

**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<br>Mr. Farrukh Shafiq<br>Mr. Muhammad Sarfraz<br>Mr. Noman Mustafa Zuberi<br>Mr. Mohammad Sadiq-<br>Mr. Mohammad Irfan<br>Mr. Ali Asghar | Chairman/Independent<br>Chief Executive/Director<br>Director/ Executive<br>Director/Independent<br>Director/ Non Executive<br>Director/ Non Executive<br>Director/Non Executive |
| Audit Committee                             | Mr. Noman Mustafa<br>Mr. Mohammad Irfan<br>Mr. Muhammad Sadiq  | Chairman<br>Member<br>Member  |
| Human Resource &<br>Remuneration Committee. | Mr. Gulzar Siddiq<br>Mr. Muhammad Sadiq<br>Mr. Ali Asghar  | Chairman<br>Member<br>Member  |
| Chief Financial Officer                     | Mr. Suhail Ahmed   |   |
| Company Secretary                           | Mr. Muhammad Sarfraz   |   |
| Auditors                                    | Naveed Zafar Ashfaq Jaffery & Co<br>Chartered Accountants<br>1 <sup>st</sup> floor, Modern House<br>Beamount Road<br>Karachi.                              |   |
| Legal Advisor                               | Farooq Rashid & Co.,<br>Advocates & Corporate Consultants,<br>403-Commerce Centre,<br>Hasrat Mohani Road,<br>Karachi-74200                                 |   |
| Bankers                                     | Habib Bank Limited<br>National Bank of Pakistan  |   |
| Share Registrar and<br>Transfer Office      | Najeeb Consultants (Pvt) Ltd<br>406-Commerce Centre,<br>Hasrat Mohani Road.<br>Karachi-74200   |   |
| Registered office                           | 409-Commerce Centre,<br>Hasrat Mohani Road,<br>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:

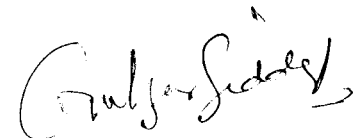
1. The share transfer books of the company will remain closed from 20th October 2020 to 26th October 2020 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint to a member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective 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 an 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 up capital               | 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   |

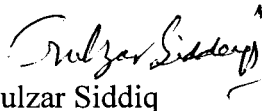
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committees were as per following:

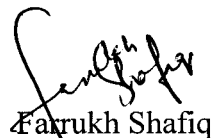
|                             |                       |
|-----------------------------|-----------------------|
| Audit Committee:            | 4 quarterly meetings. |
| HR & Remuneration Committee | 1 annual meeting.     |
15. The board has set up an effective internal audit function with suitably qualified 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

## **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.

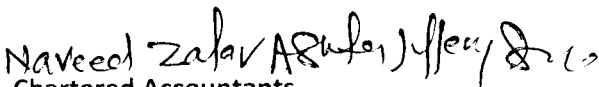
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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.

NZJ

  
Chartered Accountants

Karachi

Date:

03 OCT 2020

**Haji Mohammad Ismail Mills Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

|  | Note      | 2020<br>Rupees      | 2019<br>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 |           | <u>120,000,000</u>  | <u>120,000,000</u>  |
| Issued, subscribed and paid up capital                       | 8         | 119,750,400         | 119,750,400         |
| Reserve  |           | <u>(97,193,077)</u> | <u>(95,447,422)</u> |
|  |           | <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.

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**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<br>Rupees             | 2019<br>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>               |      | <b>(22,205,400)</b>        | <b>(4,002,753)</b>        |
| <b>Taxation</b>                             | 15   | (18,787)                   | (37,673)                  |
| <b>(Loss) after taxation</b>                |      | <b><u>(22,224,187)</u></b> | <b><u>(4,040,426)</u></b> |
| <b>(Loss) per share - basic and diluted</b> | 16   | <b><u>(1.86)</u></b>       | <b><u>(0.34)</u></b>      |

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

N24

  
**FARRUKH SHAFIQ**  
 Chief Executive

  
**MUHAMMAD SARFRAZ**  
 Director

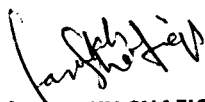
  
**SOHAIL AHMED**  
 Chief Financial Officer

**Haji Mohammad Ismail Mills Limited**  
**Statement of Comprehensive Income**  
**For the Year Ended June 30, 2020**

|   | Note | 2020<br>Rupees     | 2019<br>Rupees      |
|---|------|--------------------|---------------------|
| Loss after taxation   |      | (22,224,187)       | (4,040,426)         |
| <b>Other comprehensive income</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>   |      | <b>(1,745,655)</b> | <b>(12,968,332)</b> |

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

N21

  
**PARRUKH SHAFIQ**  
 Chief Executive

  
**MUHAMMAD SARFRAZ**  
 Director

  
**SOHAIL AHMED**  
 Chief Financial Officer

**Haji Mohammad Ismail Mills Limited**  
**Statement of Cash Flow**  
**For the Year Ended June 30, 2020**

|   | Note | 2020<br>Rupees          | 2019<br>Rupees          |
|---|------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |      |                         |                         |
| Loss before taxation                                |      | (22,205,400)            | (4,002,753)             |
| <b>Adjustments for:</b>                             |      |                         |                         |
| Finance cost  |      | 134,195                 | 1,070                   |
|   |      | <u>134,195</u>          | <u>1,070</u>            |
| Loss before working capital changes                 |      | (22,071,205)            | (4,001,683)             |
| <b>Decrease/(Increase) in current assets:</b>       |      |                         |                         |
| Short term investment - net                         |      | 20,830,670              | 2,831,744               |
| Other receivables                                   |      | (41,656)                | 233,339                 |
|   |      | <u>20,789,014</u>       | <u>3,065,083</u>        |
| <b>Decrease in current liabilities:</b>             |      |                         |                         |
| Trade and other payables                            |      | 16,939                  | 20,199                  |
| <b>Cash (used in) operations</b>                    |      | <u>(1,265,252)</u>      | <u>(916,401)</u>        |
| Taxes paid  |      | (101,216)               | (43,722)                |
| Finance cost paid                                   |      | (134,195)               | (1,070)                 |
|   |      | <u>(235,411)</u>        | <u>(44,792)</u>         |
| <b>Net cash (used in) operating activities</b>      |      | <u>(1,500,663)</u>      | <u>(961,193)</u>        |
| <b>Net (decrease) in cash and cash equivalents</b>  |      | <u>(1,500,663)</u>      | <u>(961,193)</u>        |
| Cash and cash equivalents at beginning of the year  |      | 6,543,601               | 7,504,794               |
| <b>Cash and cash equivalents at end of the year</b> |      | <u><u>5,042,938</u></u> | <u><u>6,543,601</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

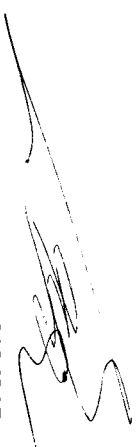
  
**SOHAIL AHMED**  
 Chief Financial Officer

**HAI MOHAMMAD ISMAIL MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | Issued, subscribed and paid-up capital | Reserves      |                           |                  |              | Total        |
|--|--|---------------|---------------------------|------------------|--------------|--------------|
|  |  | Capital       |                           | Revenue          |              |              |
|  |  | Share premium | Fair value reserve (loss) | Accumulated loss | Sub total    |              |
| Balance as at July 01, 2018                        | 119,750,400                            | 6,912,000     | (11,583,241)              | (77,807,849)     | (82,479,090) | 37,271,310   |
| Loss for the year                                  | -                                      | -             | -                         | (4,040,426)      | (4,040,426)  | (4,040,426)  |
| Other comprehensive loss for the year - net of tax | -                                      | -             | (8,927,906)               | -                | (8,927,906)  | (8,927,906)  |
| Total Comprehensive loss for the year              | -                                      | -             | (8,927,906)               | (4,040,426)      | (12,968,332) | (12,968,332) |
| Balance as at June 30, 2019                        | 119,750,400                            | 6,912,000     | (20,511,147)              | (81,848,275)     | (95,447,422) | 24,302,978   |
| Loss for the year                                  | -                                      | -             | -                         | (22,224,187)     | (22,224,187) | (22,224,187) |
| Other comprehensive loss for the year - net of tax | -                                      | -             | 20,478,532                | -                | 20,478,532   | 20,478,532   |
| Total Comprehensive loss for the year              | -                                      | -             | 20,478,532                | (22,224,187)     | (1,745,655)  | (1,745,655)  |
| Balance as at June 30, 2020                        | 119,750,400                            | 6,912,000     | (32,615)                  | (104,072,462)    | (97,193,077) | 22,557,323   |

