمد اختر مرزا

سہیل مقصود

افتخار علی

محمد اشرف خان

محمد مقبول انجم

عابد ستار

حسین اطہر

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

آڈٹ کہنی

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

بینک میں شرکت کی تعداد

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رکن کا نام

حسین اطہر

محمد اختر مرزا

محمد مقبول انجم

انسانی وسائل اور ان کے معاوضے کی کہنی

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

انٹرنل آڈٹ کا طریقہ کار (فرائنس)

بورڈ آف ڈائریکٹرز نے مناسب اور موثر داخلی مالی کنٹرول سسٹم بنایا ہے اور اس پر سختی سے عمل پیرا ہیں۔ جس میں آپریشنل، فنانشل اور کمپنی کے کاروباری معاملات سے متعلق حکمت عملی پر مناسب طریقے سے عملدرآمد کرایا جاسکے تاکہ کمپنی کے بنیادی اصول کے مقاصد کو حاصل کیا جاسکے۔ انٹرنل آڈٹ کی سفارشات اور مشاہدات کو آڈٹ کمپنی نے دیکھا اور جہاں پر ضروری سمجھا انہوں نے دی گئی سفارشات اور مشاہدات کی روشنی میں مناسب کارروائی کی۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے فریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹرز کو بخوش اسلوبی مندرجہ ذیل امور سرانجام دینے ہونگے۔

- 1- کمپنی انتظامیہ کی طرف سے جو مالی امور کا بیان پیش کیا جائے گا وہ کمپنی کے مالی امور کا اصل اور سچے چہرے کی عکاسی کرے گا اور کمپنی کے آپریشن کے نتائج/ما حاصل/منافع/نقصان، کیش فلو اور ایکٹیٹی میں تبدیلیوں کی صحیح ترجمانی/آئینہ داری کرے۔

- 2- کمپنی کے کھاتوں کی مناسب تیاری اور دیکھ بھال کرے۔
- 3- مناسب اکاؤنٹنگ حکمت عملی کی تیاری اور اسکی روشنی میں مالی امور کے بیان اور مالی تخمینہ جات کی تیاری اور اس سلسلہ میں معقول اور دانشمندانہ فیصلے کئے جائیں۔
- 4- بین الاقوامی اکاؤنٹنگ سٹینڈرڈ جو کہ پاکستان میں لاگو ہیں کے مطابق مالی امور کا بیان تیار کیا جائے۔
- 5- اندرونی مالی نظم و ضبط کے کنٹرول کا سسٹم موثر اور مستحکم ہو، اسکے نفاذ کا مناسب مانیٹرنگ سسٹم موجود ہو۔
- 6- بورڈ کے ڈائریکٹرز کو مالی امور کے بیان کے پیرا نمبر 1.3 میں دیئے گئے ضابطہ کے سلسلہ میں کسی قسم کی کوئی خلاف ورزی نہ ہو۔
- 7- کارپوریٹ گورننس کے سلسلہ میں بہترین طریقوں کو اختیار کیا جائے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔
- 8- گزشتہ 6 سالوں کا آپریٹنگ اور مالی امور کا کلیدی ڈیٹا لف ہذا ہے۔
- 9- ٹیکسز، ڈیوٹیز، محصولات اور دیگر چارجز کی مد میں کوئی اضافی یا غیر قانونی ادائیگیاں نہیں کی گئیں۔
- 10- حالیہ مالی سال کے اختتام پر جو بیلنس شیٹ اور ڈائریکٹرز رپورٹ پیش کی گئی اسکے مطابق کمپنی کی مالی پوزیشن کے مواد میں کسی قسم کی کوئی کلیدی یا بنیادی تبدیلی نہیں کی گئی جو ایک کمپنی کی مالیاتی صورتحال کو متاثر کرے سوائے ان کے جو مالی امور کے بیان میں اشکار کی گئیں۔

نفع/نقصان برمطابق شیئرز کی قیمت

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

منافع

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

ضابطہ اخلاق

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

کارپوریٹ سماجی ذمہ داری

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

ویب/سماجی رابطہ کے ذرائع پر موجودگی

کمپنی کی سالانہ اور متواتر مالی امور کا بیان کمپنی کی ویب سائٹ www.gulshan.com.pk شیئرز ہولڈز اور دیگر ان کی آگاہی کے لئے موجود ہے۔

متعلقہ فریقین کے ساتھ لین دین

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

کمپنی کے شیئرز کی ٹریڈنگ

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

عملہ کے ریٹرنس کے قلمبندی کی قیمت کا بیان۔

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

آڈیٹرز

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

شیر ذہولڈنگ کا پٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق ۳۰ جون ۲۰۱۹ شیر ذہولڈنگ کا پٹرن لف رپورٹ ہذا ہے۔

محسنی اعزازات

ہم اپنے جذبے سے سرشار ٹیم اور ایگزیکٹوز/ ڈائریکٹرز، دیگر عملے اور کارکنوں کا بھی شکریہ ادا کرتے ہیں جنہوں نے اس تمام عرصہ میں سخت محنت اور لگن سے کام کیا۔

بورڈ آف ڈائریکٹرز کی طرف / منجانب سے

سہیل مقصود چیف ایگزیکٹو

مؤرخہ ۲۰۱۹-۱۰-۰۲ لاہور

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

Year Ended

June30, 2019

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

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

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

1. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company.
2. All the resident directors are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
3. No Casual vacancies occur in the Board during the period under review.
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and term and conditions of employment of the chief executive officer and executive and non-executive directors have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
9. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
10. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
11. The Board has formed an committees, comprising of members are given below.



**BAKER TILLY
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BTLHR/AA/PSM-65/2019/43

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

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

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

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

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

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

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

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

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

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

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

Baker Tilly Mehmood Idrees Qamar
BAKER TILLY MEHMOOD IDREES QAMAR,
Chartered Accountants
Lahore

Date: **03 OCT 2019**

Name of Engagement Partner: Bilal Ahmed Khan



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BTLHR/AA/PSM-65/2019/42
INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Adverse Opinion

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

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



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

Key Audit Matter(s)

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

| Key audit matter | How the matter was addressed in our audit. |
|---|--|
| <p>1. Valuation of disposal group under scheme of arrangement.</p> <p>As referred to in note 5 to the accompanying financial statements, the directors have decided to settle its liabilities to secured creditors through sale of items of property, plant and equipment under the scheme of arrangement.</p> <p>We have considered the above as a key audit matter due to the significant number of items of property, plant and equipment classified as disposal group under scheme of arrangement.</p> | <p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> - Inquired and discussed with management to develop an understanding of management for classification of items of property, plant and equipment as disposal group under scheme of arrangement; - Read minutes of meeting of board of directors for approval of items of property, plant and equipment to classify and present as disposal group under scheme of arrangement; - Obtained copy of the scheme of arrangement, duly signed by majority of secured creditors (i.e. banking companies) to establish complete understanding of the Scheme; - Obtained copy of revaluation report carried out by the restructuring agent - United Bank Limited from management to verify that carrying values disclosed in the financial statements are appropriate. |

BT



| | |
|--|--|
| <p>2. Other receivables</p> <p>Refer to note 14 to the financial statements and accounting policy in note 3.7 to the financial statements.</p> <p>The Company has significant balance of other receivables comprising of sales tax refunds, which have been outstanding over previous years.</p> <p>We identified recoverability of sales tax refundable as a key audit matter as it involves significant management judgment in determining the recoverable amount, timing and involvement of legal/fiscal laws.</p> | <p>Our audit procedures included the followings:</p> <ul style="list-style-type: none">- Developed an understanding of management process for recovery of sales tax;- Obtained copy of annual sales tax return to verify amount of refundable;- Checked relevant provisions of the Sales Tax Act, 1990 to establish the amount, timing and other matters incidental to the refundability of the sales tax. |
|--|--|

Information Other than the Financial Statements and Auditors Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

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


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

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

Report on Other Legal and Regulatory Requirements

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

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





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MEHMOOD IDREES
QAMAR

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

Other Matter

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

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

Baker Tilly Mehmood Idrees Qamar


BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants
Lahore.

Date: 08 OCT 2019

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

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

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


Chief Executive

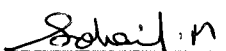

Chief Financial Officer



Director

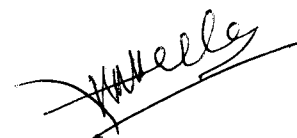
PARAMOUNT SPINNING MILLS LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED JUNE 30, 2019

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

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


 Chief Executive


 Chief Financial Officer


 Director

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

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

BO

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

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 Chief Executive

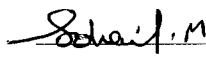
A O O
 Chief Financial Officer

J W olle
 Director

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

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

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


Chief Executive

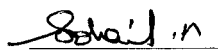

Chief Financial Officer

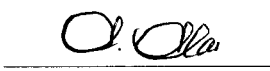

Director

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

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

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


 Chief Executive


 Chief Financial Officer


 Director

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

1 LEGAL STATUS AND OPERATIONS

1.1 Paramount Spinning Mills Limited ("the Company") was incorporated as a public limited company on August 22, 1981, and its shares are listed on Karachi and Lahore Stock Exchanges (now Pakistan Stock Exchange Limited). The Company is principally engaged in progressive manufacture and sales of cotton yarn, garments and yarn dyeing.

