

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

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**HAJI MOHAMMAD ISMAIL MILLS LIMITED**

**COMPANY INFORMATION**

Board of Directors	Mr. Gulzar Siddiq Mr. Farrukh Shafiq Mr. Muhammad Sarfraz Mr. Noman Mustafa Zuberi Mr. Mohammad Sadiq- Mr. Mohammad Irfan Mr. Ali Asghar	Chairman/Independent Chief Executive/Director Director/ Executive Director/Independent Director/ Non Executive Director/ Non Executive Director/Non Executive
Audit Committee	Mr. Noman Mustafa Mr. Mohammad Irfan Mr. Muhammad Sadiq	Chairman Member Member
Human Resource & Remuneration Committee.	Mr. Gulzar Siddiq Mr. Muhammad Sadiq Mr. Ali Asghar	Chairman Member Member
Chief Financial Officer	Mr. Suhail Ahmed	
Company Secretary	Mr. Muhammad Sarfraz	
Auditors	Naveed Zafar Ashfaq Jaffery & Co Chartered Accountants 1 <sup>st</sup> floor, Modern House Beamount Road Karachi.	
Legal Advisor	Farooq Rashid & Co., Advocates & Corporate Consultants, 403-Commerce Centre, Hasrat Mohani Road, Karachi-74200	
Bankers	Habib Bank Limited National Bank of Pakistan	
Share Registrar and Transfer Office	Najeeb Consultants (Pvt) Ltd 406-Commerce Centre, Hasrat Mohani Road. Karachi-74200	
Registered office	409-Commerce Centre, Hasrat Mohani Road, Karachi-74200	
Phone No.:	92-21-32638521-3	
E-mail:	<a href="mailto:info@hmiml.com">info@hmiml.com</a>	
Website	<a href="http://www.hmiml.com">www.hmiml.com</a>	

Business:

Distributor of fast moving  
Consumers goods.

Status of Company

Public listed company

Company Registration No.

K-0007483

National Tax No.

0231147-0

Contact person:

Mr. Muhammad Sarfraz  
Phone: 92-21-32638521-3  
E-mail: sarfrazinfo@hotmail.com

### **VISION STATEMENT**

The management is committed to revive the company by introducing new business dimensions. The primary vision is to re-establish the company in local and international market with new products.

### **MISSION STATEMENT**

The company has taken a mission to introduce new products, improve quality, profitability and meet its financial commitments, improve the remuneration of its employees and give a fair return to its shareholders while complying with the best practices of Corporate Governance.

**HAJI MOHAMMAD ISMAIL MILLS LTD**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 40th Annual General meeting of the shareholders of the company will be held at 409 Commerce Centre, Hasrat Mohani Road, Karachi on Monday the 26th October, 2020 at 2.30 p.m. to transact the following business.

1. To confirm the minutes of the EOGM held on 31<sup>st</sup> March, 2020
2. To consider, approve and adopt the audited financial statements of the company for the year ended 30<sup>th</sup> June, 2020 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending 30<sup>th</sup> June, 2021 and fix their remuneration. The retiring auditors M/s. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants being eligible, offer themselves for reappointment.
4. To consider any other business with the permission of the Chair.

By order of the Board  
Company Secretary

Karachi: October 03, 2020

Notes:


1. The share transfer books of the company will remain closed from 20th October 2020 to 26th October 2020 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint to a member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the company at the registered office not less than 48 hours before the meeting.
3. Any individual, beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original NIC or Passport, Account No. and participant's I.D number, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC or Passport.
4. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of nominee/proxy shall be required.
5. Shareholders are requested to notify any change in their address immediately to the Share Registrar and send copy of their CNIC which is also a mandatory requirement for dividend distribution.
6. Members having 10% or above voting power may request the company for video-link facility to attend the meeting.
7. In compliance to the provisions of section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, Members are requested to provide complete bank detail with IBAN and mobile number / email address, CNIC copy for credit of cash dividend in their bank account in future.
8. In compliance to SECP directions to facilitate the members to receive the annual financial statements and notices through electronic mail system (e-mail). In this respect members are requested to convey their consent via e-mail on e-mail address: [info@hmiml.com](mailto:info@hmiml.com) to company.

## REVIEW REPORT BY THE CHAIRMAN

As per the requirements of Code of Corporate Governance, an annual evaluation of the Board of directors of the company is carried out. The purpose of evaluation is to ensure that the board's overall performance and effectiveness is measured against expectations in the context of objectives set for the company.