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

  
**FARUKH SHAFIQ**  
 Chief Executive

  
**MUHAMMAD SARFRAZ**  
 Director

  
**SOHAIL AHMED**  
 Chief Financial Officer

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended June 30, 2020**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

The Company was incorporated in Pakistan as a Private Limited Company on February 5, 1980 under the then Companies Act, 1913 and subsequently converted to public limited company on October 15, 1987 under the repealed Companies Ordinance 1984 (now replaced with the enactment of Companies Act, 2017). Shares of the company were subsequently listed on the Stock Exchange on November 29, 1994. The main objective of the company was manufacturing and sale of yarn and power generation. Subsequently during the Year ended June 30, 2017 management added new object clauses in the Memorandum of Association from Textile / Power Generation to trading/distribution of fast moving consumer goods and other lawful business objects.

The registered office of the company is situated at 409-Commerce Centre, Hasrat Mohani Road, Karachi 74200.

**1.2 GOING CONCERN ASSUMPTION**

The management of the company changed the business dimensions of the company from textile and power generation to fast moving consumer goods and added new business object clauses in the Memorandum of Association of the company during the year 2017.

Management was planning to get involve in consumer goods distribution business and other business opportunities itself or through merger, corporate restructuring or through prosperous investors for revival of the company. Sufficient funds are required to implement new business plan. All efforts came to halt due to filing of winding up petition by the SECP in the High Court of Sindh. Matter is still subjudice in the High court. The company is presently involve in trading activities. In view of the new business dimensions, the company shall remain as a going concern company.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the international Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policy notes.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

**2.4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**2.5.1 Standards, amendments or interpretations which became effective during the year.**

IFRS 16 'Leases' became effective from 01 July 2019. IFRS 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases. Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

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**2.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:**

|  | Effective date<br>(annual reporting<br>periods beginning |
|--|--|
| IAS 1 Presentation of financial statements (Amendments)                            | 01 Jan, 2020   |
| IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments) | 01 Jan, 2020   |
| IAS 16 Property, Plant and Equipment (Amendments)                                  | 01 Jan, 2022   |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)       | 01 Jan, 2022   |
| IAS 39 Financial Instruments: Recognition and Measurement (Amendments)             | 01 Jan, 2020   |
| IFRS 9 Financial instruments (Amendments)  | 01 Jan, 2020   |

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Staff retirement benefit**

**Defined benefit plan**

The company has unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income. The most recent actuarial valuation was carried on June 30, 2013 using the Projected Unit Credit Method.

**3.2 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

**Current**

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date after taking into account tax credits and tax rebates. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

**Deferred**

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

**3.3 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**3.4 Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**3.5 Property, plant and equipment**

**Owned assets**

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any except freehold land which is stated at revalued amount. Depreciation is calculated on straight line method to write-off the cost or revalued amount of assets, less their residual values, over their expected useful lives. Remaining useful lives of significant assets and their residual values are reviewed periodically and changes in estimates arising from such review is accounted for in current and future years.

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Depreciation on additions during the year is charged on pro-rata basis when the asset is acquired or capitalized. Similarly the depreciation was charged on additions and no depreciation was charged on deletion during the period.

In the year of revaluation depreciation is charged after the date of valuation until the year end. Gain or Loss on disposal of property, plant and equipments are included in operating income. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

#### **Assets subject to finance lease**

Assets held under finance leases are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. Aggregate amount of related obligations under the lease less financial charges allocated to future payments are shown as liability. The financial charges are allocated to accounting period in a manner to provide constant periodic rate of charge on the outstanding liability. Assets acquired under finance lease are depreciated apply straight-line method on a basis similar to owned assets. Depreciation of leased assets is charged to income currently.

### **3.6 Impairment**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

### **3.7 Capital Work-in-progress**

Capital work-in-progress (CWIP) is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

### **3.8 Investment**

The management determines the appropriate classification of its investment in accordance with the requirements of International Accounting Standard (IAS 39) Financial Instrument: Recognition and measurement at the time of the purchase and classifies these investments as fair value through profit or loss account, held to maturity or available for sale.

#### **(a) Financial assets at fair value through profit or loss account**

Investments that are acquired principally for the purpose of generating profit from short term fluctuation in prices are classified as "fair value through profit or loss account". These investments are initially recognised at cost and transaction cost associated with the investment are taken directly to profit and loss account. Subsequent to initial measurement, investments at fair value through profit or loss are marked to market, using the closing market rates at the end of each day and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments, based on the quoted market rates ruling at the day-end, are taken to profit and loss account.

#### **(b) Held to maturity**

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intent and ability to hold to maturity.

##### **Available for sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as "available for sale". These investments are initially recognized at cost which includes transaction cost which includes transaction costs associated with the investment. Subsequent to initial measurement, "available for sale" investments are revalued and are remeasured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to shareholder's equity.

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All purchases and sales of investments that required delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the company commits to purchase or sale the asset. All other purchases and sales are recognised as derivative forward transactions until settlement occurs.

Investments are derecognized when the right to received cash flows from the investments have expired, have been realized or transferred and the company has transferred substantially all risk and rewards of ownership.

Impairment of investments is recognised when there is a permanent diminution in their values.

### 3.9 Stores, spares and loose tools

These are valued at cost or net realizable value whichever is less. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred.

### 3.10 Stock in trade

Stock in trade are valued at lower of average cost and net realizable value applying the following basis.

#### **Raw material**

At average cost except those in transit which are stated at actual cost

#### **Work in process and finished goods**

Cost of direct material and a proportion of manufacturing overhead based on normal capacity

#### **Waste**

At net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily incurred in order to make the sale.

### 3.11 Foreign currencies

Transactions in foreign currency are recorded in Rupees at rates of exchange prevailing at the date of transaction. All monetary assets and liabilities in foreign currency are re-translated at exchange rate prevailing on the balance sheet date. All exchange differences are accounted for in income currently.

### 3.12 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and bank balances.

### 3.13 Financial instruments

#### 3.13.1 Classification and Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

#### **Financial assets at FVOCI**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets measured at**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.



For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

#### **Financial assets at FVTPL**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### **3.13.2 Subsequent Measurement**

#### **a) Financial assets at FVOCI**

These assets are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

#### **b) Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

#### **c) Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

### **3.13.3 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

### **3.14 Off setting of financial assets and financial liabilities**

A financial asset and a financial liability is off set and the net account is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **3.15 Trade debts**

Trade Debts are carried at original invoice less an estimate made for doubtful debts based on a review of all out standing amounts at the year end. Bad debts are written off when identified.

### **3.16 Borrowings**

Financing and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis.

### **3.17 Trade and other payables**

These are recognised using the trade date accounting and are measured at cost which is the fair value of the consideration to be paid for the goods and services in future.

### **3.18 Borrowing cost**

Borrowing costs directly attributable to acquisition and construction of qualifying assets are capitalized up to the date of commencement of commercial production. All other borrowing costs are charged to the income.