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

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

1.2 Scheme of arrangement with secured creditors

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

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

- a) Constitution of an Assets Sales Committee having such powers and undertaking such functions as stated in the Scheme;
- b) Settlement and repayment of the existing liabilities pursuant to the sale of all moveable and immovable items of property, plant and equipment of the Company, by and under the supervision of the Asset Sale Committee, the proceeds from which are to be distributed inter se the secured creditors in accordance with the provisions of this Scheme;
- c) Pooling of securities over the charged assets which are available with the secured creditors, to be shared amongst all the secured creditors on a pari passu basis in proportion to their share of the existing liabilities – principal portion (irrespective of charge), upon the release of the security interests over the charged assets for the purposes of consummating the sales thereof in the manner prescribed under the Scheme;
- d) Release of the pledged stock, and sales thereof for the purposes specified under the Scheme;

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------------|----------------------|
| 20 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT | | | |
| MCB Bank Limited | | 124,875,000 | 120,766,336 |
| Allied Bank Limited | | 127,000,000 | 126,661,025 |
| Askari Commercial Bank Limited | | 130,396,000 | 129,636,193 |
| Standard Chartered Bank (Pakistan) Limited | | 68,000,000 | 68,000,000 |
| Faysal Bank Limited | | 547,458,000 | 476,903,892 |
| Habib Bank Limited | | 100,135,000 | 98,834,069 |
| Meezan Bank Limited | | 58,180,000 | 60,079,007 |
| United Bank Limited | | 307,216,000 | 300,045,500 |
| Habib Metropolitan Bank Limited | | 176,402,000 | 160,308,159 |
| National Bank Limited | | 187,000,000 | 194,585,380 |
| Bank of Punjab | | 620,000,000 | 627,426,056 |
| Bank Alfalah Limited | | 135,147,000 | 135,297,053 |
| Silk Bank Limited | | 105,466,000 | 97,699,799 |
| Bank Islami Pakistan Limited | | 1,762,000 | 2,085,793 |
| Orix Leasing Pakistan Limited | | 12,665,000 | 13,004,884 |
| | | <u>2,701,702,000</u> | <u>2,611,333,146</u> |

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

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

This Scheme, if agreed-upon by the requisite majority of the secured creditors and shareholders of the Company as stipulated in the Act, and sanctioned by the Honorable high court by an order passed in this respect, would be binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as mentioned in note 1.2 to these financial statements.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|--------------------|--------------------|
| 21 LOAN FROM ASSOCIATES AND OTHERS | | | |
| Gulistan Fibres Limited - unsecured | 21.1 | 137,940,639 | 138,165,639 |
| Interest free loans from other parties - unsecured | 21.2 | 414,277,060 | 414,277,060 |
| Gulshan Spinning Mills Limited | | 697,707 | 883,262 |
| Gulistan Power Generations Limited | | 34,465,446 | 34,466,581 |
| | | <u>587,380,852</u> | <u>587,792,542</u> |
| 21.1 Gulistan Fibres Limited - unsecured | | | |
| Balance at beginning of the year | | 138,165,639 | 138,890,639 |
| Less: payments made during the year | | 225,000 | 725,000 |
| | | <u>137,940,639</u> | <u>138,165,639</u> |

- e) Provision of the additional Security by the Company to form part of the Sale Assets ("charged assets plus additional security") which shall be sold in the manner detailed in the Scheme;
- f) The withdrawal of all legal proceedings (refer to note 26.1), which shall be subject to sale of the Assets and pledged stocks and completion of all relevant formalities, in accordance with the provisions of this Scheme; and

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

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

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

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

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

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

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

2.3 Functional and presentation currency

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

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

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

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

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

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2019 or later periods:

IFRS 16 'Lease' (effective for annual periods beginning on or after January 01, 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after January 01, 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IAS 28 (Amendments) 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 01, 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after January 01, 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On December 12, 2017, IASB issued Annual Improvements to IFRSs: 2015 - 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

2.6 Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied over previous years holding for comparative figures are;

3.1 Property, plant and equipment

3.1.1 Owned

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

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

Depreciation on assets was charged to income applying the reducing balance method at the rates stated in note 4. Depreciation on additions was charged from the day in which an asset becomes available for use, while on disposals depreciation was charged up to the day of disposal.

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

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

Increases in the carrying amounts arising on revaluation of Property, Plant and Equipment to be recognised, net of tax, in other comprehensive income and in accumulated reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase would first be recognised in profit or loss. Decreases that reverse previous increases of the same asset would first be recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases would be charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, would be reclassified from the revaluation surplus on Property, Plant and Equipment to retained earnings.

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

3.1.2 Assets subject to finance lease

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

Depreciation is charged to income at the rates stated in note 4 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

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

3.2 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



3.3 Investments in associated companies

Investments in associated companies are accounted for by using equity basis of accounting, under which the investments in associated companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the associated companies after the date of acquisition. The Company's share of profit or loss of the associated companies is recognised in the Company's profit or loss. Distributions received from the associated companies reduce the carrying amounts of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associated companies arising from changes in the associated companies' equity that have not been recognised in the associated companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

Where Company's share of losses of associated companies equals or exceeds its interest in the associates, the Company discontinues recognising its share of further losses except to the extent that Company has incurred legal or constructive obligation or has made payment on behalf of the associates. If the associates subsequently report profits, the Company resumes recognising its share of those profit only after its share of the profit equals the share of losses not recognised.

3.4 Long-term deposits

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

3.5 Stores, spare parts and loose tools

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

3.6 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realisable value (NRV) except waste, which is valued at NRV. Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale. Cost of raw materials, packing materials and components represent invoice values plus other charges paid thereon.

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

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

3.7 Trade debts and other receivables

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

3.8 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.

3.9 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.

3.10 Interest/mark-up bearing loans and borrowings

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

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3.11 Staff retirement benefit - gratuity

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

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

3.12 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.

3.13 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

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

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognised for all the taxable temporary differences.

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

3.14 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

3.15 Financial assets and liabilities

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



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

3.16 Off-setting of financial assets and liabilities

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

3.17 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account and in case revalued assets are tested for impairment, then impairment loss up to the extent of revaluation surplus shall be recognised in revaluation surplus and remaining loss, if any shall be recognized in profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.18 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupee, using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the profit and loss account.

3.19 Revenue recognition

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

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

3.20 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.

3.21 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.



3.22 Segment reporting

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

3.23 Dividend and appropriation to reserves

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

3.24 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 3.1)
- (ii) Net realisable values of stores, spares and loose tools and stock-in-trade.(note 3.5 and 3.6)
- (iii) Provision for impairment of trade debts.(note 3.7)
- (iv) Provision for staff retirement benefit - gratuity.(note 3.11)
- (v) Provision for taxation (note 3.13)

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|------------------|----------------------|
| 4 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 4.1 | <u>8,451,021</u> | <u>1,627,665,102</u> |

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4.1 PROPERTY, PLANT AND EQUIPMENT