Board's overall performance and effectiveness for the financial year ended 30<sup>th</sup> June, 2020 has been assessed as satisfactory. Board could not improve its performance due to pending subjudice matter of winding up of the company before the Hon'able High Court of Sindh and Appellate Bench of SECP, Islamabad. The overall assessment is based on evaluation of integral components, including vision, mission and values, engagement in planning, formation of policies, monitoring business activities and financial management and dealing with employees of the company and effectively carrying out company's business.

The board of directors of company received agenda and supporting material including follow up material well in time before the board meetings and committee meetings. Compulsory board meetings were held in time to discharge their responsibilities. Independent directors and non-executive directors participated in the board meetings for important issues being faced by the company.



GULZAR SIDDIQ  
CHAIRMAN

Karachi: 3rd Oct.2020

## HAJI MOHAMMAD ISMAIL MILLS LIMITED DIRECTORS' REPORT TO THE SHARE HOLDERS

On behalf of the board of Directors of Haji Mohammad Ismail Mills Limited, we have pleasure in submitting company's 40th annual report to the members alongwith audited accounts for the year ended June 30, 2020.

### AN OVERVIEW

Business dimensions of the company were changed by the management. Board also took steps for other business opportunities to run the business plan conveniently and advantageously. These steps were taken towards revival plan of the company. Board is also looking prosperous investors for corporate restructuring of the company to implement the new business plan.

### MATERIAL CHANGES

Company arranged a MOU with a reputed construction company for supply of concrete mixing plant for their projects. Due to delay in implementation of new business plan. SECP issued winding up order for the company on 13<sup>th</sup> April, 2017 and filed winding up petition in the High Court of Sindh. Resultantly PSX suspended trading of company's share. The case is still subjudice before the Appellate Tribunal and High Court of Sindh. Covid-19 also hit the investment opportunities. All the efforts are at halt due to pending case in High Court.

### OPERATING RESULTS

The financial results have been as follows:

	2020	2019
Sales	Rs. ---	---
Loss before taxation	Rs. (22,205,400)	(4,002,753)

### FINANCE COST

Finance cost is very meager as company has no borrowed funds.

### TAXATION

Income tax Assessments are all upto date.

### EARNING PER SHARE

The earning per share for the year is Rs.(1.86)



## CURRENT AND FUTURE OUTLOOK

The board focused on new business dimensions as stated above for revival of the company through corporate restructuring. MOU was signed for new business plan. All the above efforts came to halt due to filing of winding up petition by the SECP in the High Court of Sindh. Management is defending the case. Matter is still subjudice in the High Court. Covid-19 and long lock down of business centres also halt the investment opportunities.

## DIVIDEND

Due to shortage of funds the directors have not recommended any dividend.

## OUTSTANDING STATUTORY PAYMENT

There are no overdue statutory payments.

## CHANGES IN THE BOARD OF DIRECTORS

During the year election of directors were held, no new member applied to contest the election except the retiring directors as there is restriction by PSX for transfer of company's share. Composition of the board is not according to the requirement of CCG.

## COMPOSITION OF BOARD:

1. The total number of directors are seven as per the following:
  - a. Male: 7
  - b. Female 0
2. The composition of board is as follows:
  - a. Independent Directors: Mr.Gulzar Siddiq  
Mr.Noman Mustafa Zuberi
  - b. Other Non-executive directors: Mr.Muhammad Sadiq  
Mr.Muhammad Irfan  
Mr.Ali Asghar
  - c. Executive Director: Mr.Farrukh Shafiq  
Mr.Muhammad Sarfraz

## DIRECTORS' REMUNERATION POLICY:

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the company is determined by the board from time to time. All the directors have waived their fee and remuneration till the revival of the company.

## MEETING OF BOARD OF DIRECTORS

Five board meetings were held during the year and each director attended the following number of meetings.

<u>Name of Directors</u>	<u>Attendance</u>
Mr. Muhammad Sarfraz	5
Mr. Mohammad Irfan	3
Mr. Muhammad Sadiq	4
Mr. Gulzar Siddiq	5
Mr. Farrukh Shafiq	5
Mr. Noman Mustafa Zuberi.	2
Mr. Ali Asghar.	2

Leave of absence was granted to the directors who could not attend few of the meetings.