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### **3.19 Related party transactions and transfer pricing**

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with the comparable uncontrolled price method.

### **3.20 Revenue recognition**

Export sales are accounted for on shipment basis and exchange difference, if any on account of export proceeds are adjusted in the period realization. Local sales are recognised on dispatch of goods to the customer. Dividend is recognized as income when the right to receive dividend is established. Profit on deposits is recognized on time proportion basis by reference to the principal outstanding and the applicable rate of return.

### **3.21 Dividend**

The dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

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|   | Note | 2020<br>Rupees    | 2019<br>Rupees    |
|---|------|-------------------|-------------------|
| <b>4 INVESTMENTS - AVAILABLE FOR SALE</b> |      | <b>11,914,742</b> | <b>12,266,880</b> |

| JUNE, 2020                  | JUNE, 2019 |   | JUNE, 2020   | JUNE, 2019 | JUNE, 2020 | JUNE, 2019   |
|-----------------------------|------------|---|--------------|------------|------------|--------------|
| No of shares / certificates |            | Name of the investee company                                      | Market value |            | Cost       |              |
|                             |            |   | Rupees       | Rupees     | Rupees     | Rupees       |
|                             | 308,000    | Ittefaq Iron Industries   | -            | 1,998,920  | -          | 6,668,270    |
|                             | 50,000     | Crecent steel Allied Products Limited                             | -            | 1,889,000  | -          | 3,621,602    |
|                             | 25,000     | The Hub Power   | -            | 1,968,750  | -          | 2,309,625    |
| 17,500                      | 17,500     | Mandviwala Mauser Plastics Ind Ltd                                | 53,900       | 53,900     | 88,562     | 88,562       |
|                             | 407,500    | Dewan Cement  | -            | 3,182,575  | -          | 10,616,316   |
|                             | 7,550      | IGI Holding Limited   | -            | 1,147,600  | -          | 2,205,525    |
|                             | 150,000    | Roshan Packages   | -            | 2,004,000  | -          | 7,245,077    |
|                             | 500        | Interloop Limited   | -            | 22,135     | -          | 23,050       |
| 17,500                      | 966,050    |   | 53,900       | 12,266,880 | 88,562     | 32,778,027   |
|                             |            | Add /(Less): Adjustment arising from re-measurement to Fair value |              |            | (34,662)   | (20,511,147) |
| 17,500                      | 966,050    |   | 53,900       | 12,266,880 | 53,900     | 12,266,880   |

#### Investment in Money Market Fund

| JUNE, 2020 | JUNE, 2019 |   | JUNE, 2020   | JUNE, 2019 | JUNE, 2020 | JUNE, 2019 |
|------------|------------|---|--------------|------------|------------|------------|
| No of Unit |            | Name of the investee company                                      | Market value |            | Cost       |            |
|            |            |   | Rupees       | Rupees     | Rupees     | Rupees     |
| 115,907    | -          | HBL Money Market Fund   | 11,860,842   | -          | 11,858,795 | -          |
|            |            | Add /(Less): Adjustment arising from re-measurement to Fair value | -            | -          | 2,047      | -          |
| 115,907    | -          |   | 11,860,842   | -          | 11,860,842 | -          |

#### 5 ADVANCE TAX - net of provision

|                          |                |                |
|--------------------------|----------------|----------------|
| Opening                  | 810,207        | 804,158        |
| Deducted during the year | 101,216        | 43,722         |
| Provision for the year   | (18,787)       | (37,673)       |
| Closing                  | <b>892,636</b> | <b>810,207</b> |

#### 6 OTHER RECEIVABLES

|                  |                  |                  |
|------------------|------------------|------------------|
| Sales tax        | 642,103          | 642,103          |
| Other receivable | 4,208,410        | 4,166,754        |
|                  | <b>4,850,513</b> | <b>4,808,857</b> |

##### 6.1 Other receivable :

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Arif Habib Limited           | 4,220            | 63,101           |
| Hmi Energy (Private) Limited | 4,024,190        | 4,024,190        |
| Employees                    | 180,000          | 75,000           |
| Profit receivable            | -                | 4,463            |
|                              | <b>4,208,410</b> | <b>4,166,754</b> |

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|  | Note   | 2020<br>Rupees     | 2019<br>Rupees     |
|--|--|--------------------|--------------------|
| <b>7 CASH AND BANK BALANCES</b>  |  |                    |                    |
| Cash at bank   |  | 518,738            | 617,401            |
| Cash in hand   |  | 4,524,200          | 5,926,200          |
|  |  | <u>5,042,938</u>   | <u>6,543,601</u>   |
| <b>8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>  |  |                    |                    |
| 9,576,240 (2019: 9,576,240) Ordinary shares of Rs. 10 each allotted for consideration paid in cash |  | 95,762,400         | 95,762,400         |
| 2,398,800 (2019: 2,398,800) Ordinary shares of Rs.10 each issued as bonus share                    |  | 23,988,000         | 23,988,000         |
|  |  | <u>119,750,400</u> | <u>119,750,400</u> |
| <b>8.1</b>   | 4,353,276 (2019: 4,353,276) Ordinary shares held by associated company.  |                    |                    |
| <b>8.2</b>   | The Company has one class of ordinary shares which carry no rights to fixed income.  |                    |                    |
| <b>9 TRADE AND OTHER PAYABLES</b>  |  |                    |                    |
| Accrued expenses   |  | 193,506            | 176,567            |
|  |  | <u>193,506</u>     | <u>176,567</u>     |
| <b>10 CONTINGENCIES AND COMMITMENTS</b>  |  |                    |                    |
| <b>Contingencies</b>   |  |                    |                    |
| Supreme Court Suo Moto against write off   | <b>10.1</b>  | -                  | -                  |
| <b>10.1</b>  | The Company and the directors received a notice on May 24, 2018 from National Bank of Pakistan relating to Suo Moto Notice of Supreme Court of Pakistan on loan written off pertaining to the period 2003. The company at its own and on behalf of the then directors has filed a statement on June 5, 2018 through its legal counsel whereby it was explained that the amounts were duly settled by consent decree of High Court of Sindh and was paid by the then management to National Bank of Pakistan. The case is yet to be decided. The current management believes that no liability or payment accrues against the Company. Accordingly, no provision has been made in these financial statements. |                    |                    |
| <b>Commitments</b>   |  |                    |                    |
|  |  |                    |                    |
| <b>11 ADMINISTRATIVE EXPENSES</b>  |  |                    |                    |
| Salaries, benefits and allowances  |  | 1,398,000          | 1,398,000          |
| Remuneration to executive  | 11.1   | 1,138,878          | 1,038,271          |
| Printing and stationery  |  | 27,500             | 29,625             |
| Communication expenses   |  | 38,699             | 27,500             |
| Auditors remuneration  | 11.2   | 85,200             | 101,200            |
| Fees, subscriptions and periodicals  |  | 43,731             | 105,767            |
|  |  | <u>2,732,008</u>   | <u>2,700,363</u>   |

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## 11.1 Remuneration To Executive and Directors

|                   | 2020               | 2020             | 2019             | 2019             |
|-------------------|--------------------|------------------|------------------|------------------|
|                   | ----- Rupees ----- |                  |                  |                  |
|                   | <u>Executive</u>   | <u>Directors</u> | <u>Executive</u> | <u>Directors</u> |
| Remuneration      | 1,138,878          | -                | 1,038,271        | -                |
| Number of Persons | 1                  | -                | 1                | -                |

Chief Executive and directors have waived their remuneration and meeting fees.