| | Owned | | | | | | | | | | Leased | | | | Total |
|--|-------------------|-----------------------------|--------------------|----------------------------|----------------------|------------------------|-------------------|------------------|------------------------|-------------------|---------------------|-------------------|------------------------|----------------------|-------|
| | Leasehold land | Buildings on leasehold land | Freehold land | Buildings on Freehold land | Plant and machinery | Electric installations | Mills equipment | Vehicles | Furniture and fixtures | Office equipment | Plant and machinery | Vehicles | Electric installations | | |
| Rupees | | | | | | | | | | | | | | | |
| As July 01, 2017 | | | | | | | | | | | | | | | |
| Opening net book value | 86,282,143 | 326,160,685 | 393,970,000 | 186,003,430 | 461,801,208 | 34,481,137.85 | 24,601,589 | 1,322,289 | 4,273,831 | 4,863,628 | 133,396,229 | 554,177 | 1,938,069 | 1,659,648,417 | |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Disposals/Transfer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| - cost | - | - | - | - | - | - | - | (2,218,500) | - | - | - | - | - | (2,218,500) | |
| - accumulated depreciation | - | - | - | - | - | - | - | 2,063,094 | - | - | - | - | - | 2,063,094 | |
| | | | | | | | | (155,406) | | | | | | (155,406) | |
| Depreciation charge | (1,348,158) | (8,154,017) | - | (4,650,086) | (11,545,030) | (862,028) | (615,040) | (245,611) | (427,383) | (486,363) | (3,334,906) | (110,835) | (48,452) | (31,827,909) | |
| Closing net book value | 84,933,985 | 318,006,668 | 393,970,000 | 181,353,344 | 450,256,178 | 33,619,109 | 23,986,549 | 921,272 | 3,846,448 | 4,377,266 | 130,061,324 | 443,342 | 1,889,618 | 1,627,665,102 | |
| As at June 30, 2018 | | | | | | | | | | | | | | | |
| Revaluation /Cost | 93,150,000 | 411,289,609 | 393,970,000 | 211,055,709 | 1,077,928,511 | 79,477,601 | 57,434,808 | 2,803,422 | 14,515,863 | 17,850,215 | 152,068,741 | 16,777,350 | 2,578,186 | 2,530,900,015 | |
| accumulated Depreciation | (8,216,015) | (93,282,941) | - | (29,702,365) | (627,672,333) | (45,858,491) | (33,448,259) | (1,882,150) | (10,669,415) | (13,472,950) | (22,007,418) | (16,334,008) | (688,568) | (903,234,913) | |
| Net book value | 84,933,985 | 318,006,668 | 393,970,000 | 181,353,344 | 450,256,178 | 33,619,110 | 23,986,549 | 921,272 | 3,846,448 | 4,377,265 | 130,061,323 | 443,342 | 1,889,618 | 1,627,665,102 | |
| Year ended June 30, 2019 | | | | | | | | | | | | | | | |
| Opening net book value | 84,933,985 | 318,006,668 | 393,970,000 | 181,353,344 | 450,256,178 | 33,619,110 | 23,986,549 | 921,272 | 3,846,448 | 4,377,265 | 130,061,323 | 443,342 | 1,889,618 | 1,627,665,102 | |
| Disposals/Transfer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| - cost | - | - | - | - | - | - | - | (1,321,500) | - | - | - | - | - | (1,321,500) | |
| - accumulated depreciation | - | - | - | - | - | - | - | 1,268,986 | - | - | - | - | - | 1,268,986 | |
| | | | | | | | | (52,514) | | | | | | (52,514) | |
| Depreciation charge | (898,772) | (4,626,579) | - | (3,022,556) | (7,225,196) | (539,481) | (384,909) | (173,752) | (384,645) | (437,727) | (2,087,075) | (88,668) | (30,323) | (19,899,683) | |
| Impairment | - | (78,173,812) | - | - | (29,736,760) | (2,220,344) | (1,584,170) | - | - | - | (8,589,782) | - | (124,797) | (120,429,665) | |
| Classified as held for sale | (84,035,213) | (235,206,277) | (393,970,000) | (178,330,788) | (413,294,222) | (30,859,285) | (22,017,470) | - | - | - | (119,384,466) | - | (1,734,498) | (1,478,832,219) | |
| Closing net book value | - | - | - | - | - | - | - | 695,006 | 3,461,803 | 3,939,538 | - | 354,674 | - | 8,451,021 | |
| Revaluation /Cost | 93,150,000 | 411,289,609 | 393,970,000 | 211,055,709 | 1,077,928,511 | 79,477,601 | 57,434,808 | 1,481,922 | 14,515,863 | 17,850,215 | 152,068,741 | 16,777,350 | 2,578,186 | 2,436,428,515 | |
| Less: accumulated depreciation | (9,114,787) | (97,909,520) | - | (32,724,921) | (634,897,529) | (46,397,972) | (33,833,168) | (786,916) | (11,054,060) | (13,910,677) | (24,094,493) | (16,422,676) | (718,891) | (921,865,610) | |
| impairment | - | (78,173,812) | - | - | (29,736,760) | (2,220,344) | (1,584,170) | - | - | - | (8,589,782) | - | (124,797) | (120,429,665) | |
| classified as held for sale | (84,035,213) | (235,206,277) | (393,970,000) | (178,330,788) | (413,294,222) | (30,859,285) | (22,017,470) | - | - | - | (119,384,466) | - | (1,734,498) | (1,478,832,219) | |
| Net book value | - | - | - | - | - | - | - | 695,006 | 3,461,803 | 3,939,538 | - | 354,674 | - | 8,451,021 | |
| Depreciation rate - per annum (%) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 10 | 10 | 2.5 | 20 | 2.5 | 2.5 | |

| | Note | 2019 Rupees | 2018 Rupees |
|---|------|-------------------|-------------------|
| 4.2 Depreciation charge has been allocated as follows; | | | |
| Operating cost | | 18,814,891 | 30,557,718 |
| Administrative expenses | | 1,084,792 | 1,270,192 |
| | | <u>19,899,683</u> | <u>31,827,910</u> |

4.3 The Company has revalued its leasehold land, freehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment on October 23, 2018. Had the property, plant and equipment been recognised under the cost model, the carrying amount of each revalued class of property, plant and equipment would have been as follows:

| | Note | 2019 Rupees | 2018 Rupees |
|-----------------------------|------|--------------------|--------------------|
| Owned | | | |
| Leasehold land | | 1,384,115 | 1,406,085 |
| Buildings on leasehold land | | 29,588,023 | 30,346,690 |
| Freehold land | | 32,683,561 | 32,683,561 |
| Buildings on freehold land | | 88,007,373 | 90,263,972 |
| Plant and machinery | | 374,130,003 | 383,723,080 |
| Electric installations | | 24,000,450 | 24,615,846 |
| Mill's equipment | | 15,244,215 | 15,635,092 |
| Leased | | | |
| Plant and machinery | | 67,414,200 | 69,142,769 |
| Electric installations | | 445,541 | 456,965 |
| | | <u>632,897,481</u> | <u>648,274,060</u> |

4.4 Forced sale value of the revalued assets on the date of latest revaluation is as under:

| Particulars | Rupees |
|-----------------------------|----------------------|
| Owned: | |
| Leasehold land | 110,848,500 |
| Buildings on leasehold land | 237,182,800 |
| Freehold land | 352,150,750 |
| Buildings on Freehold land | 181,764,180 |
| Plant & machinery | 416,767,283 |
| Electric installation | 31,118,607 |
| Mills equipment | 22,202,491 |
| Leased: | |
| Plant & machinery | 120,387,697 |
| Electric installation | 1,749,074 |
| | <u>1,474,171,382</u> |

4.5 Particulars of Immovable fixed assets are as follows:

| Manufacturing units | Address | Area of land (Kanals) |
|---------------------|--|--------------------------|
| Free hold land | Sheikhupura, Punjab, Pakistan | 198 |
| Spinning unit-I | Plot - O/2 , Site Kotri, Sindh, Pakistan | 18.63 |
| Stitching unit-II | | |
| Dyeing unit-IV | 18 Km Riawind Road, Lahore, Pakistan | 186.18 |
| Home Textile unit-V | | |
| | | <u>402.81</u> |

| | Note | 2019 Rupees | 2018 Rupees |
|---|------|----------------------|----------------|
| 5 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT | | | |
| Owned | | | |
| Land | | 393,970,000 | - |
| Buildings | | 178,330,788 | - |
| Plant and machinery | | 413,294,222 | - |
| Electric installation | | 30,859,285 | - |
| Mills equipment | | 22,017,470 | - |
| Leased | | | |
| Land | | 84,035,213 | - |
| Buildings | | 235,206,277 | - |
| Plant and machinery | | 119,384,466 | - |
| Electric installation | | 1,734,498 | - |
| | | <u>1,478,832,219</u> | <u>-</u> |

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

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------|----------------|
| 6 LONG-TERM INVESTMENTS | | | |
| In Associated Companies | | | |
| Quoted | | | |
| Gulistan Spinning Mills Limited | 6.1 | - | - |
| 6.1 Gulistan Spinning Mills Limited (GTSM) | | | |
| 202,777 (2018: 202,777) ordinary shares of Rs 10 each - cost | | 2,346,250 | 2,346,250 |
| Equity held 1.39% (2018: 1.39%) | | | |
| Share of post acquisition losses | | (14,452,640) | (14,452,640) |
| Share of item directly credited in the equity of associated company | | 374,407 | 374,407 |
| Share of surplus on revaluation of fixed assets | | 11,731,983 | 11,731,983 |
| | | <u>-</u> | <u>-</u> |

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

Summarized financial information of the investee company as at June 30, 2019, based on audited financial statements is as follows:

| | 2019 ----- Rupees in '000 ----- | 2018 |
|---------------------|------------------------------------|-----------|
| Total assets | 796,546 | 942,320 |
| Total liabilities | 2,213,664 | 2,352,003 |
| Revenues | - | - |
| Loss after taxation | 12,045 | 87,418 |

The market value of investment as at June 30, 2019 is nil (2018: nil).

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| | Note | 2019 Rupees | 2018 Rupees |
|-----------------------------|------|----------------|----------------|
| 7 LONG-TERM DEPOSITS | | | |
| Security deposits | 7.1 | - | 3,534,361 |
| Lease deposits | 7.2 | - | 3,543,198 |
| | | - | 7,077,559 |

7.1 This includes security deposits against rental premises, electricity connection, SNGPL connection etc. The probability of recovery of these deposits are remote that's why these deposits have been written-off to profit or loss account.

7.2 Lease deposits has been adjusted against liability against assets subject to finance lease under the Scheme of Arrangement as described in note 1.2.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------|----------------|
| 8 STORES, SPARE PARTS AND LOOSE TOOLS | | | |
| Stores | | - | 2,445,851 |
| Spare parts | | - | 12,363,746 |
| Loose tools | | - | 174,190 |
| | | - | 14,983,787 |
| Less: provision for slow moving stores | | - | (8,690,596) |
| | | - | 6,293,191 |

Store, spare parts and loose tools has been fully provided on account of obsolescence as mills operations has been blocked since June 2015.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------|----------------|
| 9 STOCK-IN-TRADE | | | |
| Raw materials | 9.1 | 83,030,035 | 83,030,035 |
| Packing material | | 2,465,606 | 2,465,606 |
| Finished goods | 9.2 | 15,435,081 | 15,435,081 |
| Waste | | 4,928,371 | 4,928,371 |
| | | 105,859,093 | 105,859,093 |
| Less: provision for slow moving stocks | | (39,837,444) | (39,837,444) |
| | | 66,021,649 | 66,021,649 |

9.1 Raw materials include items costing Rs. 99.506 million (2018: Rs. 99.506 million) stated at their replacement cost aggregating Rs. 49.382 million (2018: Rs. 49.382 million). The amount charged to the profit and loss account for the year in respect of raw materials written down to their replacement cost was Rs. nil (2018: Rs. 16.461 million).

9.2 Finished goods include items costing Rs. 43.558 million (2018: Rs. 43.558 million) stated at their net realizable values aggregating Rs. 15.435 million (2018: Rs. 15.435 million). The amount charged to the profit and loss account for the year in respect of stocks written down to their net realizable values is Rs. nil (2018: Rs. 5.145 million).