## TRADING IN COMPANY SHARES:

During the year under review there was no trading of the company's share by the Directors, Chief Financial Officer, Company Secretary and Head of Internal Audit, their spouses and minor children.

## RELATED PARTIES

It is the policy of the management to ensure that all transaction entered with related parties must be at arm's length basis. There is no related parties transaction during the year.

## ENVIRONMENT, HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

There is no impact of company's business on environment. The company provides and maintains, reasonably practicable social action plan, working conditions which are safe and without risk to the health of all employees and public.

PATTERN OF SHARE HOLDING IS ANNEXED TO THIS REPORT.

KEY OPERATING AND FINANCIAL RESULTS FROM 2015 TO 2020 ARE ANNEXED TO THIS REPORT

## AUDITORS

The present auditors of the company M/s. Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants retires and being eligible, they have offered themselves for reappointment. Audit Committee has also recommended their reappointment as auditors for the year ending June 30, 2021 which has been endorsed by the board.

## INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility with respect to internal financial controls. After meetings with management and Auditors, they are confident that adequate control have been implemented by the management.

## CORPORATE SOCIAL RESPONSIBILITY

We are pleased to inform you that as a member of business community, we are in touch with social bodies and authorities to find ways and means to help them in their social programmes and projects.

## STATEMENT OF DIRECTORS RESPONSIBILITIES UNDER THE CODE OF CORPORATE GOVERNANCE.

The directors are pleased to inform that the company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan. Statement of Compliance with the Code of Corporate Governance is annexed with this report. The Company complies with the Code in the following manner.

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The business dimension of the company has been changed from textile to fast moving consumers' goods and other business. Revival efforts are continue. There are no significant doubts upon the company's ability to continue as a going concern.
- g) There has been no significant deviation from last year's operating results of the company.
- h) Information about taxes and levies is given in the notes to and forming part of financial statements.

- i) We have prepared and circulated a statement of ethics and business strategy among directors and employees for their acknowledgement, understanding and acceptance.
- j) The board of directors has adopted a mission statement and a statement of overall corporate strategy.
- k) As required by the Code of Corporate Governance, we have included the following information in this report:
  - Statement of pattern of shareholding
  - Statement of shares held by associated undertaking and related parties
  - Statement of the board meetings held during the year and attendance by each director
  - key operating and financial statistics for the last six years

#### BOARD'S PERFORMANCE EVALUATION:

The board performance is evaluated through HR&RC Committee on the established mechanism of self-assessment by the individual board members. The board evaluation assessment covers specific areas of board performance, board composition, Board & CE Remuneration, strategic planning and board interaction.

#### DIRECTORS TRAINING PROGRAMME:

Company has two directors on its board those are exempt from Directors training programme. However the condition of training certificate for the directors' shall be complied with in due course.

#### AUDIT COMMITTEE

The Board, in compliance to the Code of Corporate Governance, has formed an Audit Committee. Four meetings of the committee were held during the year. Following directors are its members. All meeting were attended by them.

- |                             |   |          |
|-----------------------------|---|----------|
| 1. Mr. Noman Mustafa Zuberi | - | Chairman |
| 2. Mr. Mohammad Irfan       | - | Member   |
| 3. Mr. Muhammad Sadiq       | - | Member   |

#### TERM OF REFERENCE OF AUDIT COMMITTEE:

The term of reference of the Audit Committee are based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) in CCG Regulations 2019. The guidelines are given by the board of directors from time to time to improve the system and procedures.

## HUMAN RESOURCE & REMUNERATION COMMITTEE:

The Board, in compliance to the Code of Corporate Governance, has formed HR&R Committee. One meeting of the committee was held during the year which was attended by all the members. Following directors are its members.

- |                       |   |          |
|-----------------------|---|----------|
| 1. Mr. Gulzar Siddiq  | - | Chairman |
| 2. Mr. Mohammad Sadiq | - | Member   |
| 3. Mr. Ali Asghar     | - | Member   |

## STATEMENT OF ETHICS AND BEST BUSINESS PRACTICES

The Board has prepared the statement of ethics and best business practices which has been circulated to all the directors and employees for their acknowledgement, understanding and acceptance.

## RELATIONSHIP WITH SHARE HOLDERS

The company reports formally to the shareholders four times a year all its financial results alongwith directors review on the operations and future outlook of the company. All the interim and final reports are sent to Pakistan Stock Exchange Ltd and at the registered addresses of the shareholders. The financial results are also available on company's web site "www.hmiml.com"

In addition to the above, company sends its annual report and formal notification for holding Annual General Meeting at least 21days in advance to facilitate the shareholders to participate in the meeting.