|   | Note | 2020<br>Rupees      | 2019<br>Rupees     |
|---|------|---------------------|--------------------|
| <b>11.2 Auditor's Remuneration</b>                            |      |                     |                    |
| Statutory audit fee   |      | 70,200              | 70,200             |
| Half yearly review fee  |      | 15,000              | 15,000             |
| Other certifications  |      | -                   | 16,000             |
|   |      | <u>85,200</u>       | <u>101,200</u>     |
| <b>12 OTHER EXPENSES</b>                                      |      |                     |                    |
| Loss on Investment of Shares                                  |      | 20,218,733          | 1,652,415          |
|   |      | <u>20,218,733</u>   | <u>1,652,415</u>   |
| <b>13 OTHER INCOME</b>  |      |                     |                    |
| Profit on PLS Account   |      | 297,448             | 64,945             |
| Profit on term deposit  |      | 325,805             | -                  |
| Profit on HBL money market fund                               |      | 131,043             | -                  |
| Dividend income   |      | 125,240             | 286,150            |
|   |      | <u>879,536</u>      | <u>351,095</u>     |
| <b>14 FINANCE COST</b>  |      |                     |                    |
| Bank charges and commission                                   |      | <u>134,195</u>      | <u>1,070</u>       |
| <b>15 TAXATION</b>  |      |                     |                    |
| Current   |      | (18,787)            | (37,673)           |
|   |      | <u>(18,787)</u>     | <u>(37,673)</u>    |
| <b>16 LOSS PER SHARE-BASIC AND DILUTED</b>                    |      |                     |                    |
| (Loss) after taxation for the year                            |      | <u>(22,224,187)</u> | <u>(4,040,426)</u> |
| Weighted average number of shares outstanding during the year |      | <u>11,975,040</u>   | <u>11,975,040</u>  |
| (Loss) per share in rupees                                    |      | <u>(1.86)</u>       | <u>(0.34)</u>      |

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## 17 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

- 17.1 Credit risk
- 17.2 Liquidity risk
- 17.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

### 17.1 Credit risk

### 17.2 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and cash and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

|                        |                  |                   |
|------------------------|------------------|-------------------|
| Long term deposit      | 50,000           | 50,000            |
| Loans and advances     | 180,000          | 75,000            |
| Other receivables      | 4,028,410        | 4,091,754         |
| Cash and bank balances | 5,042,938        | 6,543,601         |
|                        | <b>9,301,348</b> | <b>10,760,355</b> |

### 17.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Non - derivative  
Financial liabilities  
Trade and other payables

| 2020            |                        |                    |                      |                   |                      |
|-----------------|------------------------|--------------------|----------------------|-------------------|----------------------|
| Carrying Amount | Contractual Cash flows | Six months or less | Six to twelve months | One to five years | More than five years |
| Rupees          |                        |                    |                      |                   |                      |
| 193,506         | 193,506                | 193,506            | -                    | -                 | -                    |
| <b>193,506</b>  | <b>193,506</b>         | <b>193,506</b>     | <b>-</b>             | <b>-</b>          | <b>-</b>             |
| 2019            |                        |                    |                      |                   |                      |
| Carrying Amount | Contractual Cash flows | Six months or less | Six to twelve months | One to five years | More than five years |
| Rupees          |                        |                    |                      |                   |                      |
| 176,567         | 176,567                | 176,567            | -                    | -                 | -                    |
| <b>176,567</b>  | <b>176,567</b>         | <b>176,567</b>     | <b>-</b>             | <b>-</b>          | <b>-</b>             |

Non - derivative  
Financial liabilities  
Trade and other payables

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#### **17.4 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market.

#### **17.5 Interest rate risk**

There is no interest bearing security as at June 30, 2020

##### **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 and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

##### **Cash flow sensitivity analysis for variable rate instruments**

The company does not account for any variable rate financial assets and liabilities. Therefore, a change in interest rates at the reporting date would not affect cash flow.

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## 17.6 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurement and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13 has not affected the financial statements.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs)

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

| -----As at June 30, 2020-----                 |                  |         |         |            |
|---|------------------|---------|---------|------------|
|   | Level 1          | Level 2 | Level 3 | Total      |
| <b>ASSETS</b>                                 | -----Rupees----- |         |         |            |
| Investment in securities - available for sale |                  |         |         |            |
| - Listed Equity Securities                    | 11,914,742       | -       | -       | 11,914,742 |
| -----As at June 30, 2019-----                 |                  |         |         |            |
|   | Level 1          | Level 2 | Level 3 | Total      |
| <b>ASSETS</b>                                 | -----Rupees----- |         |         |            |
| Investment in securities - available for sale |                  |         |         |            |
| - Listed Equity Securities                    | 12,266,880       | -       | -       | 12,266,880 |

## 18. CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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## 19 PLANT CAPACITY AND PRODUCTION

Since the company has sold out its plant and machinery therefore no analysis has been given.

## 20 POST BALANCE SHEET EVENT

There are no significant post balance sheet events.

## 21 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the company's asset allocation decisions are based on a single, integrated business strategy, and the company's performance is evaluated on an overall basis.

The information with respect to operating segment is stated below:

- All non current assets of the Company as at June 30, 2020 are located in Pakistan

## 22 GENERAL

### 22.1 Number of persons employed

The total number of employees and average number of employees at year end and during the year respectively are as follows :

|  | 2020   | 2019 |
|--|--------|------|
|  | Number |      |
| Total employees of the company at the year end   | 5      | 5    |
| Average employees of the company during the year | 5      | 5    |

### 22.2 Figures have been rounded off to the nearest Rupees.

## 23 Impact of COVID-19 on Financial Statements

On March 11, 2020, the World Health Organisation declared COVID-19 a global pandemic. The COVID 19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in consequences on health and society and on economy affecting the earnings and cash flows of businesses, after the announcement of lock-downs by the government authorities, resulting in closure of business operations except for specifically exempted industries. The management believes that due to the pandemic the Company's operations, financial position and results have been impacted only on a temporary basis and believes that as normalcy comes about, these impacts have started to recede.

## 24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 03-10-2020 by the board of directors of the Company.

  
FARRUKH SHAFIQ  
Chief Executive

  
MUHAMMAD SARFRAZ  
Director

  
SOHAIL AHMED  
Chief Financial Officer

# HAJI MOHAMMAD ISMAIL MILLS LIMITED

## PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT JUNE 30,2020

| <u>SHARE HOLDERS' CATEGORY</u> |   | No.of<br>Share held. | Percentage |
|--------------------------------|---|----------------------|------------|
| 1                              | Associated Companies, Undertaking and related parties.  |                      |            |
|                                | Pak Mehran (Pvt) Limited  | 4,053,276            | 33.85      |
| 2                              | Mutual Funds/Trust  | 1,050                | 0.01       |
| 3                              | CEO,Directors & their Spouses and minor children.   |                      |            |
|                                | Mr.Noman Mustafa Zuberi -Director   | 1,149,708            | 9.60       |
|                                | Mr.Gulzar Siddiq -Chairman  | 525                  | 0.00       |
|                                | Mr.Farrukh Shafiq -CEO  | 525                  | 0.00       |
|                                | Mr.Muhammad Sarfraz -Director   | 577                  | 0.00       |
|                                | Mr.Muhammad Sadiq -Director   | 577                  | 0.00       |
|                                | Mr.Mohammad Irfan -Director   | 525                  | 0.00       |
|                                | Mr.Ali Asghar -Director   | 6,500                | 0.05       |
| 4                              | Executives.   | -                    |            |
| 5                              | Public Sector Companies & Corporation.  | -                    |            |
| 6                              | Joint Stock Companies/Trust   | 203,550              | 1.70       |
| 7                              | Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies Takaful, Modarabas and Pension Funds. |                      |            |
|                                | Investment Corp.of Pakistan.  | 1,025                | 0.01       |
| 8                              | Individuals and others.   | 6,557,202            | 54.76      |
|                                | Total   | 11,975,040           | 100.00     |
| 9                              | Shareholders holding 5% or more voting rights in the listed company.  |                      |            |
|                                | Pak Mehran (Pvt) Ltd  | 4,053,276            | 33.85      |
|                                | M Mehmood Azam Baig   | 1,135,500            | 9.48       |
|                                | Noman Mustafa Zuberi  | 1,149,708            | 9.60       |