9.3 All of the current assets of the Company are under banks' charge as security of short-term borrowings. The Company filed a global suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before Banking Court, High Court of Sindh and Lahore High Court for recovery of their financial liabilities through attachment and sale of Company's hypothecated/mortgaged/charged stocks and properties as fully explained in note 26.1.



| | Note | 2019 Rupees | 2018 Rupees |
|------------------------------|------|----------------|----------------|
| 10 TRADE DEBTS | | | |
| Considered good | | | |
| Local - unsecured | | - | 8,997,093 |
| Considered doubtful | | - | 241,321,191 |
| | | - | 250,318,284 |
| Provision for doubtful debts | 10.1 | - | (241,321,191) |
| | | - | 8,997,093 |

10.1 Doubtful trade debts has been written-off as probability of recoverability is remote to the date of these financial statement.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------|----------------|
| 10.2 Movement in provision for doubtful debts | | | |
| Balance at beginning of the year | | 241,321,191 | 250,299,191 |
| Add: provided during the year | | 70,847,688 | - |
| Less: reversal during the year | | (4,588,366) | (8,978,000) |
| written-off during the year | | (307,580,513) | - |
| Balance at end of the year | | - | 241,321,191 |

11 LOANS AND ADVANCES - unsecured and considered good

Advances to / against:

- non-executive staff
- suppliers
- expenses

| | 2019 | 2018 |
|--|------|------------|
| | - | 102,370 |
| | - | 911,014 |
| | - | 1,717,201 |
| | - | 2,730,585 |
| | - | 11,838,300 |
| | - | 14,568,885 |

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

| | Note | 2019 Rupees | 2018 Rupees |
|--------------------------------------|------|----------------|----------------|
| 12 ACCRUED MARK-UP / INTEREST | | | |
| Mark-up / interest accrued on; | | | |
| - term deposit receipts | | - | 411,128 |
| - receivable from banks | | - | 277,890 |
| | | - | 689,018 |

Mark-up receivable from banks has been adjusted against financial liabilities from relevant banks.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------|----------------|
| 13 SHORT-TERM INVESTMENT | | | |
| - At fair value through profit or loss | | | |
| Gulistan Textile Mills Limited | | | |
| 1,648,740 (2018: 1,648,740) ordinary shares of Rs. 10 each | | - | - |
| Equity held 8.68% (2018: 8.68%) | | - | - |

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

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| | Note | 2019 Rupees | 2018 Rupees |
|---|------|-------------------|-------------------|
| 14 OTHER RECEIVABLES - unsecured and considered good | | | |
| Export rebate | 14.1 | - | 41,337,762 |
| Duty drawback | 14.2 | - | 41,734,276 |
| Insurance claims receivable | | - | 233,810 |
| Sales tax | | 15,812,505 | 15,817,767 |
| | | <u>15,812,505</u> | <u>99,123,615</u> |

14.1 Export rebate has been written-off as time for recoverability has lapsed.

14.2 Duty drawback is receivable from various banks on exports made in previous financial years starting from the year 2009. As banks has signed the Scheme of Arrangement as described in note 1.2, that's why receivables against duty draw backs has been adjusted with liability toward the banks.

| | Note | 2019 Rupees | 2018 Rupees |
|-------------------------|------|------------------|------------------|
| 15 BANK BALANCES | | | |
| Balances with banks in; | | | |
| - current accounts | 15.1 | 885,475 | 3,761,690 |
| - deposit accounts | 15.2 | 79,829 | 109,207 |
| - term deposit receipts | 15.3 | 2,949,465 | 2,949,465 |
| | | <u>3,914,769</u> | <u>6,820,362</u> |

15.1 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 26.1 to these financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended June 30, 2019 from various banks having balances aggregating to Rs. 3.949 million (2018: Rs. 3.711 million) were not available to ensure balances held with these banks. Further, year end balance confirmation of banks having balances aggregating to Rs. 3.652 million (2018: Rs. 3.652 million) have also not been received due to litigation.

15.2 Deposit accounts carry mark-up at rates ranging from 2% to 5% (2018: 2% to 5%) per annum.

15.3 These are under lien regarding guarantees provided by various financial institutions to different government departments.

| 2019 | | 2018 | | 2019 | 2018 |
|---|-------------------|---|--|--------------------|--------------------|
| ----- Numbers ----- | | | | Rupees | Rupees |
| Authorized share capital | | | | | |
| <u>25,000,000</u> | <u>25,000,000</u> | Ordinary shares of Rs.10 each | | <u>250,000,000</u> | <u>250,000,000</u> |
| Issued, subscribed and paid-up capital | | | | | |
| 2,700,000 | 2,700,000 | Ordinary shares of Rs.10 each issued as fully paid in cash | | 27,000,000 | 27,000,000 |
| 14,652,329 | 14,652,329 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | | 146,523,290 | 146,523,290 |
| <u>17,352,329</u> | <u>17,352,329</u> | | | <u>173,523,290</u> | <u>173,523,290</u> |

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

Gulistan Fibres Limited

| 2019 | 2018 |
|---------------------|------------------|
| ----- Numbers ----- | |
| <u>1,499,776</u> | <u>1,499,776</u> |

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| | Note | 2019 Rupees | 2018 Rupees |
|---|------|--------------------|--------------------|
| 17 RESERVES | | | |
| Capital reserve | | | |
| Share premium | | 15,400,000 | 15,400,000 |
| Revenue reserve | | | |
| General reserve | | 460,000,000 | 460,000,000 |
| | | <u>475,400,000</u> | <u>475,400,000</u> |
| 18 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS | | | |
| Surplus arisen on revaluation of: | | | |
| - Company's operating fixed assets | 18.1 | 865,701,425 | 898,296,183 |
| - fixed assets of Associated Companies | | 11,731,983 | 11,731,983 |
| | | <u>877,433,408</u> | <u>910,028,166</u> |
| 18.1 Surplus on revaluation of Company's assets | | | |
| Balance at beginning of the year | | 991,870,963 | 1,005,690,538 |
| Transferred to unappropriated profits on account of incremental depreciation for the year | | (7,960,217) | (13,819,575) |
| Less: impairment charged | | (118,209,321) | - |
| | | <u>865,701,425</u> | <u>991,870,963</u> |
| Less: related deferred tax: | | | |
| - balance at the beginning of the year | | 93,574,780 | 97,582,457 |
| - on incremental depreciation for the year | | (2,308,463) | (4,007,677) |
| - on impairment on fixed assets | | (34,280,703) | - |
| - derecognition of deferred tax liability | | (56,985,614) | - |
| | | <u>-</u> | <u>93,574,780</u> |
| Balance at end of the year | | <u>865,701,425</u> | <u>898,296,183</u> |

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

| | 2019 Rupees | 2018 Rupees |
|--|--------------------|--------------------|
| 19 SUB-ORDINATED LOAN - unsecured | | |
| Sub-ordinated loan | <u>175,000,000</u> | <u>175,000,000</u> |

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

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| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------------|----------------------|
| 20 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT | | | |
| MCB Bank Limited | | 124,875,000 | 120,766,336 |
| Allied Bank Limited | | 127,000,000 | 126,661,025 |
| Askari Commercial Bank Limited | | 130,396,000 | 129,636,193 |
| Standard Chartered Bank (Pakistan) Limited | | 68,000,000 | 68,000,000 |
| Faysal Bank Limited | | 547,458,000 | 476,903,892 |
| Habib Bank Limited | | 100,135,000 | 98,834,069 |
| Meezan Bank Limited | | 58,180,000 | 60,079,007 |
| United Bank Limited | | 307,216,000 | 300,045,500 |
| Habib Metropolitan Bank Limited | | 176,402,000 | 160,308,159 |
| National Bank Limited | | 187,000,000 | 194,585,380 |
| Bank of Punjab | | 620,000,000 | 627,426,056 |
| Bank Alfalah Limited | | 135,147,000 | 135,297,053 |
| Silk Bank Limited | | 105,466,000 | 97,699,799 |
| Bank Islami Pakistan Limited | | 1,762,000 | 2,085,793 |
| Orix Leasing Pakistan Limited | | 12,665,000 | 13,004,884 |
| | | <u>2,701,702,000</u> | <u>2,611,333,146</u> |

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

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

This Scheme, if agreed-upon by the requisite majority of the secured creditors and shareholders of the Company as stipulated in the Act, and sanctioned by the Honorable high court by an order passed in this respect, would be binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as mentioned in note 12 to these financial statements.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|--------------------|--------------------|
| 21 LOAN FROM ASSOCIATES AND OTHERS | | | |
| Gulistan Fibres Limited - unsecured | 21.1 | 137,940,639 | 138,165,639 |
| Interest free loans from other parties - unsecured | 21.2 | 414,277,060 | 414,277,060 |
| Gulshan Spinning Mills Limited | | 697,707 | 883,262 |
| Gulistan Power Generations Limited | | 34,465,446 | 34,466,581 |
| | | <u>587,380,852</u> | <u>587,792,542</u> |
| 21.1 Gulistan Fibres Limited - unsecured | | | |
| Balance at beginning of the year | | 138,165,639 | 138,890,639 |
| Less: payments made during the year | | 225,000 | 725,000 |
| | | <u>137,940,639</u> | <u>138,165,639</u> |

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

This loan is unsecured and repayable within period of two years from the date of creation i.e. April 18, 2014. This loan carries mark-up at the half percent above the borrowing cost of the lending company and effective rate charged during the previous year was at 9.11%. The said loan is classified as short-term on account of non-payment with the agreed period of time due to non-availability of funds and the Company did not charge interest on the same as well.