## SUBSEQUENT EVENTS


No material changes and commitments affecting the financial position of the company has occurred between the end of the financial year and the date of this report.

## ACKNOWLEDGEMENTS

The Board acknowledges the hard work and efforts of the staff and hopes that this will continue in the forthcoming years. The Board also acknowledges ongoing support from its bankers.

For and on behalf of the Board

  
Farrukh Shafiq  
Chief Executive

  
Gulzar Siddiq  
Chairman/Director

Karachi: 3rd Oct., 2020

# **HAJI MOHAMMAD ISMAIL MILLS LIMITED**

## **STATEMENT OF ETHICS AND BUSINESS PRACTICES**

As approved by the Board of Directors, the entire Management of Haji Mohammad Ismail Mills Limited is hereby advised to follow the under mentioned principles for excellent performance in the attempt to achieve the objectives of the company.

### **AS DIRECTOR**

- a. Commit to all the necessary and appropriate resources.
- b. Foster a conducive environment through responsive policies.
- c. Maintain organizational effectiveness for the achievement of targets.
- d. Encourage and support compliance of legal and industrial requirements.
- e. Protect the interest of the company and employees.
- f. Avoid making any personal gain at the cost of the company.

### **AS EXECUTIVE AND MANAGER**

- g. Protect the interest of the company and management.
- h. Ensure increase in productivity and profitability of the company.
- i. Provide the direction and leadership to the organization.
- j. Ensure total customer satisfaction through quality product and services.
- k. Promote a culture of excellence, devotion and continual improvement.
- l. Cultivate work ethics and harmony among colleagues and associates.
- m. Encourage initiatives and self-realization of responsibilities in juniors.
- n. Ensure as equitable way of working and reward system.

### **AS EMPLOYEE AND STAFF**

- o. Devotion to your job.
- p. Abide by company's policies and regulations.
- q. Promote and protect the interest of the company.
- r. Exercise prudence and honesty in using company's resources.
- s. Observe cost effective practices in daily activities.
- t. Avoid making any personal gain at the cost of the company.

### **BRIBERY**

- u. The payment of bribes, kickbacks in cash or kind to obtain business or otherwise for the company is strictly prohibited.

### **FINANCIAL INTEGRITY**

- v. Compliance with accepted accounting rules and procedure is required at all times.
- w. All information supplied to all concerns must be complete and not misleading.
- x. The company will not knowingly assist fraudulent activities. If you have any reason to believe that fraudulent activities are taking place within the company or outside where we do business, you must inform the management immediately.

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**KEY OPERATING & FINANCIAL RESULTS**  
**FOR THE YEARS 2015-2020**

OPERATING DATA	2020	2019	2018	2017	2016	2015
Sales	-	-	-	-	-	-
Cost of goods sold	-	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-	-
Operating Profit/(loss)	(22,205,400)	(4,002,753)	(5,245,681)	6,806,084	(1,602,752)	5,663,058
Profit/(loss) before Taxation	(22,205,400)	(4,002,753)	(5,245,681)	6,806,084	(1,602,752)	5,663,058
Profit/(loss) after Taxation	(22,224,187)	(4,040,426)	(6,136,384)	6,204,479	(1,767,129)	5,043,521
<b>FINANCIAL DATA</b>						
Paid upcapital	119,750,400	119,750,400	119,750,400	119,750,400	119,750,400	119,750,400
Equity balance	22,557,323	24,302,978	37,271,310	47,109,221	48,935,397	50,342,399
Fixed assets	-	-	-	-	-	-
Current assets	22,700,829	24,429,545	37,377,678	47,208,016	50,287,102	51,813,400
Current liabilities	193,506	176,567	156,368	148,795	1,368,323	1,551,171
<b>KEY RATIOS</b>						
Gross margin	-	-	-	-	-	-
Operating Margin	-	-	-	-	-	-
Net Profit/(Loss)	-	(1,150.81)	(613)	63	(114.22)	70.45
Return on capital employed	(98.52)	(16.63)	(16.46)	13	(3.61)	10.02
Current ratio	0.01	0.01	0.004	0.003	0.03	0.03
Earning per share(Rs)	(1.86)	(0.34)	(0.51)	0.52	(0.15)	0.42
Cash dividend	-	-	-	-	-	-
<b>STATISTICS</b>						
Number of rotors	-	-	-	-	-	-
Production into 10/s	-	-	-	-	-	-
Count ( in Kg's)	-	-	-	-	-	-