# HAJI MOHAMMAD ISMAIL MILLS LIMITED

## PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS AT 30TH JUNE, 2020

| No. of<br>Shareholders |           | Share<br>Holding |           | Shares<br>Held |
|------------------------|-----------|------------------|-----------|----------------|
| 74                     | 1         | To               | 100       | 1,175          |
| 56                     | 101       | To               | 500       | 26,793         |
| 110                    | 501       | To               | 1,000     | 89,889         |
| 118                    | 1,001     | To               | 5,000     | 339,962        |
| 47                     | 5,001     | To               | 10,000    | 389,950        |
| 22                     | 10,001    | To               | 15,000    | 280,500        |
| 15                     | 15,001    | To               | 20,000    | 273,500        |
| 7                      | 20,001    | To               | 25,000    | 166,500        |
| 8                      | 25,001    | To               | 30,000    | 226,500        |
| 4                      | 30,001    | To               | 35,000    | 125,470        |
| 3                      | 35,001    | To               | 40,000    | 120,000        |
| 2                      | 40,001    | To               | 45,000    | 84,500         |
| 2                      | 45,001    | To               | 50,000    | 100,000        |
| 1                      | 50,001    | To               | 55,000    | 55,000         |
| 1                      | 55,001    | To               | 60,000    | 57,000         |
| 3                      | 60,001    | To               | 65,000    | 184,500        |
|                        | 65,001    | To               | 70,000    |                |
| 4                      | 70,001    | To               | 75,000    | 292,735        |
| 1                      | 75,001    | To               | 80,000    | 77,000         |
| 2                      | 80,001    | To               | 85,000    | 170,000        |
| 1                      | 85,001    | To               | 90,000    | 86,000         |
|                        | 90,001    | To               | 95,000    | -              |
| 1                      | 95,001    | To               | 100,000   | 95,340         |
| 1                      | 100,001   | To               | 105,000   | 102,000        |
| 1                      | 105,001   | To               | 110,000   | 105,500        |
| 1                      | 115,001   | To               | 120,000   | 115,500        |
| -                      | 120,001   | To               | 125,000   | -              |
| -                      | 125,001   | To               | 130,000   | -              |
| -                      | 130,001   | To               | 145,000   | -              |
| -                      | 145,001   | To               | 150,000   | -              |
| 1                      | 150,001   | To               | 155,000   | 151,500        |
| 1                      | 160,001   | To               | 165,000   | 161,280        |
| -                      | 190,001   | To               | 195,000   | -              |
| -                      | 210,001   | To               | 215,000   | -              |
| 1                      | 220,001   | To               | 225,000   | 223,000        |
| 1                      | 375,001   | To               | 380,000   | 375,387        |
| 1                      | 565,001   | To               | 570,000   | 569,075        |
| 1                      | 590,001   | To               | 595,000   | 591,000        |
| 1                      | 1,135,001 | To               | 1,140,000 | 1,135,500      |
| 1                      | 1,145,001 | To               | 1,150,000 | 1,149,708      |
| 1                      | 4,050,001 | To               | 4,055,000 | 4,053,276      |
|                        | 4,055,001 | To               | 5,000,000 |                |

494

11,975,040

## CATEGORY WISE SUMMARY OF SHAREHOLDERS

| S.<br>No. | Category<br>Name       | No. of<br>Shareholders | Share<br>Held | Percentage |
|-----------|------------------------|------------------------|---------------|------------|
| 1         | Individuals            | 480                    | 7,717,189     | 64.44      |
| 2         | Joint Stock Companies  | 12                     | 4,255,776     | 35.54      |
| 3         | Financial Institutions | 1                      | 1,025         | 0.01       |
| 4         | Mutual Fund/Trust      | 1                      | 1,050         | 0.01       |
|           |                        | 494                    | 11,975,040    | 100.00     |

# حاجی محمد اسماعیل ملز لمیٹڈ

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ

حاجی محمد اسماعیل ملز لمیٹڈ کے ڈائریکٹرز کی جانب سے ہم 30 جون 2020ء کو ختم ہونے والے مالی سال کے آڈٹ شدہ اکاؤنٹس کے ساتھ کمپنی کی 40 ویں سالانہ رپورٹ پیش کرنے میں خوشی محسوس کر رہے ہیں۔

## عمومی جائزہ

کمپنی کی انتظامیہ نے کاروباری ترجیحات کو بدل دیا تھا۔ بورڈ نے دوسرے کاروباری مواقع کے اقدامات بھی کیے۔ تاکہ کاروباری مقاصد کو آسانی سے اور فائدہ مند طریقے سے چلایا جاسکے۔ یہ اقدامات کمپنی کی بحالی کے لئے کئے گئے ہیں۔ بورڈ نئی کاروباری منصوبہ کو عملی جامہ پہنانے کے لئے کمپنی کی کارپوریٹ ریگولیشن اور مستحکم سرمایہ کاروں کو بھی دیکھ رہا ہے۔

## اہم تبدیلی

کمپنی نے انکریٹ ملنگ پلانٹ کی فراہمی کے لئے ایک معروف تعمیراتی کمپنی کے ساتھ MoU کا بھی اہتمام کیا تھا۔ نئی کاروباری منصوبہ بندی پر عملدرآمد میں تاخیر کی وجہ سے، ایس ای سی پی نے کمپنی کو بند کرنے کا آرڈر مورخہ 13 اپریل 2017 کو جاری کر دیا۔ اس کے بعد ایس ای سی پی نے کمپنی کو بند کرنے کے لئے سندھ ہائی کورٹ میں درخواست داخل کر دی اور اسٹاک ایکسچینج نے کمپنی کے شیئرز کی خرید و فروخت پر پابندی لگا دی۔ کیس ایپیلیٹ ٹریبونل اور سندھ ہائی کورٹ میں زیر سماعت ہے۔ کرونا وائرس 2019 نے سرمایہ کاری کے مواقع کو متاثر کیا ہے، ہائی کورٹ میں کیس کی وجہ سے تمام سرگرمیاں رکھی ہوئی ہیں

کاروبار کے مالیاتی نتائج:

|      | 2020         | 2019        |
|------|--------------|-------------|
|      | ----         | ----        |
| روپے | (22,205,400) | (4,002,753) |

میلز روپے

ٹیکس ادا کرنے سے پہلے نفع (نقصان)

فنانس کی لاگت:

فنانس کی لاگت بہت کم ہے کیونکہ کمپنی کو کوئی قرضہ نہیں لیا ہوا ہے۔

ٹیکسیشن:

انکم ٹیکس کے مالیاتی گوشوارے آج تک مکمل ہیں۔

فی حصص آمدنی:

سال کے لئے فی شیئر نقصان (1.86) روپے ہے۔

موجودہ اور مستقبل کا جائزہ:

بورڈ نے کمپنی کی بحالی کے لئے اپنی توجہ نئے کاروباری رجحان کی طرف کی ہوئی ہے، جیسا کہ اوپر بیان کیا جا چکا ہے۔ بورڈ کی خواہش ہے کہ نئے بزنس پلان کو عملی جامہ پہنا کر کمپنی کو بحال کیا جائے۔ اس سلسلے میں کمپنی نے ایک معاہدہ پر بھی دستخط کیے۔ یہ تمام کوششیں رک گئیں جب SECP عیندہ ہائی کورٹ میں کمپنی کو بند کرنے کی درخواست دائر کی۔ کمپنی کی انتظامیہ کیس کا دفاع کر رہی ہے۔ کیس ابھی تک ہائی کورٹ میں زیر سماعت ہے۔ کرونا 2019 کی وباء اور طویل لاک ڈاؤن کی وجہ سے سرمایہ کاری کے مواقع بند ہیں۔