| | 2019 Rupees | 2018 Rupees |
|--|--------------------|--------------------|
| 21.2 Interest free loans from other parties - unsecured | | |
| Balance at beginning of the year | 414,277,060 | 423,907,026 |
| Add: funds received during the year | - | 16,353,572 |
| Less: adjustments / repayments made during the year | - | (25,983,538) |
| | <u>414,277,060</u> | <u>414,277,060</u> |

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

| | 2019 Rupees | 2018 Rupees |
|--|-------------------|-------------------|
| 22 POST EMPLOYMENT BENEFITS PAYABLES | | |
| Post employment benefits payable | <u>21,436,703</u> | <u>22,037,791</u> |
| 22.1 Movement in post employment benefits payable | | |
| Net liability at beginning of the year | 22,037,791 | 24,924,300 |
| Add: charge to profit and loss account | 23,612 | 26,503 |
| Less: benefits paid | (624,700) | (2,913,012) |
| Net liability at end of the year | <u>21,436,703</u> | <u>22,037,791</u> |

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

| | 2019 Rupees | 2018 Rupees |
|---|----------------|--------------------|
| 23 DEFERRED TAXATION - net | | |
| The liability for deferred taxation comprises of temporary differences relating to: | | |
| - accelerated tax depreciation allowance | - | 142,339,262 |
| - surplus on revaluation of operating fixed assets | - | 93,574,780 |
| - lease finances | - | 13,375,026 |
| - staff retirement benefits - gratuity | - | (242,081) |
| - stock-in-trade | - | (32,931,607) |
| - stores, spare and loose tools | - | (2,520,273) |
| - provision for doubtful debts | - | (69,983,145) |
| | <u>-</u> | <u>143,611,962</u> |

These financial statements are prepared on liquidation / break-up value basis, hence, deferred tax adjusted

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| | Note | 2019 Rupees | 2018 Rupees |
|------------------------------------|------|-------------------|--------------------|
| 24 TRADE AND OTHER PAYABLES | | | |
| Creditors for supplies | | 44,277,924 | 65,332,789 |
| Creditors for expenses | | 46,211,437 | 57,561,437 |
| Accrued expenses | | 5,050,414 | 6,478,879 |
| Other payables | | 877,672 | 772,074 |
| | | <u>96,417,447</u> | <u>130,145,179</u> |
| | | | Restated |

25 ACCRUED MARK-UP / INTEREST

Mark-up / interest accrued on:

| | | | |
|--|------|--------------------|--------------------|
| - long-term finances | 25.1 | - | 31,868,797 |
| - loan from ex-related party | 25.2 | - | 3,828,768 |
| Mark-up / interest payable under scheme of arrangement | 25.3 | 671,296,000 | 599,371,429 |
| | | <u>671,296,000</u> | <u>635,068,994</u> |

25.1 This amount represented mark-up payable to Gulistan Fibres Limited, an Associated Company, on long-term loan.

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

25.3 In previous years, mark-up on long-term loan and short-term borrowings were not recognized due to litigations with those financial institutions. Following agreement of scheme of arrangement, between the Company and financial institutions, mark-up related to current period and previous years has been recognized by restatement in statement of changes in equity. The impact of restatement has been summarized as under:

Impact of correction of error as follow;

| | 2019 Rupees | 2018 Rupees |
|---|----------------|----------------|
| Impact on Statement of Financial Position; | | |
| Increase in accrued mark-up | 95,899,429 | 95,899,429 |
| Increase in accumulated loss | 95,899,429 | 95,899,429 |
| Impact on Statement of Profit or Loss; | | |
| Increase in finance cost | 95,899,429 | 95,899,429 |
| Increase in loss after taxation | 95,899,429 | 95,899,429 |
| Increase in loss per share - basic and diluted | 5.53 | 5.53 |

26 CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 Litigation with banks and financial institutions

26.1.1 The Company along with its restructuring agent - United Bank Limited and majority of lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The said Scheme has been approved by the Board of the Company on March 03, 2019, by majority of the secured creditors and shareholders of the Company in their respective meetings held on July 01, 2019 and pending before the Honourable High Court of Sindh for approval. Under this Scheme, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of moveable and immovable items of property, plant and equipment ("charged assets") of the Company and payment of the proceeds thereof to the secured creditors as contemplated under this Scheme along with incidental ancillary matters

On approval of the Scheme from the Honourable High Court of Sindh as detailed in note 1.2 to these financial statements, all the below-mentioned litigations towards banks and financial institutions will be withdrawn subject to the sale of Sale Assets and Pledged Stocks and completion of all relevant formalities, in accordance with the provisions of the Scheme. This Scheme, inter alia, affects the outcome of following litigation by or against the Company with various financial institutions.


- 26.1.2 Various banks and financial institutions have filed recovery suits before Banking Court - Karachi, the Honourable High Court of Sindh and the Honourable Lahore High Court for recovery of their long-term and short-term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 3,372.99 million (2018: Rs. 3,004.96 million).

The management is strongly contesting the above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. In case of any adverse decision, the management of the Company moves to upper court for relief/appeal/review. Since, all the cases are pending before various Courts, therefore, the ultimate outcome of these cases can not be established to the dates of these financial statements. Among all the case referred above, the most notable cases by or against the Company are explained in the following sub-notes.

- 26.1.3 The Company filed a global suit in the Honourable Lahore High Court against all banks / financial institutions under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, ("the Ordinance") for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The Lahore High Court (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 Lahore High Court through its order dated September 11, 2013, dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned order. The Divisional Bench passed an order, dated November 27, 2013, that respondent banks will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013, will remain suspended meanwhile.

- 26.1.4 MCB Bank Limited (MCB) filed a suit bearing no. B-70/2013 for recovery of Rs. 56.274 million on May 30, 2013 against the Company. The MCB Bank Limited also filed a miscellaneous application under section 16 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, ("the Ordinance"), for the auction of 3,477 cotton bales vide CMA No. 661/2014, which was decided vide order dated February 25, 2014. Askari Bank Limited, and Bank Al Falah Limited filed intervener applications. The Honourable High Court of Sindh ordered to auction the said cotton bales. The Company challenged the order dated February vide HCA no. 63/2014, wherein the Division Bench of the Honourable High Court of Sindh granted a stay order. However, the said high court appeal was dismissed due to non-prosecution (the counsel for the Company was elevated to the bench and due to this reason no one appeared on behalf of the Company when the case was dismissed for non-prosecution). The said impugned order was challenged before the Honourable Supreme Court of Pakistan and the same was dismissed. Therefore the order dated February 25, 2014, attained finality. However the order states that the "...sale proceeds may be kept with the Nazir of this Court, who may invest the same in the profit bearing scheme for the benefit of beneficiary till the end of litigation". The cotton bales have yet not been auctioned and the PLA filed by the Company has yet not been decided

BB

- 26.1.5 Askari Bank Limited had instituted a suit against Paramount Spinning Mills Limited (PSM) and others for recovery of Rs. 145,179,853/- bearing no. C.O.S. No. 23/13 under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001 before the Honourable 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 had also instituted an appeal bearing no. 488/16 before the Division Bench of Lahore High Court, which is pending for adjudication.
- 26.1.6 First Habib Modarba had instituted a suit against the Company and others for recovery of Rs. 1,126,562/- bearing M-Suit no. 10/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, ("the Suit") before the Banking Court No. I, Karachi. The Suit was decreed against PSM vide judgement dated March 9, 2015, in the sum of Rs. 1,104,562/- with costs of the suit and cost of funds at the latest prescribed rate by the State Bank of Pakistan from the date of the default till realization. No appeal has so far been filed by the Company against the said judgement dated March 9, 2015. The management has not recognised the impact of the said decree in these financial statements.
- 26.1.7 Faysal Bank Limited had instituted a suit against the Company for recovery of Rs. 40,906,509.58/- bearing Suit no. 26/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, before the honourable Banking Court No. IV, Karachi. This suit was decreed ex-parte against the Company vide judgement dated August 27, 2015, to the extent of the sum of Rs. 40,906,509.58/- being principal alongwith cost of funds from the date of the default till the realization of the outstanding amount at the rate as determined by the State Bank of Pakistan. The mark-up amounting to Rs. 1,822,345.62/- as claimed by the Plaintiff Bank was not allowed by the learned judge as the Plaintiff Bank had not been able to establish it. The appeal has been filed by the Company against the said judgement for setting aside ex-parte decree which is pending before the Banking Court, Karachi.
- 26.1.8 Habib Bank Limited (previously First Habib Bank Modarba) had instituted a suit against the Company for recovery of Rs. 810,733/- bearing Suit no. 04/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, before the Banking Court No. I, Karachi. The Suit was decreed against the Company ex-parte vide judgement dated April 21, 2016, and it was held that the Plaintiff Bank is entitled to outstanding overdue rentals in the sum of Rs. 740,903/- with cost of funds at the latest prescribed rate by the State Bank of Pakistan from the date of expiry of the agreement till realization. The costs of the suit were also awarded by the learned judge. No appeal has so far been filed by the Company against the said judgement dated April 21, 2016.
- 26.1.9 Bank of Punjab instituted a suit against the Company and others for recovery of Rs. 670,173,867/- bearing C.O.S. No. 52/2013 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, ("the Suit") before the Honourable Lahore High Court, Lahore. The Suit was partially decreed against the Company and its associated companies vide judgement dated October 26, 2017, to the sum of Rs. 398,743,100/-. However, the Court granted leave to defend in respect to the LC facility for an amount of Rs. 248,345,156/-. No appeal has so far been filed by the Company against the judgement partially decreed against the Company neither the management has adjusted these financial statements in light of the said Suit due to stay granted by the Honourable Lahore High Court.
- 26.2 Litigation with parties other than banks and financial institutions**
- 26.2.1 The Company has not provided for Rs. 3.00 million in respect of infrastructure cess levied by the Government of Sindh. The case was decided against the Company by a single judge of the Honourable High Court of Sindh. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed
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The Honourable High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006, was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Honourable Supreme Court of Pakistan against the above-mentioned judgement of the Honourable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them.