## **Haji Mohammad Ismail Mills Limited**

409 Commerce Centre, Hasrat Mohani Road, Karachi, Pakistan  
Tel:32638521-3 E.mail:info@hmiml.com

### **Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019**

Name of Company: HAJI MOHAMMAD ISMAIL MILLS LIMITED

Year Ending: 30th June, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
  - a. Male: 7
  - b. Female 0
  
2. Election of directors was held on 31.03.2020. The composition of board is as follows:
  - a. Independent Directors: Mr.Gulzar Siddiq  
Mr.Noman Mustafa Zuberi
  - b. Non-executive directors: Mr.Mr.Muhammad Sadiq  
Mr.Muhammad Irfan  
Mr.Ali Asghar
  - c. Executive Director: Mr.Farrukh Shafiq  
Mr.Muhammad Sarfraz

Fraction (0.33) related to the requirement for number of Independent Directors is less than 0.5 and therefore, has not been rounded up to one.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
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. The board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations;



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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board;
8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The company has on its board two directors those are exempt from directors' training program. The remaining directors training certification depends on the decision of the High Court in the matter of winding up of the company;
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. CFO and CEO duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below:

Audit Committee:	Mr. Noman Mustafa Zuberi	Chairman
	Mr. Mohammad Irfan	Member
	Mr. Muhammad Sadiq	Member

HR & Remuneration Committee:	Mr. Gulzar Siddiq	Chairman
	Mr. Muhammad Sadiq	Member
	Mr. Ali Asghar	Member

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

14. The frequency of meetings of the committees were as per following;

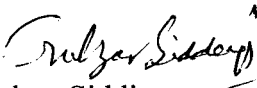
Audit Committee:	4 quarterly meetings.
HR & Remuneration Committee	1 annual meeting.

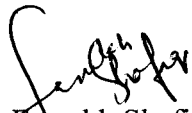
15. The board has set up an effective internal audit function with suitably qualified and experienced personal for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial officer, head of internal audit, Company Secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3,6,8,27,32,33 & 36 of the Regulations have been complied with;
19. Explanation for non-compliance with the requirements of regulation 7 is given below.

Requirement: One Female Director

Explanation: Company invited female director at the time of election of directors. Non of the candidate applied for as there was restriction on transfer of shares by PSX

  
Gulzar Siddiq  
Chairman

  
Farukh Shafiq  
Chief Executive

Karachi: October 3, 2020

A Member firm of



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

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions 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.

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

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the statement of compliance:

Paragraph reference	Description
19	The company have not a Female director

Chartered Accountants  
Engagement Partner: Ahsan Elahi Vohra- FCA

Karachi :

Dated : 03 OCT 2020

**INDEPENDENT AUDITORS' REPORT**  
**To the members of Haji Mohammad Ismail Mills Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Haji Mohammad Ismail Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and do not give a true and fair view of the state of the Company's affairs as at June 30, 2020 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

The significance of matters discussed in the following paragraph, lead us believe that the going concern assumption used in preparation of the financial statements of the Company is inappropriate: consequently the assets and liabilities should have been stated at their realizable and settlement amount respectively.

**Material uncertainty relating to Going Concern**

The financial statements of the Company have been prepared on going concern basis, despite of the facts that the management has disposed off the assets of the Company including land, building, plant & machinery to pay off its major debts during the year ended June 30, 2015 also during the year the management has prepared new business plan as disclosed in note 1.2 of notes to the financial statements. However, the underlying assumption for new business plan is not appropriate for the period subsequent to the reporting date. The foregoing conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern.