ڈیوڈنڈ/منافع:

فنانس کی قلت کی وجہ سے ڈائریکٹرز نے کسی بھی قسم کے منافع کی سفارش نہیں کی ہے۔

واجب الادا قانونی ادائیگیاں:

کمپنی کی کوئی واجب الادا ادائیگی نہیں ہے۔

## بورڈ آف ڈائریکٹرز میں تبدیلی:

سال کے دوران کمپنی کے ڈائریکٹرز اور CEO کا انتخاب ہوا کسی نئے ممبر نے انتخاب میں حصہ نہیں لیا کیونکہ PSX کی طرف سے شیئر ٹرانسفر پر پابندی عائد ہے۔ جسکی وجہ سے بورڈ کی تشکیل کارپوریٹ گورننس قوانین کی ضروریات کے مطابق نہیں ہوئی۔

بورڈ کی ترتیب:

1- ڈائریکٹرز کی تعداد سات ہے، جس کی تفصیل درج ذیل ہے۔

الف۔ مرد: 7 ب۔ عورت: 0

2- بورڈ کی تشکیل مندرجہ ذیل ہے۔

الف۔ آزاد ڈائریکٹر:

جناب گلزار صدیق جناب نعمان مصطفیٰ زبیر

ب۔ غیر انتظامی ڈائریکٹر:

جناب علی اصغر جناب محمد صادق جناب محمد عرفان

ج۔ ایگزیکٹو ڈائریکٹر

جناب فرخ شفیق جناب محمد سرفراز

ڈائریکٹرز کی تنخواہ کی پالیسی:

کمپنی کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے غیر ایگزیکٹو اور آزاد ڈائریکٹرز کی فیس وقت کے ساتھ ساتھ مقرر کی جاتی ہے۔ تمام ڈائریکٹروں نے کمپنی کی بحالی تک ان کی فیس اور تنخواہ نہ لینے کا عندیہ دیا ہے۔

ڈائریکٹرز کے بورڈ کی ملاقات:

سال کے دوران پانچ بورڈ کی میٹنگ منعقد کی گئیں اور ہر ڈائریکٹر کی اجلاسوں میں حاضری کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کا نام میٹنگ میں شرکت

5 جناب محمد سرفراز

3 جناب محمد عرفان

4 جناب محمد صادق

5 جناب گلزار صدیق

5 جناب فرخ شفیق

2 جناب نعمان مصطفیٰ زبیری

2 جناب علی اصغر

جنہوں نے چند اجلاسوں میں شرکت نہیں کی، ان کو چھٹی کی اجازت دیدی گئی تھی۔

کمپنی کے حصص میں تجارت:

جائزہ سال کے دوران ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی کے سیکریٹری اور اندرونی آڈٹ کے سربراہ، ان کی بیویوں اور چھوٹے بچوں کی طرف سے کمپنی کے حصص کی کوئی تجارت نہیں کی گئی۔

متعلقہ پارٹی لین دین:

انتظامیہ کی پالیسی یہ یقینی بناتی ہے کہ متعلقہ جماعتوں کے ساتھ درج کردہ تمام ٹرانزیکشن کو بازو کی لمبائی کی بنیاد پر ہونا متعلقہ پارٹی لین دین سال کے دوران کوئی متعلقہ جماعتوں کی ٹرانزیکشن نہیں ہے۔

## ماحول، صحت، تحفظ اور سماجی عمل:

ماحول پر کمپنی کے کاروبار کا کوئی اثر نہیں ہے۔ کمپنی فراہم کرتی ہے اور برقرار رکھتی ہے، جہاں تک قابل اطلاق قابل عمل سماجی عمل کی منصوبہ بندی، کام کے حالات، جو تمام ملازمین اور عوام کی صحت کے لئے محفوظ اور بغیر خطرے کے حامل ہوں۔

شیر بولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

2015ء سے 2020ء تک کے کلیدی آپریٹنگ اور مالیاتی نتائج اس رپورٹ کے ساتھ منسلک ہیں

## آڈیٹرز

کمپنی کے موجودہ آڈیٹرز نوید ظفر اشفاق جعفری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمپنی نے ان کی دوبارہ تقرری کی سفارش کی ہے کہ 30 جون 2021ء تک ختم ہونے والے سال کے لیے آڈیٹرز منتخب کیا جائے اور بورڈ نے اس کی توثیق کی ہے۔

## اندرونی مالیاتی کنٹرول:

کمپنی کے ڈائریکٹرز اپنی مالیاتی کنٹرول کی ذمہ داری سے آگاہ ہیں۔ آڈیٹرز اور انتظامی اسٹاف سے ملنے کے بعد وہ ہر اعتماد ہیں کہ انتظامیہ نے اچھا کنٹرول کیا ہوا ہے۔

## کارپوریٹ سماجی ذمہ داری:

ہم آپ کو بتاتے ہوئے مسرور ہیں کہ کاروباری برادری کے ایک رکن کے طور پر، ہم سماجی اداروں اور حکام کے ساتھ رابطے میں ہیں، ان کے سماجی پروگراموں اور منصوبوں میں ان کی مدد کرنے کے طریقوں اور ذرائع تلاش کرتے رہتے ہیں تاکہ ان کی مدد کر سکیں۔

## کارپوریٹ گورننس کے کوڈ کے تحت ڈائریکٹرز کی ذمہ داریوں کی تفصیل:

ڈائریکٹرز آپ کو مطلع کرتے ہوئے خوشی محسوس کر رہے ہیں کہ کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ضرورت کے مطابق کارپوریٹ گورننس کی دفعات کے مطابق عمل کرنے کے لئے ضروری اقدامات کیے ہیں۔ کارپوریٹ گورننس کے کوڈ کے مطابق تعمیل کی تفصیل اس رپورٹ کے ساتھ شامل ہے۔ کمپنی مندرجہ ذیل طریقے سے کوڈ کی تعمیل کرتی ہے۔

## کوڈ:

- ۱۔ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے ان میں بیان کردہ امور، آپریشنز کے نتائج، کیش فلو اور اکیویٹی میں تبدیلیاں بالکل درست ہیں۔
  - ۲۔ کمپنی کی اکاؤنٹس کی کتب باقاعدہ مرتب کی جاتی ہیں۔
  - ۳۔ فنانشل گوشواروں اور اکاؤنٹس کے تخمینوں کی تیاری میں موزونیت اور دانشمندانہ انصاف پر مبنی اکاؤنٹنگ پالیسیاں عمل میں لائی جاتی ہیں۔
  - ۴۔ پاکستان میں نافذ العمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ فنانشل گوشواروں کی تیاری میں بروئے کار لائے جاتے ہیں۔ اگر ان میں کوئی تبدیلی ہو تو اس کو غماز کیا جاتا ہے۔
  - ۵۔ اندرونی کنٹرول کا نظام ٹھوس ہے اور اس پر عملدرآمد کی مؤثر نگرانی کی جاتی ہے۔
  - ۶۔ کمپنی کی کاروباری سمت ٹیکسٹائل سیکٹر سے صارفین کے فوری استعمال اور تقسیم والی اشیاء میں تبدیل ہو گئی ہے۔ بینکوں اور سرمایہ داروں سے نئے کاروبار کے لئے بات چیت جاری ہے۔ کوئی ایسی خاص وجہ نہیں کہ کمپنی اپنے کاروبار کو جاری نہ رکھ سکے۔
  - ۷۔ کمپنی کے کاروباری رجحان میں پچھلے سال کی نسبت کوئی خاص تبدیلی نہیں آئی ہے۔
  - ۸۔ ٹیکسوں اور محصولات کے متعلق معلومات نوٹس برائے مالیاتی گوشوارے میں دی گئی ہے۔
  - ۹۔ کمپنی نے کوڈ آف کنڈکٹ اور بزنس حکمت عملی تیار کر کے ڈائریکٹرز اور ملازمین میں ان کی آگاہی کے لئے تقسیم کی ہے۔
  - ۱۰۔ بورڈ آف ڈائریکٹرز نے وژن اور مشن اسٹینڈنٹ اور مجموعی کارپوریٹ حکمت عملی کو اپنایا ہوا ہے۔
  - ۱۱۔ کوڈ آف کارپوریٹ گورننس کے مطابق ہم نے مندرجہ ذیل معلومات رپورٹ ہذا میں شامل کی ہیں۔
  - ۱۲۔ حصص یافتگان کا گوشوارہ علیحدہ دیا گیا ہے۔
- ساتھی کمپنیوں اور ساتھی پارٹیوں کے شیرز کی تفصیل، ڈائریکٹرز کی میٹنگ کی تفصیل، پچھلے چھ سال کے مالیاتی گوشواروں کی خاص باتیں۔