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

As at June 30, 2019, the Company has provided bank guarantees aggregating Rs. 7.216 million (2018: Rs. 7.216 million) in favour of Excise and Taxation Department. The bank guarantees given by various banks on behalf of the Company to various parties remain intact with the respective banks.

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

The Company had strong reservations on the calculation of above-mentioned amount and is of the view that this amount has not been calculated in light of afore-mentioned judgement. Therefore, the Company approached the Deputy Collector of Customs, Additional Collector of Customs, Collector of Customs and Chief Collector of Customs. The Company has a stance that total demand as per 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 July¹³, 2017, against judgment of the Supreme Court of Pakistan dated August 29, 2012, the Collectorate of Customs Appraisalment-West, vide their notice dated July 18, 2018, has raised a demand of Rs. 222.650 million.

The company vide its reply dated July 24, 2018, has submitted that the method of calculation of surcharge was not in accordance with the provisions of section 83-A and 202-A of the Customs Act. Similarly, it was also emphasized that the calculation was made in violation of the Supreme Court Order dated August 29, 2012, by calculating the difference of duty on the basis of difference in exchange rate of Swiss Frank instead of US Dollar and charging surcharge on surcharge. The company has also 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. The Company is hopeful that the said representation shall be accepted by the customs department.

- 26.2.3 "First Treet Manufacturing Modaraba has filed suit J.Misc. No. 02 of 2015 for winding-up of the Company. The said petition was disposed of by the Honourable High Court of Sindh, through its order dated April 18, 2017, since the parties have resolved the dispute amicably in an out-of-court settlement agreement dated February 28, 2016, executed at Lahore. All the parties to this agreement settled that outstanding amount will be paid in monthly instalments till the entire payment is made



26.2.4 The Company has filed a writ petition No. 2979 of 2010, against the levy of regulatory duty on export of yarn of Rs. 5.199 million. The Honourable High Court of Islamabad through its judgement dated July 22, 2013, partially accepted the petition of the Company. The Company has filed Intra Court Appeal No. 957/2013 against the impugned judgement and the Honourable High Court of Islamabad through its order dated August 20, 2013, suspended the impugned judgement. The Case is still sub-judice, wherein the stay order passed in favour of the Company vide order dated August 20, 2013, is still intact.

Commitments

26.3 Cross corporate guarantees

26.3.1 Counter guarantees of Rs. 9.067 million (2018: Rs. 9.067 million) were given by the Company to various banks/financial institutions as at June 30, 2019, in respect of guarantees issued in favour of various Government Departments / Institutions.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------|----------------|
| 27 SALES - net | | - | - |
| 28 COST OF SALES | | - | - |
| 29 OPERATING COST | | | |
| Stocks at beginning of the year - finished goods | | 15,435,081 | 20,580,108 |
| Cost of goods manufactured | 29.1 | 27,558,273 | 51,304,571 |
| | | 42,993,354 | 71,884,679 |
| Stocks at end of the year - finished goods | 9 | (15,435,081) | (15,435,081) |
| | | 27,558,273 | 56,449,598 |
| 29.1 Cost of goods manufactured | | | |
| Raw materials consumed | 29.2 | - | 16,460,812 |
| Stores provided for | | 6,293,191 | 2,097,730 |
| Packing materials consumed | | - | 401,378 |
| Salaries and other benefits | | 1,226,120 | 1,126,664 |
| Fuel and power | | 1,048,948 | 600,000 |
| Depreciation | 4.2 | 18,814,891 | 30,557,717 |
| Conveyance, travelling and entertainment | | 102,370 | - |
| Rent, rate and taxes | | - | 46,706 |
| Other manufacturing expenses | | 72,753 | 13,564 |
| | | 27,558,273 | 51,304,571 |
| 29.2 Raw materials written-down | | | |
| Stocks at beginning of the year | | 83,030,035 | 99,490,847 |
| Stocks at end of the year | | (83,030,035) | (83,030,035) |
| | | - | 16,460,812 |
| 30 ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | 30.1 | 323,612 | 326,503 |
| Fees and subscription | | 42,900 | 115,061 |
| Conveyance, traveling and entertainment | | 21,349 | 1,050 |
| Repair and maintenance | | 1,890 | 10,000 |
| Printing and stationery | | 95,971 | 56,961 |
| Auditors' remuneration | 30.2 | 600,000 | 254,250 |
| Postage, telegram and telephone | | 26,210 | 40,024 |
| Legal and professional expenses | | 900,000 | 737,500 |
| Depreciation | 4.2 | 1,084,792 | 1,270,192 |
| | | 3,096,724 | 2,811,541 |

30.1 Salaries and other benefits include Rs. 0.026 million (2018: Rs. 0.099 million) in respect of staff retirement benefit - gratuity.

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| | Note | 2019 Rupees | 2018 Rupees |
|---|------|--------------------|-------------------|
| 30.2 Auditors' remuneration | | | |
| Audit fee | | 590,000 | 240,000 |
| Compliance report of Code of Corporate Governance | | 10,000 | 10,000 |
| Out of pocket expenses | | - | 4,250 |
| | | <u>600,000</u> | <u>254,250</u> |
| 31 OTHER EXPENSES | | | |
| Doubtful debts written-off | | 70,847,688 | - |
| Custom duty | | 8,318,418 | - |
| Receivables written-off | | 57,531,133 | - |
| Impairment charged on electric equipment | | 2,220,344 | - |
| | | <u>138,917,583</u> | <u>-</u> |
| 32 OTHER OPERATING INCOME | | | |
| Income from financial assets | | | |
| Interest on deposit accounts | | 23,349 | 14,092 |
| Reversal of bad debts | | 4,588,366 | 8,978,000 |
| Income from non-financial assets | | | |
| Gain on disposal of fixed assets | | 708,480 | 1,387,195 |
| Liabilities written-off | | 66,899,535 | - |
| | | <u>72,219,730</u> | <u>10,379,287</u> |
| | | | Restated |
| 33 FINANCE COST | | | |
| Mark-up / interest on: | | | |
| - short-term borrowings | 33.1 | - | 48,778 |
| Mark-up under scheme of arrangement | | 71,924,571 | 95,899,429 |
| Bank charges | | 21,526 | 9,541 |
| Other financial charges | | 68,571,393 | - |
| | | <u>140,517,490</u> | <u>95,957,748</u> |

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

| | Note | 2019 Rupees | 2018 Rupees |
|---|------|-------------------|-------------------|
| 34 TAXATION | | | |
| Current | | - | - |
| Deferred | | | |
| Origination and/or (reversal) of temporary difference | | 52,345,645 | 14,106,308 |
| | | <u>52,345,645</u> | <u>14,106,308</u> |

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

| | 2019 | 2018 Restated |
|---|----------------------|----------------------|
| 35 LOSS/ EARNINGS PER SHARE | | |
| Loss after taxation - (Rupees) | <u>(185,524,695)</u> | <u>(130,733,292)</u> |
| Weighted average number of ordinary shares outstanding during the year - (Numbers) | <u>17,352,329</u> | <u>17,352,329</u> |
| Loss per share - basic and diluted - (Rupees) | <u>(10.69)</u> | <u>(7.53)</u> |

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

| | Note | 2019 Rupees | 2018 Restated Rupees |
|---|------|-------------------|----------------------------|
| 36 CASH GENERATED FROM OPERATIONS | | | |
| Loss before taxation | | (237,870,340) | (144,839,600) |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 19,899,683 | 31,827,910 |
| Write-off / provision for stores, spare parts and loose tools | | 6,293,191 | 2,097,730 |
| Stock-in-trade write off | | - | 22,007,217 |
| Provision of gratuity | | 23,612 | 26,503 |
| Finance cost | | 140,517,490 | 95,957,748 |
| Interest income | | (23,349) | (14,092) |
| Provision for doubtful debts | | (4,588,366) | (8,978,000) |
| Gain on disposal of fixed assets | | (708,480) | (1,387,195) |
| Receivables written-off | | 128,378,821 | - |
| Impairment charged on electric equipment | | 2,220,344 | - |
| Liabilities written-off | | (66,899,535) | - |
| Working capital changes | 36.1 | 13,274,586 | 14,697,968 |
| | | <u>517,657</u> | <u>11,396,189</u> |
| 36.1 Working capital changes | | | |
| Decrease/(increase) in current assets: | | | |
| Trade debts | | 13,585,459 | 17,336,796 |
| Loan and advances | | 1,126,742 | (467,602) |
| Other receivables | | 72,398 | 4,832,394 |
| | | <u>14,784,599</u> | <u>21,701,588</u> |
| Increase / (decrease) in trade and other payables | | (1,510,013) | (7,003,620) |
| | | <u>13,274,586</u> | <u>14,697,968</u> |

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| Particulars | Chief Executive | | Executives | |
|---|--------------------|------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | ----- Rupees ----- | | | |
| Managerial remuneration (including allowance) | - | - | 300,000 | 300,000 |
| | - | - | <u>300,000</u> | <u>300,000</u> |
| No. of persons | - | - | 1 | 1 |

The executives have been provided with Company maintained cars.

| | | 2019 | 2018 |
|---|-----|-----------|-----------|
| 38 CAPACITY AND PRODUCTION | | | |
| 38.1 Spinning unit | | | |
| Number of spindles installed | | 25,920 | 25,920 |
| Installed capacity after conversion into 20's count | Kg. | 8,841,118 | 8,841,118 |

Financial institutions and banks have curtailed and blocked the short-term limits, froze the funds in current accounts to clear mark-up and other dues and attempted to realize their securities. These factors created liquidity crises due to which the Company could not run its operations at normal capacity and due to non-availability of working capital lines and shortage of funds, the Company had closed its yarn spinning unit from July 01, 2015.