**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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matter(s):

S. No	Key audit matter(s)	How the matter was addressed in our audit
01.	<p><b>Investment</b></p> <p>(Refer notes 4 to the financial statements)</p> <p>The investments appearing in the balance sheet constitute the most significant component of the balance sheet. The investments of the company as at June 30, 2020 amounted to Rs 11.91 million.</p> <p>The proper valuation of investments of the company as at June 30, 2020 was considered a significant area and therefore we considered this as a key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of the key controls for valuation of investments; and</li> <li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> </ul>
02.	<p><b>The Company's exposure to litigation risk</b></p> <p>The Company and the directors received a notice from National Bank Limited relating to Suo Moto Notice of Supreme Court on Loan write off pertaining to the period 2007 on 24 May 2018. The management for their own behalf and on behalf of the Company have filed a statement on June 5, 2018 through their legal counsel whereby they have explained that the amounts were duly paid by the then management to National Bank Limited. The case is yet to be decided. The management believes that no liability or payment accrues against the Company. Accordingly, no provisioning has been provided in these financial statements.</p> <p>Due to the uncertainty involved in the outcome of this case we have identified this as key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed details of the significant pending legal case and discussed the same with Company's management;</li> <li>• Circulated confirmations to the company's external legal for their views on open legal/tax matters ;</li> <li>• Reviewed correspondence of the company with the relevant authorities ;</li> <li>• Evaluated rationale provided by the company and opinion of the external legal counsel</li> </ul> <p>Reviewed the disclosures made in the financial statements in respect of such contingencies</p>

**Information Other than the Financial Statements and Auditor's Report Thereon**

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 scepticism throughout the audit. We also:

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

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ahsan Elahi Vohra.

  
Chartered Accountants

Karachi

Date: 03 OCT 2020

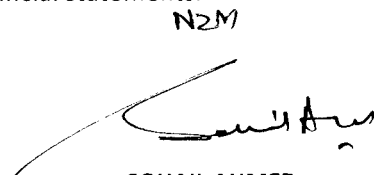
**Haji Mohammad Ismail Mills Limited**  
**Statement of Financial Position**  
**As at June 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Long term deposits		50,000	50,000
<b>CURRENT ASSETS</b>			
Investments-available for sale	4	11,914,742	12,266,880
Advance tax - net of provision	5	892,636	810,207
Other receivables	6	4,850,513	4,808,857
Cash and bank balances	7	5,042,938	6,543,601
		<b>22,700,829</b>	<b>24,429,545</b>
<b>TOTAL ASSETS</b>		<b>22,750,829</b>	<b>24,479,545</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
12,000,000 (2019: 12,000,000) ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid up capital	8	119,750,400	119,750,400
Reserve		(97,193,077)	(95,447,422)
		<b>22,557,323</b>	<b>24,302,978</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	193,506	176,567
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,750,829</b>	<b>24,479,545</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>10</b>		

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
**FARRUKH SHAFIQ**  
 Chief Executive

  
**MUHAMMAD SARFRAZ**  
 Director

  
**SOHAIL AHMED**  
 Chief Financial Officer



**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>Operating expenses</b>			
Administrative expenses	11	(2,732,008)	(2,700,363)
		<u>(2,732,008)</u>	<u>(2,700,363)</u>
<b>Operating loss</b>			
Other expenses	12	(20,218,733)	(1,652,415)
Other income	13	879,536	351,095
		<u>(22,071,205)</u>	<u>(4,001,683)</u>
Finance cost	14	(134,195)	(1,070)
<b>(Loss) before taxation</b>		<u><b>(22,205,400)</b></u>	<u><b>(4,002,753)</b></u>
<b>Taxation</b>	15	(18,787)	(37,673)
<b>(Loss) after taxation</b>		<u><u><b>(22,224,187)</b></u></u>	<u><u><b>(4,040,426)</b></u></u>
(Loss) per share - basic and diluted	16	<u><u><b>(1.86)</b></u></u>	<u><u><b>(0.34)</b></u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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**FARRUKH SHAFIQ**  
 Chief Executive

  
**MUHAMMAD SARFRAZ**  
 Director

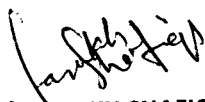
  
**SOHAIL AHMED**  
 Chief Financial Officer

**HAJI MOHAMMAD ISMAIL MILLS LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
Loss after taxation		(22,224,187)	(4,040,426)
<b><u>Other comprehensive income</u></b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Loss on re-measurement on investments available for sale to fair value - net of tax		-	(8,927,906)
Re-classification of un realized gain/(loss) on investments available for sale to fair value - net of tax		20,478,532	-
<b>Total comprehensive loss</b>		<u><u>(1,745,655)</u></u>	<u><u>(12,968,332)</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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**PARRUKH SHAFIQ**  
Chief Executive

  
**MUHAMMAD SARFRAZ**  
Director

  
**SOHAIL AHMED**  
Chief Financial Officer