بورڈ کی کارکردگی کا تجزیہ:

بورڈ کی کارکردگی کی تشخیص بذریعہ HR&RC کمیٹی انفرادی اور اجتماعی طور کی جاتی ہے۔ بورڈ کی کارکردگی کی جانچ پڑتال ان کی مخصوص ایریا میں پرفارمنس سے کی جاتی ہے۔ جس میں بورڈ کی تشخیص، بورڈ اور چیف ایگزیکٹو کی تنخواہ، مخصوص پلاننگ اور باہمی تعلق سے وضع کی جاتی ہے۔

ڈائریکٹرز کا ٹریننگ پروگرام:

کمپنی کے بورڈ میں دو ڈائریکٹرز اپنے تجربے اور تعلیمی قابلیت کی وجہ سے ٹریننگ سے مستثنیٰ ہیں۔ بہر حال ٹریننگ کی کنڈیشن کی تعمیل مقررہ وقت تک کر دی جائے گی۔

آڈٹ کمیٹی:

CCG کی تعمیل کو دیکھتے ہوئے بورڈ نے آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی کی چار میٹنگ سال کے دوران ہوئی ہیں۔ مندرجہ ذیل ڈائریکٹرز کمیٹی کے ممبر ہیں اور انہوں نے تمام میٹنگ اٹینڈ کی ہیں۔

چیئر مین

۱۔ جناب نعمان مصطفیٰ زبیری صاحب

ممبر

۲۔ جناب محمد عرفان صاحب

ممبر

۳۔ جناب محمد صادق صاحب

آڈٹ کمیٹی کا ٹرم آف ریفرنس:

آڈٹ کمیٹی کا ٹرم آف ریفرنس SECP کی ریگولیشن 2019ء کی متعین کردہ بنیاد پر مقرر کی جاتی ہیں۔ اس میں ڈائریکٹرز کی گائیڈ لائنز سسٹم کو بہتر کرنے کے لئے وقتاً فوقتاً دی جاتی ہیں اور اس پر عمل کیا جاتا ہے۔

انسانی وسائل کمیٹی:

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل کے لئے انسانی وسائل اور تنخواہ کمیٹی تشکیل دی ہے۔ کمیٹی کے دو اجلاس سال کے دوران منعقد ہوئے جس میں تمام اراکین شامل تھے۔ مندرجہ ذیل ڈائریکٹرز اس کے اراکان ہیں۔

چیئر مین

۱۔ جناب گلزار صدیق

ممبر

۲۔ جناب محمد صادق

ممبر

۳۔ جناب علی اصغر

اخلاقیات اور بہتر کاروباری کارکردگی کی تشخیص:

بورڈ نے اچھے کاروباری طریقوں کا عمل تیار کیا ہے جو تمام ڈائریکٹرز اور ملازمین کے علم میں لانے کے لیے تقسیم کیا گیا ہے۔

شیئر ہولڈرز سے تعلقات:

کمپنی اپنے تمام شیئر ہولڈرز کو سال میں چار بار اپنے مالیاتی گوشوارے بمعہ ڈائریکٹرز رپورٹ اور مستقبل کا تجزیہ بھیجتی ہے۔ تمام فائلز اور درمیانی مدت کی رپورٹس پاکستان اسٹاک ایکسچینج کو اور شیئر ہولڈرز کو ان کے رجسٹرڈ پتے پر بھیجی جاتی ہیں۔ کمپنی کے تمام مالیاتی گوشوارے کمپنی کی ویب سائٹ "www.hmiml.com" پر دستیاب ہیں۔ علاوہ ازیں کمپنی اپنی سہ ماہی اور سالانہ رپورٹ اور رسمی نوٹیفیکیشن اجلاس عام سے 21 دن پہلے تمام شیئر ہولڈرز کو بھیجتی ہے تاکہ وہ میٹنگ میں شرکت کر سکیں۔

بعد کے واقعات:

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کوئی ایسی تبدیلی نہیں ہوئی جس سے کمپنی کی مالیاتی پوزیشن پر فرق آتا ہو۔

خدمات کا اعتراف:

بورڈ اپنے تمام اسٹاف ممبر کی انتھک محنت کو سراہتا ہے۔ اور امید کرتا ہے کہ آئندہ آنے والے سالوں میں بھی یہی انتھک محنت جاری رہے گی۔ بورڈ اپنے بینکوں کے تعاون کا بھی شکر گزار ہے۔

بحکم بورڈ

کراچی، 103 اکتوبر 2020

گلزار صدیق

فرخ شفیق

چیئر مین / ڈائریکٹر

چیف ایگزیکٹو

# حاجی محمد اسماعیل ملز لمیٹڈ

## چیئرمین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کا سالانہ جائزہ کوڈ آف کارپوریٹ گورننس کے تحت کیا جاتا ہے۔ اس جائزہ کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون 2020ء کے لئے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بورڈ اپنی کارکردگی کو مزید بہتر نہیں کر پایا، کیونکہ کمپنی کی بندش کی درخواست معزز ہائی کورٹ آف سندھ اور ایپیلٹ بینچ ایس۔ای۔سی۔پی میں زیر سماعت ہے۔ مجموعی کارکردگی کی جانچ ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دور اندیشی، نصب العین اور اقدار، حکمت عملی کو بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، مؤثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی سرگرمیوں کو مؤثر انداز سے پورا کرنا شامل ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز کو ان کی ملاقاتوں اور کمیٹی کی ملاقاتوں کا ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت موصول ہوتے ہیں۔ ضروری بورڈ میٹنگ مقررہ وقت پر ہوتی ہیں تاکہ اپنی ذمہ داریوں کو مؤثر طریقے سے انجام دے سکیں۔ آزاد ڈائریکٹرز اور نان ایگزیکٹو بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

کراچی، 03 اکتوبر 2020

گلزار صدیق

چیئرمین



# حاجی محمد اسماعیل ملز لمیٹڈ

## اطلاع برائے سالانہ اجلاس عام

تمام شیئرز ہولڈرز کو اطلاع دی جاتی ہے کہ کمپنی کا 40 واں سالانہ اجلاس عام بروز پیر 26 اکتوبر 2020ء بوقت 02:30 بجے صبح بمقام 409، کامرس سینٹر، حسرت موہانی روڈ، کراچی میں منعقد ہو رہا ہے جس میں مندرجہ ذیل امور زیر غور ہوں گے۔

- ۱۔ غیر معمولی اجلاس عام منعقدہ 31 مارچ 2020ء کی کارروائی کی توثیق
- ۲۔ 30 جون 2020ء کو مکمل ہونے والے مالی سال کے لئے کمپنی کے آڈٹ شدہ اکاؤنٹس مع ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، غور و حوض اور منظوری۔
- ۳۔ 30 جون 2021ء کو مکمل ہونے والے سال کے لئے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین، سبکدوش ہونے والے آڈیٹرز میسرز نوید ظفر، اشفاق جعفری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنیاد پر دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔
- ۴۔ چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ  
کمپنی سیکریٹری