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| | | 2019 | 2018 |
|------------------------------------|---|-----------|-----------|
| 38.2 Yarn dyeing unit | | | |
| Total number of machines installed | | 7 | 7 |
| Installed capacity | Kg. | 2,065,170 | 2,065,170 |
| 38.3 Stitching unit | | | |
| Total number of machines installed | | 832 | 832 |
| Installed capacity | Pc. | 3,211,652 | 3,211,652 |
| 38.4 | Due to non-availability of working capital lines and shortage of funds, the Company had closed its Yarn dyeing unit and Stitching unit from May 31, 2014. | | |

39 FINANCIAL RISK MANAGEMENT

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

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

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

39.1 Credit risk

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

Credit risk mainly arises from deposits, trade debts, loans and advances, accrued mark-up /interest, short-term investments, other receivables and balances with banks. The carrying amounts of financial assets that represent the Company's maximum credit exposure as at the reporting date are as follows:

| | Note | 2019 Rupees | 2018 Rupees |
|----------------------------|------|------------------|-------------------|
| Deposits | | - | 7,077,559 |
| Trade debts | | - | 8,997,093 |
| Loans and advances | | - | 1,013,384 |
| Accrued mark-up / interest | | - | 689,018 |
| Other receivables | | - | 233,810 |
| Bank balances | | ₹ 3,914,769 | 6,820,362 |
| | | <u>3,914,769</u> | <u>24,831,226</u> |

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

| | 2019 Rupees | 2018 Rupees |
|----------|----------------|----------------|
| Domestic | - | 8,997,093 |

Ageing of trade debts at the reporting date:

| | | |
|-----------------------|---|------------------|
| Past due 1-60 days | - | - |
| Past due 61-150 days | - | - |
| Past due 151-365 days | - | - |
| More than one year | - | - |
| More than two years | - | 8,997,093 |
| | - | <u>8,997,093</u> |

Provision has been written-off as these financial statements have been prepared on liquidation/break-up value basis

39.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company is facing difficulty in maintaining sufficient level of liquidity due to financial problems as all the banks and financial institutions have blocked / ceased their finance facilities and filed suits for recovery of these finances.

| | 2019 | | | 2018 | | |
|--|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
| | Carrying amount | Due within one year | Due after one year | Carrying amount | Due within one year | Due after one year |
| | ----- Rupees ----- | | | ----- Rupees ----- | | |
| Payable under scheme of arrangement | 2,701,702,000 | 2,701,702,000 | - | 2,611,333,146 | 2,611,333,146 | - |
| Loan from associates and other parties | 587,380,852 | 587,380,852 | - | 587,792,542 | 587,792,542 | - |
| Trade and other payables | 96,417,447 | 96,417,447 | - | 130,145,179 | 130,145,179 | - |
| Accrued mark-up / interest | 671,296,000 | 671,296,000 | - | 635,068,994 | 635,068,994 | - |
| | <u>4,056,796,299</u> | <u>4,056,796,299</u> | - | <u>3,964,339,861</u> | <u>3,964,339,861</u> | - |

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

39.3 Market risk

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

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

(b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of the interest rate risk of the Company arises from short and long-term borrowings from banks and deposits with banks. However, the Company is not providing for mark-up/interest on its long-term finances, liabilities against assets subject to finance lease and short-term borrowings due to litigation with banks and financial institutions as detailed in note 26.1. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

| | 2019 Rupees | 2018 Rupees |
|----------------------------------|------------------|----------------------|
| Fixed rate instruments | | |
| Financial assets | <u>3,029,294</u> | <u>3,058,672</u> |
| Financial liabilities | <u>-</u> | <u>26,958,913</u> |
| Variable rate instruments | | |
| Financial liabilities | <u>-</u> | <u>2,509,466,464</u> |

Fair value sensitivity analysis for fixed rate instruments

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

43 CORRESPONDING FIGURES

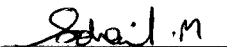
Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

| Sr. # | Description | Reclassified from | Reclassified to | 2018 Rupees |
|-------|---|---|--|---------------|
| 1 | Long-term financing from banking companies | Long-term financing | Payable to banking companies under scheme of arrangement | 233,195,218 |
| 2 | Liabilities against assets subject to finance lease | Liabilities against assets subject to finance lease | Payable to banking companies under scheme of arrangement | 23,478,956 |
| 3 | Running finance - secured | Short-term borrowings | Payable to banking companies under scheme of arrangement | 315,343,109 |
| 4 | Short-term loan - secured | Short-term borrowings | Payable to banking companies under scheme of arrangement | 1,411,965,395 |
| 5 | Bank overdraft | Short-term borrowings | Payable to banking companies under scheme of arrangement | 4,551,328 |
| 6 | Gulshan Spinning Mills Limited | Trade and other payables | Loan from associates and others | 883,262 |
| 7 | Gulistan Fibres Limited - unsecured | Long-term financing | Loan from associates and others | 138,165,639 |
| 8 | Gulistan Power Generation | Trade and other payables | Loan from associates and others | 34,466,581 |
| 9 | Interest free loan from other parties - unsecured | Short-term borrowings | Loan from associates and others | 414,277,060 |
| 10 | Staff retirement benefits - gratuity | Staff retirement benefits - gratuity | Post employment benefits payables | 834,762 |
| 11 | Staff retirement benefits - gratuity due but not paid | Trade and other payables | Post employment benefits payables | 21,203,030 |
| 12 | Bill payable/ letter of credit payable | Trade and other payables | Payable to banking companies under scheme of arrangement | 623,571,213 |
| 13 | Cost of sales | Cost of sales | Operating cost | 56,449,598 |

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 02, 2019 by the Board of Directors of the Company.




Chief Executive


Chief Financial Officer


Director

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

| | 2019 RUPEES | 2018 RUPEES | 2017 RUPEES | 2016 RUPEES | 2015 RUPEES | 2014 RUPEES |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | Restated | Restated | Restated | | |
| OPERATING RESULTS | | | | | | |
| Total number of spindles installed | 25,920 | 25,920 | 25,920 | 25,920 | 25,920 | 25,920 |
| Total spindles worked | - | - | - | - | 23,949 | 24,379 |
| Number of shifts worked per day | - | - | - | - | 3 | 3 |
| Installed capacity after conversion into 20's | 8,841,118 | 8,841,118 | 8,841,118 | 8,841,118 | 8,841,118 | 8,841,118 |
| Actual production after conversion into 20's | - | - | - | - | 5,748,052 | 5,665,800 |
| Turnover | - | - | - | 60,495,592 | 1,259,579,700 | 2,434,279,113 |
| Gross profit / (Loss) | - | - | (45,036,665) | (103,706,087) | (162,639,404) | (494,938,723) |
| Operating profit / (Loss) | (30,654,997) | (59,261,139) | (62,968,571) | (140,829,552) | (213,622,025) | (644,650,978) |
| Other income | 72,219,730 | 10,379,287 | 10,092,942 | 4,664,256 | 4,905,538 | 795,804,466 |
| Financial expenses | (140,517,490) | (95,957,748) | (757,185) | (15,113,147) | (19,540,577) | (30,821,208) |
| Profit / (Loss) before other charges | (98,952,757) | (144,839,600) | (53,632,814) | (151,278,443) | (228,257,064) | 105,545,926 |
| Other Charges | (138,917,583) | - | - | (2,419,348) | (284,199,936) | (15,031,275) |
| Profit/(loss) for the year before taxation | (237,870,340) | (144,839,600) | (53,632,814) | (153,697,791) | (512,457,000) | 90,514,651 |
| Profit/(loss) for the year after taxation | (185,524,695) | (130,733,292) | (46,709,726) | (179,908,358) | (499,467,258) | 70,885,816 |
| Unappropriated profit / (loss) carried forward | <u>(4,207,676,373)</u> | <u>(4,027,803,432)</u> | <u>(3,906,882,038)</u> | <u>(3,366,622,058)</u> | <u>(3,196,744,475)</u> | <u>(2,707,407,801)</u> |
| FINANCIAL POSITION | | | | | | |
| Paid up capital | 173,523,290 | 173,523,290 | 173,523,290 | 173,523,290 | 173,523,290 | 173,523,290 |
| Shareholder's equity | (2,681,319,675) | (2,468,851,976) | (2,338,118,684) | (1,787,936,959) | (2,547,821,185) | (2,058,484,511) |
| Surplus on revaluation of operating fixed assets | - | - | - | - | 939,792,584 | 1,533,531,265 |
| Sub-ordinated Loan | 175,000,000 | 175,000,000 | 175,000,000 | 175,000,000 | 175,000,000 | 175,000,000 |
| Long term loans | - | - | - | 142,020,639 | 142,235,639 | 142,235,639 |
| Deferred liabilities | - | - | - | 168,327,384 | 140,924,273 | 183,740,431 |
| Current liabilities | 4,079,351,838 | 4,131,108,450 | 4,071,790,013 | 3,247,545,462 | 3,293,429,454 | 3,073,147,854 |
| Fixed assets | 176,751,021 | 1,627,665,102 | 1,659,648,417 | 1,692,439,487 | 1,727,472,357 | 2,364,232,897 |
| Disposal group under scheme of arrangement | 1,310,532,219 | - | - | - | - | - |
| Long term deposits / loans | - | 7,077,559 | 7,077,559 | 3,534,361 | 3,534,361 | 4,000,659 |
| Current assets | 85,748,923 | 202,513,813 | 241,945,353 | 248,982,678 | 412,554,048 | 680,937,122 |

Paramount Spinning Mills Limited
Pattern of Shareholding
As At June 30, 2019

| Number of Shareholders | Shareholding | | Shares Held | Percentage |
|------------------------|--------------|-----------|-------------------|------------|
| | From | To | | |
| 1,999 | 1 | 100 | 24,495 | 0.14 |
| 461 | 101 | 500 | 115,837 | 0.67 |
| 208 | 501 | 1,000 | 163,821 | 0.94 |
| 142 | 1,001 | 5,000 | 364,668 | 2.10 |
| 33 | 5,001 | 10,000 | 262,399 | 1.51 |
| 9 | 10,001 | 15,000 | 113,758 | 0.66 |
| 6 | 15,001 | 20,000 | 108,197 | 0.62 |
| 2 | 20,001 | 25,000 | 48,590 | 0.28 |
| 2 | 25,001 | 30,000 | 56,500 | 0.33 |
| 2 | 30,001 | 35,000 | 65,197 | 0.38 |
| 1 | 35,001 | 40,000 | 37,173 | 0.21 |
| 2 | 40,001 | 45,000 | 85,493 | 0.49 |
| 2 | 45,001 | 50,000 | 95,642 | 0.55 |
| 1 | 50,001 | 60,000 | 55,500 | 0.32 |
| 1 | 60,001 | 65,000 | 61,000 | 0.35 |
| 1 | 65,001 | 90,000 | 83,500 | 0.48 |
| 1 | 90,001 | 120,000 | 101,500 | 0.58 |
| 1 | 120,001 | 130,000 | 124,500 | 0.72 |
| 1 | 130,001 | 155,000 | 134,221 | 0.77 |
| 1 | 155,001 | 175,000 | 155,168 | 0.89 |
| 1 | 175,001 | 180,000 | 178,383 | 1.03 |
| 1 | 180,001 | 500,000 | 314,622 | 1.81 |
| 1 | 500,001 | 800,000 | 576,961 | 3.32 |
| 1 | 800,001 | 990,000 | 803,651 | 4.63 |
| 1 | 990,001 | 995,000 | 994,301 | 5.73 |
| 1 | 995,001 | 1,025,000 | 1,022,233 | 5.89 |
| 2 | 1,025,001 | 1,330,000 | 2,243,708 | 12.93 |
| 1 | 1,330,001 | 1,350,000 | 1,347,907 | 7.77 |
| 1 | 1,350,001 | 1,500,000 | 1,499,776 | 8.64 |
| 1 | 1,500,001 | 1,950,000 | 1,500,000 | 8.64 |
| 1 | 1,950,001 | 2,600,000 | 1,951,186 | 11.24 |
| 1 | 2,660,001 | 2,665,000 | 2,662,442 | 15.34 |
| 2,889 | | | 17,352,329 | 100 |

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

PARAMOUNT SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2019

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

PARAMOUNT SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2019

| A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES | SHARES |
|---|--------------------------|
| Gulshan Spinning Mills Limited | 44,180 |
| Gulistan Fibers Limited | 1,499,776 |
| B) NIT & ICP | |
| IDBP (ICP UNIT) | 233 |
| Investment Corporation of Pakistan | 1,400 |
| CDC - Trustee National Investment (Unit) Trust | 1,951,186 |
| National Bank of Pakistan Trustee Department | 100 |
| C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN | |
| <u>DIRECTORS</u> | |
| Mr. Iftikhar Ali | 500 |
| Mr. Muhammad Ashraf Khan | 500 |
| Mr. Abid Sattar | 500 |
| Mr. Muhammad Akhtar Mirza | 500 |
| Mr. Sohail Maqsood | 605 |
| Mr. Muhammad Maqbool Anjum | 550 |
| Mr. Hussain Ather | 500 |
| D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS | |
| <u>BANKS</u> | |
| National Bank of Pakistan Investor Account (Former NDFC) | 8 |
| National Development Finance Corporation Ltd | 110 |
| National Bank of Pakistan | 995,397 |
| Midland Bank Trust Corporation (Jersey) Limited | 38 |
| Innovative Investment Bank Limited | 42 |
| <u>INSURANCE</u> | |
| State Life Insurance Corporation of Pakistan | 576,961 |
| E) Other Companies | 4,162,716 |
| F) Joint Stock Company | 51,464 |
| G) General Public (Local) | 8,065,063 |
| | <u>17,352,329</u> |
| H) SHAREHOLDERS HOLDING 05% OR MORE | |
| Mr. Tanveer Ahmed | 2,662,442 |
| Mr. SANA KASHIF | 1,118,560 |
| Mrs. Naureen Tanveer | 1,336,855 |
| GULISTAN TEXTILE MILLS LIMITED | 1,347,907 |
| BLESSED CORPORATION (PVT.) LTD. | 1,500,000 |
| Gulistan Fibers Limited | 1,499,776 |
| Peridot Products (Pvt.) Limited | 1,125,148 |
| CDC - Trustee National Investment (Unit) Trust | 1,951,186 |
| National Bank of Pakistan | 995,397 |
| I) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN | Nil |



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Form of Proxy

Paramount Spinning Mills Limited

I/We _____ being member of **Paramount Spinning Mills Limited** holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CRC participant I.D. No. _____ Account No. _____ hereby appoint _____ who is also member of **Paramount Spinning Mills Limited** vide Folio No. _____ or CDC participant I.D. No. _____ Account No. _____ or failing him/her of Mr. _____ of _____ who is also member of **Paramount Spinning Mills Limited** vide Folio No. _____ or CDC participant I.D. No. _____ Account No. _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 24th October 2019 at 11:00 a.m. and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2019

Signed by the said _____

Witness 1:-

Name:- _____

Address:- _____

CNIC:- _____

Witness 2:-

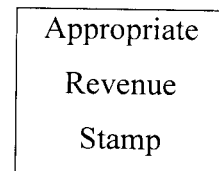
Name:- _____

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.



برائے سالانہ سینگ ملز

اطلاع برائے سالانہ مجلس عاملہ اجلاس

اطلاع دی جاتی ہے کہ پیراماؤنٹ سینگ ملز لیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ ۲۳ اکتوبر ۲۰۱۹ بروز ہفتہ کو بوقت ۱۱.۰۰ بجے بمقام سیکنڈ فلور فنلے ہاؤس آئی آئی چندریگر روڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

- 1- پچھلے سالانہ مجلس عاملہ کے اجلاس کے نکات پر عملدرآمد کا جائزہ لیا جائیگا۔
- 2- کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دورانیہ مالی سال ۳۰ جون ۲۰۱۹ بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کیا جائے گا۔ (انکی نقول بورڈ ارکان کو بانٹی جائیں گی) اور ان میں موجود سفارشات، مشاہدات اور اعتراضات پر جائزہ/غور اور فیصلے کئے جائیں گے۔
- 3- اگلے مالی سال ۲۰۲۰-۲۰۱۹ کے لئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اور ان کے معاوضہ کا تعین کیا جائے گا۔ برخاست شدہ آڈیٹرز میسرز باقر ٹلی محمود، ادلیس قمر، سند یافتہ منشی نے اپنی کمپنی کو دوبارہ مقرر ہونے کے لئے پیش کیا ہے۔ ان کی درخواست پر فیصلہ کیا جائے گا۔
- 4- چیئرمین کی اجازت سے مزید کاروباری امور کو پنٹایا جائے گا۔

۳ اکتوبر ۲۰۱۹ء لاہور

جاری کیا گیا بذریعہ آزادانہ بورڈ آف ڈائریکٹرز

محمد اعجاز (کمپنی سیکرٹری)

اہم اطلاع۔

- 1- کمپنی کے شیئر ٹرانسفر کی کتابیں بند کر دی جائیں گی اور ۱۷ اکتوبر ۲۰۱۹ تا ۲۳ اکتوبر ۲۰۱۹ تک (ہفت دنوں) چھٹی کے دنوں کے لئے بھی کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔

2- وہ رکن جو سالانہ مجلس عاملہ کے اجلاس میں ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پرو کسی مقرر کر سکتا ہے جو اس کے بدلے/ اس کی جگہ ووٹ دے۔ جس کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کے اجلاس سے 48 گھنٹے قبل متعلقہ پرو کسی فارم پُر کر کے جمع کروانا ہوگا۔

3- سی ڈی سی شیئرز ہولڈرز سے گزارش ہے کہ وہ سالانہ مجلس عاملہ کے اجلاس میں ووٹ دیتے وقت اپنا اصل شناختی کارڈ/ پاسپورٹ پیش کریں۔ تاکہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کاپوریٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرار داد کا سٹوفکیٹ/ قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے/ مختار کنندہ کے specimen دستخط ثبت ہوں پیش کیا جائے۔

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