کراچی، 03 اکتوبر 2020

نوٹ:

- ۱۔ کمپنی کی حصص منتقلی کی کتب 20 اکتوبر 2020ء تا 26 اکتوبر 2020ء (دونوں دن شامل) بند رہیں گی۔
- ۲۔ اجلاس ہذا میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لئے دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے تاہم پراکسی کی تقرری کی دستاویز اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونی چاہیے۔
- ۳۔ اجلاس ہذا میں شرکت اور رائے دہی کا اہل CDC میں داخل شیئرز کے مالک کو اپنی شناخت کے لئے اجلاس میں شرکت کے موقع پر اپنا اصلی CNIC یا پاسپورٹ، اکاؤنٹ نمبر اور شریک کار کا ID نمبر پیش کرنا ہوگا۔ پراکسی کی صورت میں CNIC یا پاسپورٹ کی تصدیق شدہ کاپی منسلک کرنی ہوگی۔
- ۴۔ کارپوریٹ کمپنی کی صورت میں ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد/پراکسی کے دستخط نمونہ پیش کرنا ہوگا۔
- ۵۔ حصص یافتگان سے گزارش ہے کہ اپنے پتہ میں کسی قسم کی تبدیلی سے فوری کمیٹی کو مطلع کریں اور CNIC کی کاپی بھی ارسال کریں۔
- ۶۔ وہ ممبران جن کے پاس 10% سے زیادہ کمپنی کے حص ہیں وہ کمپنی کو ویڈیو لنک فیسیلیٹی کی درخواست کر سکتے ہیں، تاکہ میٹنگ انینڈ کر سکیں۔
- ۷۔ کمپنیز ایکٹ 2017 کی دفعہ 242 کی تعمیل کی روشنی میں اوپنیز کے منافع تقسیم کی ریگولیشن 2017 کے تحت ممبران سے گزارش ہے کہ وہ اپنے بینک اکاؤنٹ کی مکمل تفصیلات جس میں IBAN نمبر، موبائل نمبر، ای میل کا پتہ CNIC کی کاپی مہیا کریں تاکہ کیش Dividend کی ادائیگی کی صورت میں فنڈز ان کے اکاؤنٹ میں ٹرانسفر کیے جاسکیں۔
- ۸۔ ممبران کو سالانہ مالی گوشواروں اور نوٹسز کی بذریعہ الیکٹرونک میل سسٹم فراہمی کی سہولت کے لیے ایس ای سی پی کی ہدایات کی تعمیل میں ممبران سے درخواست ہے کہ وہ اپنا ای میل ایڈریس info@hmiml.com پر بذریعہ ای میل آگاہ کریں۔

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# حاجی محمد اسماعیل ملز لمیٹڈ

40 واں سالانہ اجلاس عام

پراکسی فارم

میں \_\_\_\_\_ ولد \_\_\_\_\_ رہائشی \_\_\_\_\_

\_\_\_\_\_ بحیثیت رکن حاجی محمد اسماعیل ملز لمیٹڈ \_\_\_\_\_ شیئر رکھتا ہوں۔

میں جناب \_\_\_\_\_ ولد \_\_\_\_\_ رہائشی \_\_\_\_\_

\_\_\_\_\_ جو کہ حاجی محمد اسماعیل ملز کا ممبر ہے۔ جس کا رجسٹر فوئیو نمبر \_\_\_\_\_ کو اپنا پراکسی مقرر کرتا ہوں۔ تاکہ وہ کمپنی کے سالانہ اجلاس

عام جو کہ 26-10-2020 بروز (پیر) بوقت صبح 02:30 بجے بمقام 409، کامرس سینٹر، حسرت موہانی روڈ، کراچی میں منعقد ہو رہا ہے یا التواء کا شکار ہوا میں شرکت کرے اور

میری طرف سے بھی ووٹ ڈالے۔

دستخط: \_\_\_\_\_

فولیو نمبر \_\_\_\_\_ CDC کا وٹ نمبر \_\_\_\_\_

## گواہان

دستخط: \_\_\_\_\_ نام: \_\_\_\_\_

پتہ: \_\_\_\_\_ شناختی کارڈ نمبر: \_\_\_\_\_

نام: \_\_\_\_\_ پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

توجہ:

۱۔ کوئی بھی فرد پراکسی مقرر نہیں ہو سکتا اگر وہ کمپنی کا ممبر نہیں ہے۔ سوائے کارپوریشن کے جو کہ کسی غیر ممبر کو بھی منتخب کر سکتی ہے۔

۲۔ بینک یا کمپنی کی صورت میں پراکسی فارم پر مجاز فرد کے دستخط اور کمپنی کی کامن سیل لگی ہونی چاہیے۔

۳۔ اگر پراکسی فارم پاور آف اٹارنی کے تحت سائن کیا گیا ہے تو اسکی نوٹری پبلک سے تصدیق شدہ کاپی فارم کے ساتھ منسلک کریں۔

۴۔ پراکسی فارم مکمل اور سائن شدہ کمپنی کے رجسٹرڈ آفس واقع 409، کامرس سینٹر، حسرت موہانی روڈ، کراچی پر میننگ سے 48 گھنٹے پہلے پہنچ جانا چاہیے۔

۵۔ اگر کوئی ممبر ایک سے زیادہ افراد کو پراکسی دیتا ہے اور وہ کمپنی میں جمع کراتے ہیں تو اُس صورت میں پراکسی ناقص تصور کی جائیں گی۔

۶۔ برائے CDC ممبران کی صورت میں:

(i) پراکسی فارم پر دو گواہوں کے دستخط، ان کا نام، پتہ اور CNIC نمبر ہونا چاہیے۔

(ii) مستفید ہونے والے مالکان اور نمائندے تصدیق شدہ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ منسلک کریں

(iii) پراکسی ہولڈر اپنا اور بجٹل شناختی کارڈ یا پاسپورٹ میننگ کے وقت پیش کرے گا۔

# HAJI MOHAMMAD ISMAIL MILLS LIMITED

## FORM OF PROXY 40TH ANNUAL GENERAL MEETING

I, \_\_\_\_\_ s/o \_\_\_\_\_

r/o \_\_\_\_\_

being a member of HAJI MOHAMMAD ISMAIL MILLS LIMITED holding \_\_\_\_\_ ordinary share,

hereby appoint \_\_\_\_\_ s/o \_\_\_\_\_

r/o \_\_\_\_\_

who is also member(s) HAJI MOHAMMAD ISMAIL MILLS LIMITED vide Registered Folio No. \_\_\_\_\_ as

my proxy to attend and vote on my behalf at the Annual General Meeting of the Company being held on Monday,

26th October, 2020 at 2.30 p.m. at 409 Commerce Centre, Hasrat Mohani Road, Karachi and/or any adjournment

thereof.

Folio No.  
CDC A/c No.

Affix Five  
Rupees Revenue Stamp

Signature \_\_\_\_\_  
(Signature should be agree with the specimen signature registered with the company)

Signed on \_\_\_\_\_

### NOTE:

1. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
2. In the case of bank or company, the proxy form must be executed under its common seal and signed by its authorized person.
3. If this proxy form is signed under power of attorney then a notarilly certified copy of that power of attorney/authority must be deposited alongwith this proxy form.
4. Proxy form duly completed and signed, must be received at the registered office of the company at 409 Commerce Centre, Hasrat Mohani Road, Karachi at least 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
6. In case of CDC account holders:
  - i) The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form
  - ii) Attested copies of NIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iii) The proxy shall produce his original CNIC or Original passport at the time of meeting.

Witness: 1. \_\_\_\_\_

2. \_\_\_\_\_